CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan Approval of Mixed Income Program Subsidy Financing

Senior Loan Committee Approval: August 18, 2020 for Board Meeting on: September,10 2020

Project Name, County:	1717 S Street Apartments, Sacramento County	
Address:	1717 S Street, Sacramento, 95811	
CalHFA Project Number:	19-075-A/X	
Requested Financing by Loan Program:	**$**39,140,517	Tax-Exempt Bond – Conduit Issuance Amount
	$16,282,470	Taxable – Conduit Issuance Amount
	$7,900,000	Subsidy GAP Loan funded by MIP funds

DEVELOPMENT/PROJECT TEAM

Developer:	CFY Development, Inc.	**Borrower:**	1717 S Street Investors, LP
Construction Lender:	KeyBank	**Equity Investor:**	Alliant Capital (Federal) Sugar Creek Realty LLC (State)
Permanent Lender:	KeyBank (Freddie Mac)	**Management Company:**	CFY Development, Inc.
Loan Officer:	Steve Beckman	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Bahiyah Hillary
Legal (Internal):	Marc Victor	**Legal (External):**	Orrick Herrington Sutcliffe
Concept Meeting Date:	4/15/2020	**Approval Expiration Date:**	6 months from Approval

CALHFA LOAN TERMS

1.		CONDUIT ISSUANCE / CONSTRUCTION LOAN	PERMANENT LOAN	MIP (GAP) LOAN
	Total Loan Amount	$39,140,517 (T/E) $16,282,470 (Taxable)	$23,200,000 KeyBank	$7,900,000
	Loan Term & Lien Position	30 months- interest only; 1st & 2nd Lien Position during construction. One 6-month extension available.	40-year amortization due 17 years from closing; 3-year forward commitment plus two 6-month extensions; 1st lien	17 years - Residual Receipts; 2nd Lien Position after permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	LIBOR + 200 bps Underwritten at 2.75% Fixed (T/E) LIBOR + 250 bps Underwritten at 3.25% Fixed (Taxable)	10-year Treasury + 270 bps Underwritten at 3.53% Fixed	2.75% Simple Interest
	Loan to Value (LTV)	47%	90%	N/A
	Loan to Cost	81%	34%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/13/2020	Est. Construction Loