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": 01/10/2024 for Board Meeting on: 01/25/2024

Project Name, County:	The Gardens at Bella Breeze, Placer County	
Address:	West of intersection of Dresden Drive & Bella Breeze Drive, Lincoln, 95648	
Type of Project:	New Construction	
CalHFA Project Number:	23014-A/X/N	**Total Units: 189 Large Family**
Requested Financing by Loan Program:	$38,000,000*	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($34,000,000 allocated by CDLAC on 8/23/23)**
	Up to $21,000,000*	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may include recycled bonds) (assuming current need is $19,070,260)**
	$19,600,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan**

*Approval amount includes 10% cushion rounded up to nearest $1M per CalHFA Policy.

DEVELOPMENT/PROJECT TEAM

Developer:	Kelley Ventures, LLC	**Borrower:**	Lincoln Bella Breeze Associates, LP
Permanent Lender:	CalHFA	**Construction Lender:**	California Bank and Trust (CB&T)
Equity Investor:	CREA, LLC	**Management Company:**	ConAM Management Corporation
Contractor:	Pacific West Builders, Inc.	**Architect**	SDG Architects, Inc.
Loan Officer:	Jennifer Beardwood	**Loan Specialist:**	N/A
Asset Manager:	Christopher Johnson	**Loan Administration:**	Kong Lor
Legal (Internal):	Paul Steinke	**Legal (External):**	Orrick, Herrington & Sutcliffe
Concept Meeting Date:	9/20/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** California Bank and Trust **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	\$34,000,000 (T/E) \$19,070,260 (Taxable)	\$19,600,000	\$4,000,000 (\$21,390/restricted unit)
	Loan Term & Lien Position	30- months- interest only; 1st Lien Position during construction; one 6-month extension option with 0.125% fee	40-year – partially amortizing due in year 30; 1st Lien Position during permanent loan term	30-year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	30-day Term SOFR*+ 1.75% index floor of 0.50% Underwritten at 5.68% variable (T/E) and 6.06% variable (Tax)	Underwritten at 6.86% (Fixed Rate Locked**) Rate based on a 36-month forward commitment	3% simple interest. – A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes
	Loan to Value (LTV)	LTV is 71% of investment value	LTV is 72% of restricted value	N/A
	Loan to Cost	75%	33.4	N/A

**As of 12/15/23 30-day SOFR at 5.32% which equals a 7.07% rate. Construction interest reserve may be resized based on locked rate at construction loan closing. Any resulting funding gaps will be covered by the developer until permanent loan conversion.*

***The all-in rate of 6.86% is the final rate locked on 11.21.2023 for the loan closing and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency.*

Summary of Material Changes from Initial Commitment Approval	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☒	Changes in Other Development Team members: Construction Lender and Tax Credit Investor. For the Construction Lender – Citibank, N.A at initial commitment changed to California Bank and Trust For the Investor – Boston Financial at initial commitment changed to CREA, LLC Both the Construction Lender and the Investor meet the CalHFA experience requirements.
	Changes in Project Scope (for example, addition of non-residential component)
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms – The CalHFA permanent loan request amount at initial commitment was \$17,600,000 , which has increased by 11.36% to \$19,600,000. This is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023 which allows the property to carry a larger debt amount.
☐	Changes in construction schedule and rent up/conversion timeline
☐	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.

☒ Changes in Operating budget assumptions

- The Effective Gross Income has increased by $154,644 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023.
- Other operating expenses have decreased by $108,675 which is the primarily attributed to the real estate taxes which were originally estimated at the higher amount of $117,700 due to the inclusion of CFD fees that the developer later found out were not necessary.
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by $255,587. Debt service also increased by $208,781 (based on the interest rate lock executed on 11/21/23 as outlined above). Overall changes to NOI and debt Service provide very little change to the operating performance of the property and result in a nominal increase to the surplus cash after debt service by $46,806 and increase in the 1st year DSCR by .01 bps, as described in the chart below.

	Initial	Final	Difference	% Increase/Decrease
Effective Gross Income	$2,587,932	$2,742,576	$154,644	6.0%
Vacancy	$129,397	$137,129	$7,732	6.0%
Total Income	$2,458,535	$2,605,447	$146,912	6.0%
Admin Exp	$14,630	$14,855	$225	1.5%
Mgmt Fee	$85,500	$90,500	$5,000	5.8%
Utilities	$170,400	$168,200	-$2,200	-1.3%
Payroll/PR Taxes	$213,920	$214,420	$500	0.2%
Insurance	$85,050	$85,050	$0	0.0%
Maintenance	$252,500	$244,200	-$8,300	-3.3%
Other OpEx*	$198,600	$94,700	-$103,900	-52.3%
Total OpEx	$1,020,600	$911,925	-$108,675	-10.6%
NOI	$1,437,935	$1,693,522	$255,587	17.8%
Debt Service	$1,228,970	$1,437,751	$208,781	17.0%
Surplus Cash	$208,965	$255,771	$46,806	22.4%
DSCR	1.17	1.18	0.01	0.9%
*Other OpEx				
Bus License/Phone/Emp Apt	$1,150	$1,150	$0	0.0%
Services and Amenities	$20,000	$20,000	$0	0.0%
Replacement Reserve	$47,250	$47,250	$0	0.0%
CalHFA Monitoring Fee	$7,500	$7,500	$0	0.0%
Taxes	$117,700	$13,800	-$103,900	-88.3%
Trustee Fees	$5,000	$5,000	$0	0.0%
Total Other Expenses	$198,600	$94,700	-$103,900	-52.3%

☒ Changes in CalHFA required reserves:

- The required operating expense reserve has increased by $25,027 which is attributed to the increase of the required debt service payment below.

	Initial	Final	Difference	% Increase/Decrease
Total Operating Expenses/Reserves	$1,020,600	$911,925	-$108,675	-10.6%
Debt Service Payment	$1,228,970	$1,437,751	$208,781	17.0%
Required Operating Reserve (3 months)	$562,393	$587,419	$25,027	4.5%
Perm Loan Amount	$17,600,000	$19,600,000	$2,200,000	11.36%

☐ Changes in Affordability Restrictions including Unit distribution for regulated units.

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#3 Kevin Kiley	Assembly:	#5 Joe Patterson	State Senate:	#1 Brian Dahle

Brief Project Description

The Gardens at Bella Breeze (the "Project") is a new construction, family, mixed-income Project. It consists of 7, three-story residential walk-up buildings and a one-story building containing a leasing office, community room, exercise room, laundry room and other amenities. There will be 189 total units, 187 of which will be restricted between 30% and 80% of the Placer County Area Median Income ("AMI"). There will be 93 one-bedroom units (600 sf), 48 two-bedroom units (860 sf), and 48 three-bedroom units (1,118 sf). One of the two-bedroom units and one of the three-bedroom units will serve as manager units.

Evidence of Site Control & Expiration Date: The current owner, Green SRP Owner, LLC, of the site and the Project owner, Kelley Ventures, LLC, entered into a Purchase and Sale Agreement dated 3/7/2023 for an amount of $2,300,000. A first amendment to the purchase and sale was executed on 10/12/2023 that includes a closing extension to February 29, 2024. The appraised market value of the vacant land is $3,900,000.

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

Tax Credits and/or CDLAC Status: The developer received allocation for 4% tax credits and bond cap from CTCAC and CDLAC on August 23, 2023. The bond cap requested is approximately 50.36% of the aggregate basis requirement (the "50% test").

Ground Lease: Not applicable.

Project Amenities: The Project includes a community room, fitness room, computer room, gym, laundry rooms, pool, picnic area, and playground. Unit amenities will include central heating, central air, washer/dryer hookups, dishwasher, and garbage disposal.

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

- Grocery stores – 1.06 miles
- Schools - 0.57 miles
- Public Library – 0.48 miles
- Public transit – 0.11 miles
- Park and recreation – .80 miles
- Hospitals – 0.55 miles

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

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

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 187 units of affordable housing with a range of restricted rents between 30% of AMI and 80% of AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	02/20/2024	Est. Construction Loan Closing:	02/2024
	Estimated Construction Start:	02/2024	Est. Construction Completion:	02/2026
	Estimated Stabilization and Conversion to Perm Loan(s):	2/2027		

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
California Bank & Trust - Tax-Exempt (Loan) - 1st lien position, 5.68% rate, interest only – 30 months	$34,000,000	48.85%
California Bank & Trust - Taxable (Loan) - 2nd lien position, 6.06% rate, interest only – 30 months	$19,070,260	27.40%
Kelley Ventures, LLC (Developer Fee, Deferral)	$8,039,115	11.55%
City Real Estate Advisors (CREA) (Equity, LIHTC Investor)	$8,487,394	12.20%
TOTAL CONSTRUCTION SOURCES	**$69,596,769**	
TOTAL PER UNIT	**$368,237**	

Uses	Amount	% of Total
Total Acquisition costs	$2,305,000	3.31%
Construction/Rehab Costs	$42,017,937	60.37%
Soft Costs	$1,876,700	2.70%
Hard Cost contingency (5.77% of Hard Cost)	$2,100,000	3.02%
Soft Cost contingency (2.55% of Soft Cost)	$650,000	0.93%
Financing Costs	$4,08,750	5.79%
Local Impact Fees	$5,935,988	8.53%
Deferred Developer Fee	$5,400,000	7.76%
Cash Portion Developer Fee (Paid After Completion)	$2,308,365	3.32%
Other Costs	$2,474,029	3.55%
Post Construction Interest	$500,000	0.72%
TOTAL CONSTRUCTION USES	**$69,596,769**	
TOTAL PER UNIT	**$368,237**	

Permanent Sources and Uses		
Sources	**Amount**	**% of Total**
CalHFA - Perm Loan (Loan) - 1st lien position, 6.86% rate, 30-year term with 40-year amortization	$19,600,000	27.7%
CalHFA - MIP Loan (Loan) - 2nd lien position, 3.00% rate, residual receipts, 30-year term	$4,000,000	5.7%
Kelley Ventures, LLC (Developer Fee, Deferral)	$5,400,000	7.6%
Tax Credit Equity (Equity, LIHTC Investor)	$41,684,189	59.0%
TOTAL PERMANENT SOURCES	**$70,684,189**	**100.0%**
TOTAL PER UNIT	**$373,990**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$61,238,404	86.6%
Financing costs	$169,250	0.2%
Operating Reserves	$587,420	0.8%
Cash Developer Fee paid at Perm Conversion	$2,639,115	3.7%
Deferred Developer Fees paid from cashflow	$5,400,000	7.6%
TOTAL PERMANENT USES	**$70,684,189**	**100.0%**
TOTAL PER UNIT	**$373,990**	

Subsidy Efficiency: $4,000,000 ($21,390 per MIP restricted units).

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

- 4% Federal Tax Credits: $33,911,140 ($181,343 per TCAC restricted unit).
- State Tax Credits: $14,670,000 ($78,449 per TCAC restricted unit).

The Project includes Certificated State Tax Credits, which increases the pricing value of the credits. These credits will be contributed to the Project as a State Tax Credit Loan from Riverside Charitable Corporation, who will execute a promissory note in the estimated amount of $13,203,000 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and will not require payments during the term of this loan.

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

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

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

Cost Containment Strategy:

1. The contractor, Pacific West Builders, Inc ("PWB") has a development department whose sole responsibility is to manage and track the conceptual design process through the permitting phase. Several Project Managers ("PM") coordinate efforts between the Owner, Developer, design team, and local planning agencies from the entitlement phase through project completion.
2. PWB has constructed over 110 affordable housing developments in California with over 7,000 units. The collective experience and expertise, along with consultation from design team consultants, ensure a cost effective and feasible project is developed and constructed. The equity investor and construction lender also conduct feasibility and plan and cost reviews to ensure design and budget efficiencies. This collaborative effort between the Owner, Developer, General Contractor, and finance team ensures any concerns with the Project's design and/or budget are raised and addressed prior to the commencement of construction.
3. The PM and Site Superintendent develop a detailed critical path schedule prior to and during the course of construction. The schedule is updated and reviewed by the General Superintendent and any deviations are evaluated as to its impact on time and cost. Change Orders are utilized when necessary to document deviations.
4. PWB is familiar and comfortable with the Standard Agreement and General Conditions Between the Owner and Constructor (Lump Sum) (Consensus Docs 200) which is the general contract utilized by PWB on each project. The scope, exclusions, and exceptions of the General Contract and all subcontracts are thoroughly vetted prior to issuance and execution. The finance team (equity investor and lenders) also review and approve the General Construction Contract prior to execution.
5. A specialized construction document control software package that tracks all RFI's (pre-bid and construction), including submittals, shop drawings, construction drawings, and daily logs. The mandatory use of this software is written into PWB's subcontracts. RFI's are automatically set to be returned within three (3) business days, with the Architect taking the lead on all coordination efforts between professional services and their divisions. It is expected that the Architect manage all coordination between engineers, the design team, and their respective drawing sheets as they relate to each other prior to closing the RFI.
6. In order to reach the most potential trades in the region and state, Smartbidnet is a procurement platform used to send out specific and specialized invitations to bid to subcontractors. This database includes information and contacts from previous projects and other construction databases (SmartInsight, ConstructConnect) to match other potential subcontractors. PWB's standard practice is to receive three (3) bids per trade before making team selections based on our internal criteria. The PM's support team then works to fill in any remaining gaps.
7. PMs are trained and equipped to continuously look for Value Engineered solutions and benefits for their projects. With open communication between the Owner's Asset Management Team and the Developer, these opportunities are discussed and then employed for the project, with the project's interest in mind. PWB also has a list of "upgrades" for the project should the budget allow, which would add both value and longevity to the project.
8. On a quarterly basis, PWB staff conduct "postmortems" on the projects completed within that quarter. Change Orders, RFI's, Design Document Quality, Personnel, weather, and location are all factored into the review of each

	project. Additionally, the PMs meet weekly to discuss ongoing issues or complications with projects in a collaborative and structured manner, implementing changes into the projects as required or necessary.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received an allocation of 4% federal and state tax credits which is projected to generate equity representing 59% of total financing sources. CBRE is the investor and is paying $0.83992/credit for federal credits, and $0.89991/credit for state credits.
- The Project will serve low-income families ranging between 30% to 80% of AMI. On average, the rents are between 10% to 70% below market rents based on the current appraisal dated 11/10/2023.
- The cash developer fee that will be collected at or prior to permanent loan conversion is $2,639,115, which could be available to cover cost overruns at permanent loan conversion.
- As part of the exit analysis CalHFA stress tests the strength of the project economics by assuming a 2% increase to the appraisal cap rate (resulting in 7%) and a 3% increase in the underwriting interest rate (resulting in 9.68%) at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien and subsidy loans.

8.	**Project Weaknesses with Mitigants:**

- The Developer is an emerging developer, as this is their first MIP funding request as the sole developer, however, the Developer has experience in developing similar affordable housing projects and is the co-administrative general partner on a portfolio CalHFA project. The Developer has engaged Miller Housing Advisors LLC as a consultant on this Project.

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

- Per MIP Term Sheet, the surplus cash from project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). The Investor Letter of Interest ("LOI") does not specify the required timeframe for the Developer Fee to be paid so the assumption is within 13 years after 100% completion of the property (which is industry standard). To achieve full payment of the Deferred Developer Fee 92% of cash flow will be needed through year 13 of the LIHTC compliance period. This leaves 8% of cash flow used for the Residual Receipt lender (CalHFA MIP). Thereafter, the surplus cash split shall be 50% to Borrower and 50% to CalHFA MIP which will be paid by loan maturity based on the projected cashflow.

10.	Project Specific Conditions of Approval

Approval is conditioned upon:

- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Any default as to any loans by the Agency for the Project shall constitute a default under any other loans by the Agency for the Project.
- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- All MIP Loan principal and interest will be due and payable at maturity.
- The Project's proposed operating expense is below CTCAC minimum**;** therefore, Borrower must provide evidence that the proposed operating expense is sufficient to operate the project via an appraisal report and/or other supporting documentation acceptable to CalHFA. In addition, approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required prior to construction loan closing.
- The DDF shall be paid back within 13 years of operations as is set forth in the FA. This results in a 92% of cash flow used to repay the DDF and 8% of cash flow used for the Residual Receipt lender (CalHFA MIP) until the DDF is fully repaid in year 13. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the Borrower must provide evidence of investor and all residual receipt lenders' approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to this repayment split. The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to constructing loan closing and closing of the CalHFA loans, the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.
- 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.
- Completion of NEPA review prior to construction closing.
- Receipt of reliance letter from the engineer that completed the Phase 1 report.
- Prior to CalHFA Permanent and MIP loan closing, the License Agreement dated June 2, 2022, recorded June 3, 2022, in the official records of Placer County (the "Official Records") as instrument number 2022-0046503-00 must be terminated and removed from title.
- Prior to CalHFA Permanent and MIP loan closing, the conditions and obligations found in the Subdivision Agreement, recorded in the Official Records on September 24, 2004, as instrument number 2004-126451, must be satisfied and CalHFA must receive an estoppel, in a form satisfactory to CalHFA, from the City of Lincoln acknowledging that Borrower is not in default under the Subdivision Agreement.
- Prior to CalHFA Permanent and MIP loan closing, the Development Agreement dated October 10, 2023, recorded October 18, 2023, in the Official Records as instrument number 2023-0055672-00 must be terminated and removed from title.

AFFORDABILITY

11.	CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (57 units) at or below 60% AMI and 10% of the total units (19 units) at 50% AMI for 55 years.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY											
Regulatory Source	**Recordation Priority of Recorded Document**	**Term of Agrmt (years)**	**Number of Units Restricted For Each AMI Category**								
			30%	**40%**	**50%**	**60%**	**80%**	**120%**	**Mgrs Unit**	**Total Units Regulated**	**% of Regulated Units**
Density Bonus or CUP	1st	**55**					19		2	**19**	10%
CalHFA Bond	2nd	**55**			19	57			2	**76**	41%
CalHFA MIP	3rd	**55**			38		19	130	2	**187**	100%
CTCAC	4th	**55**	19		20	129	19		2	**187**	100%

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (38 units) be restricted at or below 50% of AMI 10% of total units (19 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 130 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed as part of the Project's staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

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

Rent Limit Summary Table								
	Studio	**1-bdrm**	**2-bdrm**	**3-bdrm**	**4-bdrm**	**5-bdrm**	**Total**	**% Total**
30%	0	10	5	4	0	0	19	10%
40%	0	0	0	0	0	0	0	0%
50%	0	10	5	5	0	0	20	11%
60%	0	63	32	34	0	0	129	68%
80%	0	10	5	4	0	0	19	10%
120%	0	0	0	0	0	0	0	0%
N/A	0	0	0	0	0	0	0	0%
Manager	0	0	1	1	0	0	2	1%
Market	0	0	0	0	0	0	0	0%
Total	**0**	**93**	**48**	**48**	**0**	**0**	**189**	
AMI Avg		**57.8%**	**57.9%**	**58.1%**			**57.9%**	

The average affordability restriction is 58% of AMI based on 187 TCAC-restricted units.

12. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Upper	Below Poverty line:	5.01%
Minority Census Tract:	31.42%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	**Capitalized Reserves:**			
	Replacement Reserves (RR):	N/A Beginning in Year 1 of operations annual Replacement Reserve deposits will be required in the amount of $250/unit (inflated 1% annually). CalHFA will hold reserves throughout the life of the loan.		
	Operating Expense Reserve (OER):	$587,420 OER amount is typically sized based on a minimum 3 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, 3 months of operating expense, reserves, and debt service ("OER") is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.		
	Transitional Operating Reserve (TOR):	Not applicable		
14.	**Cash Flow Analysis**			
	1st Year DSCR:	1.18	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	2.06	**Annual Replacement Reserve Per Unit:**	$250/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%
15.	**Loan Security**			
The CalHFA Perm loan will be secured by a first lien Deed of Trust and MIP Subsidy loan by a 2nd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower's interest in the above-described Project site and improvements, project revenues and escrows. The CalHFA Regulatory Agreement shall be recorded in a senior position to the CalHFA Deed of Trust. A locality Regulatory Agreement will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust.				
16.	**Balloon Exit Analysis**	**Applicable:** ☒ **Yes** ☐ **No**		
The exit analysis assumes a 2% increase to the appraisal cap rate (resulting in 7%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.86%). Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent and subsidy loans.				

APPRAISAL AND MARKET ANALYSIS

17. Appraisal Review **Dated: November 10, 2023**

- The Appraisal dated November 10, 2023, prepared by BBG Real Estate Services, values the land at $3,900,000.
- The cap rate of 5% and projected $1,649,985 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $1,693,522 which is approximately $61K (~7%) higher than the estimated NOI on the appraisal report and is due to the following reasons:
    - The Borrower estimated approximately $28,505 for administration, which is $75,445 (~73% lower than the appraisal's estimated budget of $103,950.
    - The Borrower estimated approximately $168,200 for utilities, which is $49,150 (~23%) lower than the appraisal's estimated budget of $217,350.
    - The Borrower estimated approximately $13,800 for real estate taxes, which is $14,950 (~52%) lower than the appraisal's estimated budget of $28,700.
    - The Borrower estimated approximately $244,200 for maintenance, which is $93,000 (~61%) higher than the appraisal's estimated budget of $151,200.
    - The Borrower estimated approximately $14,633 lower in the other remaining operating expense budget line items than the appraisal's estimated operating expense budget.

The appraiser concluded that the subject's projected expenses are within the range of the comparable expense data on a per square foot and expense ratio basis, but below the range on a per unit basis due to the comparable expenses being taken from properties with fewer units. The projected expenses are generally supported by the comparable data.

Also, the Developer has confirmed that their underwriting is based on their portfolio and guidance from the management company. The expenses are in line with the other properties they operate, and the property manager operates in the area.

- The as-restricted stabilized value is $33,000,000, which results in the Agency's permanent first lien loan to value (LTV) of 60%. The combined LTV, including MIP subsidy loan is 72%.
- The capture rate and absorption rate are 5.9% and 9 months, respectively, and consistent with the market study on the capture rate and more conservative on the absorption rate.

Market Study:	Kinetic Valuation Group (KVG)	**Dated:** May 11, 2023 (Report Date) March 1, 2023 (Effective Date)

Regional Market Overview

- The Primary Market Area is the cities of Rocklin, Roseville, Lincoln and surrounding areas (population of 325,298) and the Secondary Market Area ("SMA") is the Sacramento-Roseville-Arden-Arcade MSA (population of 2,434,773).
- Unemployment in the City of Lincoln was 2.8% and in the SMA was 3.3% in 2022YTD, which evidences a strong employment area.

Local Market Area Analysis

- **Supply:**
  - There are currently 3 family projects in Lincoln and 1 family project in Rocklin. Three sites are 100% occupied and 1 one project is 98.6% occupied with a long wait list.
  - There are 2 affordable projects under construction which are anticipated to complete in 2023.
  - There are 2 affordable projects with a total of 472 estimated units that have been approved by the locality that have yet to start construction. Both projects are part of the CalHFA portfolio.

- **Demand/Absorption:**
  - The project will need to capture 5.9% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 31-38 units per month and reach full occupancy within 5 months of opening assuming pre-leasing to begin approximately 3 months prior to construction completion.

DEVELOPMENT SUMMARY

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

- The property is located west of the intersection of Dresden Drive and Bella Breeze Drive in the Twelve Bridges Specific Plan Area, in the City of Lincoln, Placer County.
- The site is currently vacant, with level topography at street grade, measuring approximately 8.40 acres and is generally rectangular in shape.
- The site is zoned HD-1 (High Density Residential), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.

19. Form of Site Control & Expiration Date

The current owner, Green SRP Owner, LLC of the site and the developer, Kelley Ventures, LLC entered into a Purchase and Sale Agreement dated March 7, 2023, and a first amendment agreement of purchase and sale on October 12, 2023, which expires on February 29, 2024, for an amount of $2,300,000.

20. Current Ownership Entity of Record

Title is currently vested in Green SRP Owner, LLC, a Delaware Limited Liability Company as the fee owner.

21. Environmental Review Findings — **Dated: March 10, 2023**

- A Phase I Environmental Site Assessment performed by Universal Engineering Sciences, dated March 10, 2023, revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.
- A NEPA review has been initiated and will be completed prior to Construction closing.

22. Seismic — **Requires Earthquake Insurance:** ☐ Yes ☒ No

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

23. Relocation — **Requires Relocation:** ☐ Yes ☒ Not Applicable

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

PROJECT DETAILS

24. Residential Areas:

Residential Square Footage:	148,766	**Residential Units per Acre:**	22
Community Area Sq. Ft:	1,978	**Total Parking Spaces:**	385
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	154,264

25. Mixed-Use Project: ☐ Yes ☒ No

		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ Yes ☒ No	**Number of Parking Spaces:**	N/A
26.	**Construction Type:**	7 three-story buildings and 1 single-story clubhouse, type-VA wood-framed residential buildings supported by perimeter foundations with concrete slab flooring. Parking will consist of 182 carports and 203 surface spaces.			

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

- The subject site is new construction.
- The GC contract will be structured as a stipulated sum agreement.

28. Construction Budget Comments:

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

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29. Borrower Affiliated Entities

- Managing General Partner: Riverside Charitable Corporation, a California nonprofit public benefit corporation; 0.005% interest
- Administrative General Partner: Kelley Ventures, LLC, a California limited liability company; 0.005% interest
  - Managing Member: Mike Kelley, 100% interest
- Limited Partner: CREA Lincoln Bella Breeze; 99.989% interest
- Special Limited Partner: CREA SLP, LLC, .0010% interest

30. Developer/Sponsor

- Kelley Ventures, LLC is a California limited liability company established in June of 2013 and under the leadership of Mike Kelley. Mr. Kelley was a development partner with the Pacific Companies where he sourced and executed over 35 projects. Kelley Ventures has completed 6 projects, one project stabilizing, one project in lease-up and 5 projects under construction; all are new construction LIHTC, located in California and total 1,139 units. This Project is Kelley Ventures first MIP project as the sole developer.
- Currently Kelley Ventures is the co-AGP on 1 project (72 units) in the CalHFA portfolio and it is performing as expected.

Project In CalHFA Portfolio	Total Units	Original Perm Loan Amount	Origination Date	Current Perm Loan Balance Amount	Current MIP/Other Subsidy Loan Amount	Maturity Date	Regulatory Restriction Exp. Date	Operating as Expected?	DSCR	RR Balance	OER Balance
1. Peterson Place (FKA Parkway Apts)	72	$7,875,000	10/20/2022	$7,787,493	$3,350,000	11/1/2039	10/1/2077			38,150	$211,097
Subtotal:	**72**	**$7,875,000**		**$7,787,493**	**$3,350,000**					**$38,150**	**$211,097**
Aggregate Total:	**72**	**$7,875,000**		**$7,787,493**	**$3,350,000**					**$38,150**	**$211,097**

31. Management Agent

ConAm Management Corporation (ConAm) will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages twenty-one (21) projects in CalHFA's portfolio. All projects are performing as expected.
The developer has not worked with the PM before. However, the MGP has worked with them for years on several projects. They have 4 projects in operation and 2 in construction/pre-dev.

32.	**Service Provider**	**Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**
Central Valley Coalition for Affordable Housing (CVCAH) will provide the services for all tenants. An MOU has been executed committing instructor-led adult educational, health and wellness, or skill building classes (84 hours/year at a minimum) and individualized health and wellness services (60 hours/year for each 100 low-income bedrooms, for a total of 197 hours/year based on 328 total low-income bedrooms). The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite.		
33.	**Contractor**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The general contractor (GC) is Pacific West Builder, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the developer have worked on 35 projects that have been completed and is working on 5 projects that are under construction and 3 projects that are in pre-development stage.		
34.	**Architect**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The architect is SDG Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. The architect and the developer have worked on 3 projects that have been completed and are working on 2 projects that are under construction and 1 project in pre-development stage.		
35.	**Local Review via Locality Contribution Letter**	
The locality, City of Lincoln, returned the local contribution letter stating they support the project.		
36	**Approval Recommendation**	
36a	**Staff Recommendation and Final Commitment Approval**	
The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions. Any material deviation from the original financing structure, project changes, underwriting assumptions, failure to meet closing conditions, or the failure to meet a condition of the Final Commitment Letter, if issued, can result in the Agency's decision to not proceed with the financing of the project at any stage during underwriting and prior to the closing of the Agency's financing.		

36b	Senior Loan Committee Recommendation

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

Date: 1/11/2024

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

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

Date: 1/12/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

Project Summary

Project Full Name:	The Gardens at Bella Breeze	**Borrower Name:**	Lincoln Bella Breeze Associates, LP
Project Address:	0	**Managing GP:**	Riverside Charitable Corporation
Project City:	Lincoln	**Developer Name:**	Kelley Ventures, LLC
Project County:	Placer	**Investor Name:**	City Real Estate Advisors (CREA)
Project Zip Code:	95648	**Prop Management:**	ConAm Management Corporation
		Tax Credits:	4%
Project Type:	Other (Specify below)	**Total Land Area (acres):**	8.42
Tenancy/Occupancy:	Large Family	**Residential Square Footage (w/o Manager's Unit):**	148,766
Total Residential Units:	189	**Residential Units Per Acre (Density):**	22
Total Number of Buildings:	8	**Common Area Square Footage:**	1,978
Number of Stories:	3	**Commercial Square Footage:**	0
Unit Style:	Flat	**Covered Parking Spaces:**	189
Elevators:	0	**Uncovered Parking Spaces:**	189
Construction Type:	**New Construction**	**Total Parking Spaces:**	378
		Year Built	N/A

Acq/Construction/Rehab Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Mo.)**	**Interest Rate**
C. California Bank & Trust - Tax-Exempt	1	Int. Only, Adjustible	$34,000,000	30	5.68%
C. California Bank & Trust - Taxable	2	Int. Only, Adjustible	$19,070,260	30	6.06%
C. Kelley Ventures, LLC	N/A	Developer Fee, Deferral	$8,039,115	36	0.00%
	N/A	0	N/A	N/A	N/A
C. City Real Estate Advisors (CREA)	N/A	Equity, LIHTC Investor	$8,487,394	N/A	N/A
			$69,596,769		

Permanent Financing	**Lien Priority**	**Debt Type**	**Loan Amount ($)**	**Loan Term (Yr.)**	**Amort. Period (Yr.)**	**Interest Rate**
P. CalHFA - Perm Loan	1	Fixed, Compounding, Amort.	$19,600,000	30	40	6.86%
P. CalHFA - MIP Loan	2	Fixed, Simple, R.R	$4,000,000	30	40	3.00%
P. Kelley Ventures, LLC	N/A	Developer Fee, Deferral	$5,400,000	13	13	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$41,684,189	N/A	N/A	N/A
			70,684,189			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	11/10/2023	**Capitalization Rate (%):**	5.00%	
Investment Value ($):	$74,560,000	**Restricted Value ($):**	$33,000,000	USRM Req
Construct/Rehab Loan To Cost (%):	75%	**CalHFA Permanent Loan to Cost (%):**	33.39%	80.00%
Construct/Rehab Loan To Value (%):	**71%**	**CalHFA Permanent Loan to Value (%):**	72%	90.00%
Land Value	$3,900,000	**Combined All CalHFA Loan to Value (%):**	72%	LTV Warning

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)

Payment/Performance Bond:		**Construction Period (Months):**	24
Completion Guarantee Letter of Credit:		**Lease-up period (Months)**	5.8
		Perm Loan Foward Period (Months):	36

Permanent Loan

Operating Expense Reserve Deposit	$ 587,420.00	**Annual Lease Payment (Stabilized Year)**	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

Project Unit Mix					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
	SRO/Studio				0
Flat	1 Bedroom	1	600	93	140
Flat	2 Bedrooms	1	860	48	144
Flat	3 Bedrooms	2	1,118	48	216
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	150,744	189	500

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	80%	120%	N/A	Regulated	Regulated
CalHFA Bond	2nd			19	57				**76**	41%
CalHFA MIP	3rd			38		19	130		**187**	100%
CTCAC	4th	19		20	129	19			**187**	100%
Density Bonus or CUP	1st					19			**19**	10%
TOTALS		19	0	20	129	19	0	N/A	**187**	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
Studios							
1 Bedroom					$1,600		
	CTCAC	30%	10	510		$1,090	32%
	CTCAC	50%	10	$912.00		$688	57%
	CTCAC	60%	63	$1,113.00		$487	70%
	CTCAC	80%	10	$1,440.00		$160	90%
2 Bedroom					$2,000		
	CTCAC	0.3	5	597		$1,403	30%
	CTCAC	50%	5	$1,080		$920	54%
	CTCAC	60%	32	$1,321		$679	66%
	CTCAC	80%	5	$1,804		$196	90%
3 Bedrooms					$2,500		
	CTCAC	0.3	4	676		$1,824	27%
	CTCAC	50%	5	$1,233		$1,267	49%
	CTCAC	60%	34	$1,512		$988	60%
	CTCAC	80%	4	$2,070		$430	83%
4 Bedrooms							

Total Number of Units Per Above	**187**	**Average AMI**	**57.30%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**189**		

Sources and Uses of Funds

23014-A/X/N

SOURCES OF FUNDS	Const/Rehab $	Permanent $	Total Project Sources of Funds: Sources ($)	Per Unit ($)	% of Total	% of Category
C. California Bank & Trust - Tax-Exempt	34,000,000				48.85%	48.85%
C. California Bank & Trust - Taxable	19,070,260				27.40%	27.40%
C. Kelley Ventures, LLC	8,039,115				11.55%	11.55%
C. City Real Estate Advisors (CREA)	8,487,394				12.20%	12.20%
P. CalHFA - Perm Loan		19,600,000	19,600,000	103,704	27.73%	27.7%
P. CalHFA - MIP Loan		4,000,000	4,000,000	21,164	5.66%	5.7%
P. Kelley Ventures, LLC		5,400,000	5,400,000	28,571	7.64%	7.6%
P. Tax Credit Equity		41,684,189	41,684,189	220,551	58.97%	59.0%
TOTAL SOURCES OF FUNDS	**69,596,769**	**70,684,189**	**70,684,189**	**373,990**		
TOTAL USES OF FUNDS (BELOW)	**69,596,769**	**70,684,189**	**70,684,189**	**373,990**		
FUNDING SURPLUS (DEFICIT)	-	-	-			

USES OF FUNDS	Const/Rehab $	Permanent $	Total Project Uses of Funds: Uses ($)	Per Unit ($)	%TDC	% of Category
TOTAL EQUITY AND LOAN PAYOFF		**69,596,769**				
LAND COST/ACQUISITION						
Land Cost or Value	2,300,000		2,300,000	12,169	3.25%	99.8%
Demolition	-		-	-		0.0%
Legal	5,000		5,000	26	0.01%	0.2%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	-		-	-		0.0%
Predevelopment Interest/Holding Costs	-		-	-		0.0%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**2,305,000**	-	**2,305,000**	12,196	3.26%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other: (Specify)	-		-	-		
	-			-		
TOTAL REHAB COSTS	**-**	**-**	**-**	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	2,835,000		*2,835,000*	15,000	4.01%	6.7%
Structures	33,571,304		33,571,304	177,626	47.49%	79.9%
General Requirements	2,184,378		2,184,378	11,558	3.09%	5.2%
Contractor Overhead	771,814		771,814	4,084	1.09%	1.8%
Contractor Profit	2,315,441		2,315,441	12,251	3.28%	5.5%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	340,000		340,000	1,799	0.48%	0.8%
Third-Party Construction Management	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**42,017,937**	**-**	**42,017,937**	**222,317**	59.44%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	650,000		650,000	3,439	0.92%	60.5%
Survey/Engineering	275,000		275,000	1,455	0.39%	25.6%
Supervision	150,000		150,000	794	0.21%	14.0%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	1,075,000	-	1,075,000	5,688	1.52%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	3,426,043		3,426,043	18,127	4.85%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	3,426,043					100.0%
Construction Origination/Loan Fees	344,957		344,957	1,825	0.49%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	344,957					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	105,000		105,000	556	0.15%	15.0%
Title & Recording	100,000		100,000	529	0.14%	14.3%
Taxes	80,000		80,000	423	0.11%	11.4%
Insurance	316,700		316,700	1,676	0.45%	45.1%
CDLAC Fee - $11,900	-			-		0.0%
CalHFA Issuer Fee - $63,750	-			-		0.0%
CalHFA Inspection - $12,000	-			-		0.0%
Other	-			-		0.0%
Construction Lender Costs (Legal, Etc.)	100,000		100,000	529	0.14%	14.3%
Subtotal:	**$ 701,700**					100.0%
TOTAL CONSTRUCTION COST	4,472,700	-	4,472,700		6.3%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		164,750	169,250	334,000	1,767	0.47%	100.0%
CalHFA Perm - $298,500		-					0.0%
CalHFA MIP - $40,000		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 164,750.00**	**$ 169,250.00**	**$ 334,000.00**			100.0%
Credit Enhancement & Application Fees		-		-	-		
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ -**	**$ -**	**-**			0.0%
Title & Recording (closing costs)		-		-	-		0.0%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Bond Counsel		93,000		$ 93,000.00	492	0.13%	21.8%
TOTAL PERMANENT FINANCING COSTS		**257,750**	**169,250**	**427,000**	225925.93%	0.6%	21.8%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		100,000		100,000	52910.05%	0.1%	100.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		-		-	-		0.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: (Specify)		-		$ -	-		0.0%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**100,000**	**-**	**100,000**	**529**	0.14%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		-	587,420	587,420	3,108	0.83%	54.0%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Post Construction Interest		500,000		$ 500,000.00	2,646	0.71%	46.0%
TOTAL RESERVES		**500,000**	**587,420**	**1,087,420**	**5,754**	1.5%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency	5.77%	2,100,000		*2,100,000*	11,111	2.97%	76.4%
Soft Cost Contingency	2.55%	650,000		*650,000*	3,439	0.92%	23.6%
TOTAL CONTINGENCY COSTS		**2,750,000**	**-**	**2,750,000**	**14,550**	3.89%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 112,581		$ 112,581	596	0.16%	1.3%
Environmental Audit	$ 25,000		$ 25,000	132	0.04%	0.3%
Local Development Impact Fees	$ 5,935,988		$ 5,935,988	31,407	8.40%	70.6%
Permit Processing Fees	$ 703,000		$ 703,000	3,720	0.99%	8.4%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 173,444		$ 173,444	918	0.25%	2.1%
Furnishings	$ 60,000		$ 60,000	317	0.08%	0.7%
Market Study	$ 10,000		$ 10,000	53	0.01%	0.1%
Accounting/Reimbursables	$ 15,000		$ 15,000	79	0.02%	0.2%
Appraisal Costs	$ 10,000		$ 10,000	53	0.01%	0.1%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Special Assessment Payments	$ 1,365,004		$ 1,365,004	7,222	1.93%	16.2%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	**8,410,017**	**-**	**8,410,017**	**44,497**	11.90%	100.0%
SUBTOTAL PROJECT COSTS	**61,888,404**	**756,670**	**62,645,074**	**307,790**	88.63%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	7,708,365	330,750	8,039,115	42,535	11.4%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**7,708,365.00**	**330,750**	**8,039,115**	**42,535**	11.4%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**69,596,769.00**	**70,684,189**	**70,684,189**	**373,990**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 2,723,676	$ 14,411	99.31%
Unrestricted Unit Rents	2.50%	$ -	$ -	0.00%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ -	$ -	0.00%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 18,900	$ 100	0.69%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 2,742,576**	**14,511**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 136,184	$ 721	99.31%
Unrestricted Unit Rents	5.00%	$ -	$ -	0.00%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ -	$ -	0.00%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 945	$ 5	0.69%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 137,129**	**726**	
EFFECTIVE GROSS INCOME (EGI)		**$ 2,605,447**	**13,785**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 900	5	0.1%
Legal	3.50%	$ 2,000	11	0.2%
Accounting/Audit	3.50%	$ 3,000	16	0.3%
Security	3.50%	$ -	0	0.0%
Telephone, Office Expenses, Misc. Admin	3.50%	$ 8,955	47	1.0%
Total Administrative Expenses:	3.50%	$ 14,855	79	1.6%
Management Fee	**3.50%**	$ 90,500	479	9.9%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ 200	1	0.0%
Gas	3.50%	$ 2,100	11	0.2%
Electricity	3.50%	$ 20,000	106	2.2%
Water/Sewer	3.50%	$ 145,900	772	16.0%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 168,200	890	18.4%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 90,720	480	9.9%
Number of Staff:	3			
Maintenance Personnel	3.50%	$ 82,000	434	9.0%
Number of Rent-Free Units:	2			
Payroll Taxes, Workers Comp, Benefits	3.50%	$ 41,700	221	4.6%
Total Payroll/Payroll Taxes:		$ 214,420	1,134	23.5%
Insurance	**3.50%**	$ 85,050	450	9.3%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 9,450	50	1.0%
Repairs	3.50%	$ 86,350	457	9.5%
Trash Removal	3.50%	$ 45,500	241	5.0%
Exterminating	3.50%	$ 2,400	13	0.3%
Grounds	3.50%	$ 49,300	261	5.4%
Elevator	3.50%	$ -	0	0.0%
Cleaning & Building Supplies	3.50%	$ 51,200	271	5.6%
Total Maintenance:	3.50%	$ 244,200	1,292	26.8%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Licenses	3.50%	$ 350	2	0.0%
State Tax	3.50%	$ 800	4	0.1%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
Total Other Expenses:	3.50%	$ 1,150	6	0.1%
Total Annual Residential Operating Expenses		**$ 818,375**	**4,330**	89.7%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	2.50%	$ 20,000	106	2.2%
Total Annual Reserve for Replacement	1.00%	$ 47,250	250	5.2%
Total Annual Monitoring Fees	0.00%	$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ 13,800	73	1.5%
Specialty Locality Taxes (community facilities district, mello	2.00%	$ -	0	0.0%
Annual Issuer & Trustee Fees:	3.50%	$ 5,000	26	0.5%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 911,925**	**4,825**	100%
NET OPERATING INCOME (NOI)		**$ 1,693,522**		

DEBT SERVICE PAYMENTS		**Amount**	**Per Unit**	
P. CalHFA - Perm Loan		$ 1,437,751	$ 7,607	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 1,437,751**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 255,771**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.18**		

Operating Proforma Summary

				Comments
Total Units	189	Construction Start Date	2/7/2024	
Regulated Units	0	Construction Completion Date	2/7/2026	
Manager Units (Market Rate)	2	Construction Period (months)	24	
Total Residential Square Feet	148,766	Lease-up Commencement Date:	2/7/2026	
Avg Sq Ft/Unit	150,744	Lease-up Completion Date	8/1/2026	
Rental Subsidies?	0	Lease-up Period (months)	5.8	
No. of Units with Rental Subsidies	0	Perm Conversion Date	2/1/2027	
Rental Subsidy Contract Term (Initial)	0	Lease-up Completion to Perm (months)	11.8	

Project Unit Mix	Average	Number of	30%	40%	50%	60%	80%	120%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	600	93	10	0	10	63	10	0	
2 Bedrooms	860	47	5	0	5	32	5	0	
3 Bedrooms	1,118	47	4	0	5	34	4	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	14,772	187							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	30	
Adjusted Gross Income	2,723,676	3,006,429	3,401,498	3,848,483	5,573,751	
Other Income/Subsidies	18,900	20,862	23,604	26,705	38,677	
Projected Vacancy and Discount Loss	137,129	151,365	171,255	193,759	280,621	
Effective Gross Income (EGI)	2,605,447	2,875,926	3,253,847	3,681,429	5,331,806	
Total Operating Expenses	911,925	1,038,090	1,221,762	1,439,286	2,364,161	
Reserve For Replacement	47,250	49,169	51,677	54,313	63,055	
Net Operating Income (NOI)	1,693,522	1,837,837	2,032,085	2,242,143	2,967,645	
Total Debt Service & Other Payments	1,437,751	1,437,751	1,437,751	1,437,751	1,437,751	
Cash Flow After Debt Service	255,771	400,086	594,334	804,392	1,529,895	
Debt Service Coverage Ratio	1.18	1.28	1.41	1.56	2.06	
Income/Expense Ratio	2.86	2.77	2.66	2.56	2.26	
Less:						
LP Management Fee	18,900	18,900	18,900	18,900	0	
GP Partnership Management Fee	7,500	7,500	7,500	7,500	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	92%	102%	107%	60%	58%	
Cumulative Developer Distribution	211,022	1,384,247	3,633,579	6,156,346	15,003,652	
Residual Receipts %	8%	-2%	-7%	40%	42%	
Cumulative Residual Repts Repayment	18,350	120,369	315,963	1,256,651	10,103,956	
Unpaid CalHFA loan Balance						
Perm Loan	19,503,823	19,046,027	18,266,147	17,168,238	10,383,431	
MIP Subordinate (RR) Loan	4,000,000	4,389,526	4,809,471	4,812,345	0	
Reserves Balances:						
Operating Reserve	587,420	587,420	587,420	587,420	587,420	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections											
	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 2,723,676	$ 2,791,768	$ 2,861,562	$ 2,933,101	$ 3,006,429	$ 3,081,589	$ 3,158,629	$ 3,237,595	$ 3,318,535	$ 3,401,498
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	18,900	19,373	19,857	20,353	20,862	21,384	21,918	22,466	23,028	23,604
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 2,742,576**	**$ 2,811,140**	**$ 2,881,419**	**$ 2,953,454**	**$ 3,027,291**	**$ 3,102,973**	**$ 3,180,547**	**$ 3,260,061**	**$ 3,341,563**	**$ 3,425,102**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 136,184	$ 139,588	$ 143,078	$ 146,655	$ 150,321	$ 154,079	$ 157,931	$ 161,880	$ 165,927	$ 170,075
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	945	969	993	1,018	1,043	1,069	1,096	1,123	1,151	1,180
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 137,129**	**$ 140,557**	**$ 144,071**	**$ 147,673**	**$ 151,365**	**$ 155,149**	**$ 159,027**	**$ 163,003**	**$ 167,078**	**$ 171,255**
EFFECTIVE GROSS INCOME (EGI)		**$ 2,605,447**	**$ 2,670,583**	**$ 2,737,348**	**$ 2,805,782**	**$ 2,875,926**	**$ 2,947,824**	**$ 3,021,520**	**$ 3,097,058**	**$ 3,174,484**	**$ 3,253,847**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 14,855	$ 15,375	$ 15,913	$ 16,470	$ 17,046	$ 17,643	$ 18,261	$ 18,900	$ 19,561	$ 20,246
Management Fee	3.50%	90,500	93,668	96,946	100,339	103,851	107,486	111,248	115,141	119,171	123,342
Utilities	3.50%	168,200	174,087	180,180	186,486	193,013	199,769	206,761	213,997	221,487	229,239
Payroll/Payroll Taxes	3.50%	214,420	221,925	229,692	237,731	246,052	254,664	263,577	272,802	282,350	292,232
Insurance	3.50%	85,050	88,027	91,108	94,296	97,597	101,013	104,548	108,207	111,995	115,914
Maintenance	3.50%	244,200	252,747	261,593	270,749	280,225	290,033	300,184	310,691	321,565	332,820
Other Operating Expenses	3.50%	6,150	6,365	6,588	6,819	7,057	7,304	7,560	7,825	8,098	8,382
Services & Amenities	2.50%	20,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368	24,977
Reserve for Replacement	1.00%	47,250	47,723	48,200	48,682	49,169	49,660	50,157	50,658	51,165	51,677
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	13,800	13,973	14,147	14,324	14,503	14,684	14,868	15,054	15,242	15,432
TOTAL OPERATING EXPENSES		**$ 911,925**	**$ 941,888**	**$ 972,879**	**$ 1,004,934**	**$ 1,038,090**	**$ 1,072,384**	**$ 1,107,857**	**$ 1,144,549**	**$ 1,182,503**	**$ 1,221,762**
NET OPERATING INCOME (NOI)		**$ 1,693,522**	**$ 1,728,695**	**$ 1,764,469**	**$ 1,800,848**	**$ 1,837,837**	**$ 1,875,440**	**$ 1,913,663**	**$ 1,952,509**	**$ 1,991,982**	**$ 2,032,085**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Perm Loan	1	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751
TOTAL DEBT SERVICE		**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**
CASH FLOW AFTER DEBT SERVICE		**$ 255,771**	**$ 290,944**	**$ 326,718**	**$ 363,097**	**$ 400,086**	**$ 437,690**	**$ 475,913**	**$ 514,758**	**$ 554,231**	**$ 594,334**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.18**	**1.20**	**1.23**	**1.25**	**1.28**	**1.30**	**1.33**	**1.36**	**1.39**	**1.41**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900
GP Partnership Management Fee	0.0%	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500
Cashflow available for distribution		**$ 229,371**	**$ 264,544**	**$ 300,318**	**$ 336,697**	**$ 373,686**	**$ 411,290**	**$ 449,513**	**$ 488,358**	**$ 527,831**	**$ 567,934**

		92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
Developer Distribution	*92%*	**$ 211,022**	**$ 243,381**	**$ 276,292**	**$ 309,761**	**$ 343,791**	**$ 378,386**	**$ 413,552**	**$ 449,290**	**$ 485,605**	**$ 522,499**
Deferred developer fee start balance	**5,400,000**	5,400,000	5,188,978	4,945,597	4,669,305	4,359,544	4,015,753	3,637,366	3,223,815	2,774,525	2,288,921
Deferred Developer fee payment	13	211,022	243,381	276,292	309,761	343,791	378,386	413,552	449,290	485,605	522,499
Deferred Developer fee end balance		$ 5,188,978	$ 4,945,597	$ 4,669,305	$ 4,359,544	$ 4,015,753	$ 3,637,366	$ 3,223,815	$ 2,774,525	$ 2,288,921	$ 1,766,421
Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
	Payment %	18,350	21,164	24,025	26,936	29,895	32,903	35,961	39,069	42,226	45,435
P. CalHFA - MIP Loan	*100.00%*	18,350	21,164	24,025	26,936	29,895	32,903	35,961	39,069	42,226	45,435
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**18,350**	**21,164**	**24,025**	**26,936**	**29,895**	**32,903**	**35,961**	**39,069**	**42,226**	**45,435**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9	10
P. CalHFA - MIP Loan	*3.00%*	$ 4,000,000	$ 4,101,650	$ 4,200,487	$ 4,296,461	$ 4,389,526	$ 4,479,631	$ 4,566,728	$ 4,650,767	$ 4,731,698	$ 4,809,471
0											
0											
0											
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0											
Total Residual Receipts Payments		**$ 4,000,000**	**$ 4,101,650**	**$ 4,200,487**	**$ 4,296,461**	**$ 4,389,526**	**$ 4,479,631**	**$ 4,566,728**	**$ 4,650,767**	**$ 4,731,698**	**$ 4,809,471**

Cashflow Projections											
	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 3,486,536	$ 3,573,699	$ 3,663,041	$ 3,754,617	$ 3,848,483	$ 3,944,695	$ 4,043,312	$ 4,144,395	$ 4,248,005	$ 4,354,205
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	24,194	24,798	25,418	26,054	26,705	27,373	28,057	28,759	29,478	30,214
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 3,510,729**	**$ 3,598,497**	**$ 3,688,460**	**$ 3,780,671**	**$ 3,875,188**	**$ 3,972,068**	**$ 4,071,369**	**$ 4,173,154**	**$ 4,277,483**	**$ 4,384,420**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 174,327	$ 178,685	$ 183,152	$ 187,731	$ 192,424	$ 197,235	$ 202,166	$ 207,220	$ 212,400	$ 217,710
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,210	1,240	1,271	1,303	1,335	1,369	1,403	1,438	1,474	1,511
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 175,536**	**$ 179,925**	**$ 184,423**	**$ 189,034**	**$ 193,759**	**$ 198,603**	**$ 203,568**	**$ 208,658**	**$ 213,874**	**$ 219,221**
EFFECTIVE GROSS INCOME (EGI)		**$ 3,335,193**	**$ 3,418,573**	**$ 3,504,037**	**$ 3,591,638**	**$ 3,681,429**	**$ 3,773,464**	**$ 3,867,801**	**$ 3,964,496**	**$ 4,063,608**	**$ 4,165,199**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 20,954	$ 21,688	$ 22,447	$ 23,233	$ 24,046	$ 24,887	$ 25,758	$ 26,660	$ 27,593	$ 28,559
Management Fee	3.50%	127,659	132,127	136,752	141,538	146,492	151,619	156,926	162,418	168,103	173,986
Utilities	3.50%	237,263	245,567	254,162	263,057	272,264	281,794	291,656	301,864	312,430	323,365
Payroll/Payroll Taxes	3.50%	302,461	313,047	324,003	335,343	347,080	359,228	371,801	384,814	398,283	412,223
Insurance	3.50%	119,971	124,170	128,516	133,014	137,670	142,488	147,476	152,637	157,979	163,509
Maintenance	3.50%	344,468	356,525	369,003	381,918	395,285	409,120	423,439	438,260	453,599	469,475
Other Operating Expenses	3.50%	8,675	8,979	9,293	9,618	9,955	10,303	10,664	11,037	11,424	11,823
Services & Amenities	2.50%	25,602	26,242	26,898	27,570	28,259	28,966	29,690	30,432	31,193	31,973
Reserve for Replacement	1.00%	52,193	52,715	53,242	53,775	54,313	54,856	55,404	55,958	56,518	57,083
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	15,625	15,821	16,018	16,219	16,421	16,627	16,834	17,045	17,258	17,474
TOTAL OPERATING EXPENSES		**$ 1,262,372**	**$ 1,304,380**	**$ 1,347,835**	**$ 1,392,786**	**$ 1,439,286**	**$ 1,487,389**	**$ 1,537,150**	**$ 1,588,627**	**$ 1,641,879**	**$ 1,696,969**
NET OPERATING INCOME (NOI)		**$ 2,072,821**	**$ 2,114,192**	**$ 2,156,202**	**$ 2,198,852**	**$ 2,242,143**	**$ 2,286,076**	**$ 2,330,651**	**$ 2,375,869**	**$ 2,421,729**	**$ 2,468,229**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Perm Loan	1	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751
TOTAL DEBT SERVICE		**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**
CASH FLOW AFTER DEBT SERVICE		**$ 635,070**	**$ 676,441**	**$ 718,451**	**$ 761,101**	**$ 804,392**	**$ 848,325**	**$ 892,901**	**$ 938,119**	**$ 983,978**	**$ 1,030,479**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.44**	**1.47**	**1.50**	**1.53**	**1.56**	**1.59**	**1.62**	**1.65**	**1.68**	**1.72**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ 18,900	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 608,670**	**$ 650,041**	**$ 692,051**	**$ 734,701**	**$ 777,992**	**$ 848,325**	**$ 892,901**	**$ 938,119**	**$ 983,978**	**$ 1,030,479**

		92%	92%	88%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	*92%*	**$ 559,976**	**$ 598,038**	**$ 608,407**	**$ 367,350**	**$ 388,996**	**$ 424,162**	**$ 446,450**	**$ 469,059**	**$ 491,989**	**$ 515,239**
Deferred developer fee start balance	**5,400,000**	1,766,421	1,206,445	608,407	-	-	-	-	-	-	-
Deferred Developer fee payment	**13**	559,976	598,038	608,407	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,206,445	$ 608,407	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ -	$ -	$ -	$ 367,350	$ 388,996	$ 424,162	$ 446,450	$ 469,059	$ 491,989	$ 515,239

Residual Receipt Payments	*50%*	8%	8%	12%	50%	50%	50%	50%	50%	50%	50%
	Payment %	48,694	52,003	83,644	367,350	388,996	424,162	446,450	469,059	491,989	515,239
P. CalHFA - MIP Loan	*100.00%*	48,694	52,003	83,644	367,350	388,996	424,162	446,450	469,059	491,989	515,239
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**48,694**	**52,003**	**83,644**	**367,350**	**388,996**	**424,162**	**446,450**	**469,059**	**491,989**	**515,239**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA - MIP Loan	*3.00%*	$ 4,884,037	$ 4,955,343	$ 5,023,340	$ 5,059,696	$ 4,812,345	$ 4,543,349	$ 4,239,187	$ 3,912,737	$ 3,561,059	$ 3,175,902
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Total Residual Receipts Payments		**$ 4,884,037**	**$ 4,955,343**	**$ 5,023,340**	**$ 5,059,696**	**$ 4,812,345**	**$ 4,543,349**	**$ 4,239,187**	**$ 3,912,737**	**$ 3,561,059**	**$ 3,175,902**

Cashflow Projections											
	YEAR	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 4,463,060	$ 4,574,637	$ 4,689,003	$ 4,806,228	$ 4,926,383	$ 5,049,543	$ 5,175,782	$ 5,305,176	$ 5,437,806	$ 5,573,751
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	30,970	31,744	32,538	33,351	34,185	35,040	35,916	36,813	37,734	38,677
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 4,494,030**	**$ 4,606,381**	**$ 4,721,540**	**$ 4,839,579**	**$ 4,960,568**	**$ 5,084,583**	**$ 5,211,697**	**$ 5,341,990**	**$ 5,475,539**	**$ 5,612,428**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 223,153	$ 228,732	$ 234,450	$ 240,311	$ 246,319	$ 252,477	$ 258,789	$ 265,259	$ 271,890	$ 278,688
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,548	1,587	1,627	1,668	1,709	1,752	1,796	1,841	1,887	1,934
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 224,702**	**$ 230,319**	**$ 236,077**	**$ 241,979**	**$ 248,028**	**$ 254,229**	**$ 260,585**	**$ 267,099**	**$ 273,777**	**$ 280,621**
EFFECTIVE GROSS INCOME (EGI)		**$ 4,269,329**	**$ 4,376,062**	**$ 4,485,463**	**$ 4,597,600**	**$ 4,712,540**	**$ 4,830,353**	**$ 4,951,112**	**$ 5,074,890**	**$ 5,201,762**	**$ 5,331,806**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 29,558	$ 30,593	$ 31,664	$ 32,772	$ 33,919	$ 35,106	$ 36,335	$ 37,606	$ 38,923	$ 40,285
Management Fee	3.50%	180,076	186,379	192,902	199,653	206,641	213,874	221,359	229,107	237,126	245,425
Utilities	3.50%	334,682	346,396	358,520	371,068	384,056	397,498	411,410	425,810	440,713	456,138
Payroll/Payroll Taxes	3.50%	426,651	441,583	457,039	473,035	489,591	506,727	524,462	542,819	561,817	581,481
Insurance	3.50%	169,232	175,155	181,285	187,630	194,197	200,994	208,029	215,310	222,846	230,645
Maintenance	3.50%	485,906	502,913	520,515	538,733	557,589	577,104	597,303	618,209	639,846	662,241
Other Operating Expenses	3.50%	12,237	12,666	13,109	13,568	14,042	14,534	15,043	15,569	16,114	16,678
Services & Amenities	2.50%	32,772	33,592	34,431	35,292	36,175	37,079	38,006	38,956	39,930	40,928
Reserve for Replacement	1.00%	57,654	58,231	58,813	59,401	59,995	60,595	61,201	61,813	62,431	63,055
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	17,692	17,913	18,137	18,364	18,593	18,826	19,061	19,299	19,541	19,785
TOTAL OPERATING EXPENSES		**$ 1,753,961**	**$ 1,812,920**	**$ 1,873,915**	**$ 1,937,017**	**$ 2,002,299**	**$ 2,069,836**	**$ 2,139,709**	**$ 2,211,997**	**$ 2,286,786**	**$ 2,364,161**
NET OPERATING INCOME (NOI)		**$ 2,515,368**	**$ 2,563,142**	**$ 2,611,549**	**$ 2,660,583**	**$ 2,710,241**	**$ 2,760,517**	**$ 2,811,403**	**$ 2,862,893**	**$ 2,914,977**	**$ 2,967,645**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA - Perm Loan	1	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751	$ 1,437,751
TOTAL DEBT SERVICE		**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**	**$ 1,437,751**
CASH FLOW AFTER DEBT SERVICE		**$ 1,077,617**	**$ 1,125,391**	**$ 1,173,798**	**$ 1,222,833**	**$ 1,272,491**	**$ 1,322,766**	**$ 1,373,652**	**$ 1,425,142**	**$ 1,477,226**	**$ 1,529,895**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.75**	**1.78**	**1.82**	**1.85**	**1.89**	**1.92**	**1.96**	**1.99**	**2.03**	**2.06**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,077,617**	**$ 1,125,391**	**$ 1,173,798**	**$ 1,222,833**	**$ 1,272,491**	**$ 1,322,766**	**$ 1,373,652**	**$ 1,425,142**	**$ 1,477,226**	**$ 1,529,895**

		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	*92%*	**$ 538,809**	**$ 562,696**	**$ 586,899**	**$ 611,416**	**$ 636,245**	**$ 661,383**	**$ 686,826**	**$ 712,571**	**$ 738,613**	**$ 764,947**
Deferred developer fee start balance	**5,400,000**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**13**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ 538,809	$ 562,696	$ 586,899	$ 611,416	$ 636,245	$ 661,383	$ 686,826	$ 712,571	$ 738,613	$ 764,947

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	538,809	562,696	586,899	611,416	636,245	661,383	686,826	712,571	738,613	764,947
P. CalHFA - MIP Loan	*100.00%*	538,809	562,696	586,899	611,416	636,245	84,938	2,548	76	2	0
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**538,809**	**562,696**	**586,899**	**611,416**	**636,245**	**84,938**	**2,548**	**76**	**2**	**0**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	21	22	23	24	25	26	27	28	29	30
P. CalHFA - MIP Loan	*3.00%*	$ 2,755,940	$ 2,299,809	$ 1,806,108	$ 1,273,392	$ 700,178	$ 84,938	$ 2,548	$ 76	$ 2	$ 0
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Total Residual Receipts Payments		**$ 2,755,940**	**$ 2,299,809**	**$ 1,806,108**	**$ 1,273,392**	**$ 700,178**	**$ 84,938**	**$ 2,548**	**$ 76**	**$ 2**	**$ 0**

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 5,713,094	$ 5,855,922	$ 6,002,320	$ 6,152,378	$ 6,306,187	$ 6,463,842	$ 6,625,438	$ 6,791,074	$ 6,960,851	$ 7,134,872
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	39,644	40,635	41,651	42,692	43,760	44,854	45,975	47,124	48,302	49,510
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 5,752,739**	**$ 5,896,557**	**$ 6,043,971**	**$ 6,195,070**	**$ 6,349,947**	**$ 6,508,696**	**$ 6,671,413**	**$ 6,838,198**	**$ 7,009,153**	**$ 7,184,382**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 285,655	$ 292,796	$ 300,116	$ 307,619	$ 315,309	$ 323,192	$ 331,272	$ 339,554	$ 348,043	$ 356,744
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,982	2,032	2,083	2,135	2,188	2,243	2,299	2,356	2,415	2,475
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 287,637**	**$ 294,828**	**$ 302,199**	**$ 309,754**	**$ 317,497**	**$ 325,435**	**$ 333,571**	**$ 341,910**	**$ 350,458**	**$ 359,219**
EFFECTIVE GROSS INCOME (EGI)		**$ 5,465,102**	**$ 5,601,729**	**$ 5,741,772**	**$ 5,885,317**	**$ 6,032,450**	**$ 6,183,261**	**$ 6,337,842**	**$ 6,496,288**	**$ 6,658,696**	**$ 6,825,163**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 41,695	$ 43,154	$ 44,665	$ 46,228	$ 47,846	$ 49,520	$ 51,254	$ 53,048	$ 54,904	$ 56,826
Management Fee	3.50%	254,015	262,905	272,107	281,631	291,488	301,690	312,249	323,178	334,489	346,196
Utilities	3.50%	472,103	488,626	505,728	523,429	541,749	560,710	580,335	600,646	621,669	643,428
Payroll/Payroll Taxes	3.50%	601,833	622,897	644,698	667,263	690,617	714,788	739,806	765,699	792,499	820,236
Insurance	3.50%	238,718	247,073	255,720	264,671	273,934	283,522	293,445	303,716	314,346	325,348
Maintenance	3.50%	685,419	709,409	734,238	759,936	786,534	814,063	842,555	872,044	902,566	934,156
Other Operating Expenses	3.50%	17,262	17,866	18,491	19,138	19,808	20,502	21,219	21,962	22,730	23,526
Services & Amenities	2.50%	41,951	43,000	44,075	45,177	46,306	47,464	48,651	49,867	51,114	52,391
Reserve for Replacement	1.00%	63,686	64,323	64,966	65,616	66,272	66,934	67,604	68,280	68,963	69,652
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	20,032	20,283	20,536	20,793	21,053	21,316	21,582	21,852	22,125	22,402
TOTAL OPERATING EXPENSES		**$ 2,444,213**	**$ 2,527,036**	**$ 2,612,725**	**$ 2,701,381**	**$ 2,793,107**	**$ 2,888,010**	**$ 2,986,200**	**$ 3,087,792**	**$ 3,192,905**	**$ 3,301,661**
NET OPERATING INCOME (NOI)		**$ 3,020,888**	**$ 3,074,693**	**$ 3,129,047**	**$ 3,183,936**	**$ 3,239,343**	**$ 3,295,251**	**$ 3,351,643**	**$ 3,408,496**	**$ 3,465,791**	**$ 3,523,502**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Perm Loan	1	$ 1,437,751									
TOTAL DEBT SERVICE		**$ 1,437,751**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
CASH FLOW AFTER DEBT SERVICE		**$ 1,583,138**									
DEBT SERVICE COVERAGE RATIO (DSCR)		**2.10**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
DSCR CHECK (USRM)		**Target**									

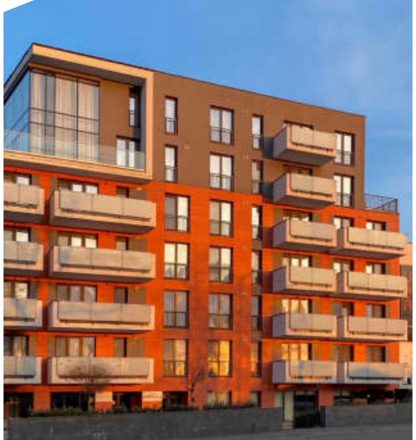
LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 1,583,138**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

		50%									
Developer Distribution	*92%*	**$ 791,569**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Deferred developer fee start balance	**5,400,000**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee payment	**13**	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Developer Distribution		$ 791,569	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	50%									
	Payment %	791,569	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP Loan	*100.00%*	0	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	31	32	33	34	35	36	37	38	39	40
P. CalHFA - MIP Loan	*3.00%*	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0											
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**



Mixed-Income Program (2023)

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

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

Multifamily Subordinate Loans

Mixed-Income Program Subsidy Loan Limits

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

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

Application

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

Qualifications

Availability

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

Uses

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

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

Financing Structure

Projects accessing the MIP Loans must be structured as both of the following:

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

Readiness

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

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

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

Evidence Of Cost Containment

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

The MIP applicant must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but are not limited to:

1. competitively bidding out all major subcontractor and self-performing trades; and
2. engaging a value engineer/consultant during the design process.

Evidence Of Subsidy Efficiency

A Subsidy Efficiency Analysis will be completed as part of the application review at initial commitment. The analysis will be completed again at final commitment, prior to construction loan closing, and closing of the MIP subordinate loan. The MIP Loan amount may be reduced based on the final analysis. Parameters of the analysis may include, but are not limited to, the following:

- A maximum of 1.20x Debt Service Coverage Ratio (DSCR) at year 1 (Initial DSCR). CalHFA may allow an initial DSCR higher than 1.20x on a case-by-case basis, if deemed necessary. The underwriting prior to construction and permanent closing must show an on-going minimum DSCR of 1.15x through the term of the CalHFA permanent first lien loan.

Qualifications: Evidence of Subsidy Efficiency continued

- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio.
- A separate project cash flow that supports any commercial component of a mixed-use project, if applicable.
- A cash flow after debt service shall be limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first three years of project operation.
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards.
- Developer Fee requirements consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA).
- Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
  - An increase in tax credit equity.
  - An increase in permanent loan debt due to newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification shall be used to reduce the MIP Loan prior to CalHFA MIP Loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.
- State tax credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan final commitment shall be subject to evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year.
- Acquisition cost shall be the lesser of either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

Project Application Ranking Qualifications*

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

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

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

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

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

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

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

2. **Project Cap:** Per Project MIP funds available will be equal to the lesser of the following:
   a. Maximum MIP Loan Amount of $4 million per Project application.
   b. Maximum of $50,000 per MIP regulated unit for Projects located in Moderate, Low, or Lowest Resource Areas.
   c. Maximum of $60,000 per MIP regulated unit for Projects located in High or Highest Resource Areas.[1]
   d. Maximum MIP Loan Amount may be no more than 50% of the CalHFA Permanent Loan.

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

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

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

CalHFA Mixed-Income Qualified Construction Lender

A CalHFA Mixed-Income Qualified Construction Lender is defined as a Construction Lender that has closed at least five construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years and satisfies the requirements set forth within the application.

CalHFA Mixed-Income Development Team Qualifications

- The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three comparable projects within the past five years or meet the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- The proposed **Project Manager** must have personally managed the development of at least two comparable projects within the past five years.
- **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably-financed projects over the last five years.
- **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California.
- **General Contractor** (GC) must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.
- **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least 10 low- to moderate-income, rent-restricted comparable (size and tenant types) projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five years managing onsite project operations and compliance with rent-restricted units or meet the requirements necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

Permanent First Lien Loan

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

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

Construction First Lien Loan

Must be provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to recycle all or a portion of any bond volume cap related to a paydown of the bond-financed loans, at the conversion of the construction financing to permanent financing and payoff of the construction loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (Bond Recycling). The bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.

Limitations

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except the Infill Infrastructure Grant (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein.
- Inclusion of other debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- Projects that have a below market rate component resulting from an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's subsidy resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.)
- At the time of MIP application, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC.
- Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.

Mixed Income Program

Mixed-Income Project Occupancy Requirements

Bond Regulatory Agreement Requirements (All Projects)

Must maintain either:

a. 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (20%@50% AMI); or

b. 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size (40%@60% AMI): in the latter case, CDLAC and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30%@60% AMI; 10%@50% AMI).

Mixed Income Regulatory Agreement Requirements (All Projects)

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

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

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

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

Maximum Allowable Rents

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

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

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

Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents not to exceed 30% of the applicable income restriction (target occupancy) required in the Agency's Regulatory Agreement.

Mixed Income Program

Mixed-Income Subordinate Loan Rates & Terms

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

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

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

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

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

Fees *(subject to change)*

- **Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP Loan closing).
- **Conduit Issuer Program Fees:** Refer to CalHFA Conduit Issuer Program Term Sheet.
- **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees.
- **Other Fees:** Refer to CalHFA Tax-Exempt Permanent Loan Program term sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. ■

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

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

Loan Amount

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

Qualifications

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

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Tax-Exempt Permanent Loan Program

Fees *(subject to change)*

Application Fee: $10,000 non-refundable, due at time of application submittal, and credited toward the CalHFA Perm Loan Funding Fee at Perm Loan closing. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction loan closing.

Perm Loan Funding Fee: 1.50% of the greater of the Perm Loan amount indicated in the Final Commitment or the actual Perm Loan amount at Perm Loan closing. 50% of the fee is due at Final Commitment, with the balance, including any fee increase related to an increase in the actual Perm Loan amount, due at the time of approval of loan increase.

Credit Enhancement Fee: included in the interest rate.

Annual Monitoring Fee: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's *Conduit Issuer Program*).

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

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

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

Rate & Terms *(subject to change)*

Interest Rate:

- **17-Year Balloon Loans:** 15-*Year "AAA" Municipal Market Data* (MMD) plus CalHFA spread
- **30-Year Balloon and Fully Amortizing Loans:** *30-Year "AAA" MMD* plus CalHFA spread
- **Estimated CalHFA Spread 17-Year Balloon:** 2.60% to 3.750%
- **Estimated CalHFA Spread 30-Year Balloon:** 2.30% to 3.50%
- **Estimated CalHFA Spread Fully Amortizing Loans:** 2.20% to 3.65%

Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

Amortization/Term:

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

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

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

Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 90% of tax credit investor equity shall have been paid into the Project.
- Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees.
- For mixed-use Projects, 100% non-residential or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

Prepayment

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

multifamily.fanniemae.com/media/5646/display

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

All prepayments require a prior written 120-day notice to CalHFA.

Subordinate Financing

Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Loan) and be subordinate to CalHFA financing. Any exception to this policy, including joint priority (pari passu) will require prior approval from the Agency and/or the CalHFA Board of Directors (if applicable). A Lien Priority/Position Estoppel from any subordinate lenders in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.

Ground Lease

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

Occupancy Requirements

Must maintain the greater of:

A) existing affordability restrictions, or

B) either:

  i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or

  ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).

Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal.

CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.

Due Diligence

The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list):

- **Appraisal*** (a construction lender's appraisal with appropriate reliance provided to CalHFA may be acceptable).
- **HUD-2530 previous participation clearance.**

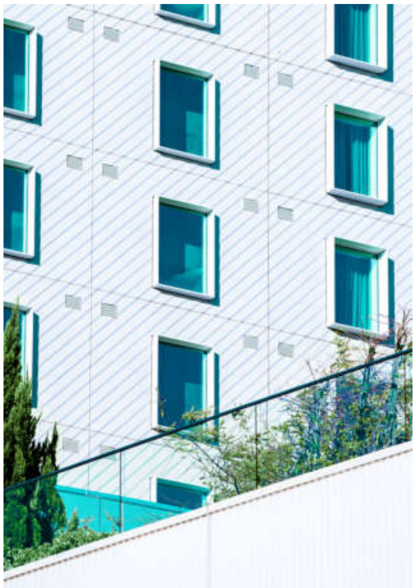
Due Diligence continued

- **Construction Costs Review** for new construction projects (other construction lender's review is acceptable with appropriate reliance, if required by the Agency, in its discretion).
- **Physical Needs Assessment*** (PNA) for rehabilitation projects with a Replacement Reserve Needs Analysis (RRNA) over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). A RRNA for a longer time period may be required if the Perm Loan term is greater than 20 years.
- **Phase I and Phase II (if applicable) Environmental Site Assessment*** including, but not limited to, impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). The Purpose section of Phase I must state "a purpose of the Phase I is to document compliance with HUD policy pursuant to 24 CFR §58.5(i)(2) or §50.3(i)".
- **Market Study*** with scope of study and vendor satisfactory to CalHFA.
- **NEPA Review.**
- **Termite/Dry Rot reports*** by licensed company.
- **Seismic review*** and other studies may be required at CalHFA's discretion.

Note: *Third-party reports shall be completed within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency's sole discretion.*

Required Impounds and Reserves

- **Replacement Reserve:** Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings.
- **Operating Expense Reserve (OER):** 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, the OER must be replenished over a period of 12 months to the original level.
- **Impounds held by CalHFA:** One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction.
- **Transition Operating Reserve (TOR):** required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).



Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

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

Qualifications

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

Bond Amount

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

Fees *(subject to change)*

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

Issuer Fee:

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

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

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

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

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Last revised: 02/2023

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

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

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

CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, is due to CalHFA within 20 calendar days after award of CDLAC allocation. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC.

The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

Occupancy Requirements

- Projects must follow either:
  - A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the Area Median Income as determined by HUD (AMI) with adjustments for household size ("20% @ 50% AMI"), or,
  - B) 40% or more of the units must be rent-restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal
- Borrower will be required to enter into a *Regulatory Agreement* which will be recorded against the Project for the Qualified Project Period (as defined in the *CalHFA Regulatory Agreement*). This includes the later of the federally-required qualified project period, repayment of the Bond-funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

The Gardens at Bella Breeze- Near

The Gardens at Bella Breeze – Far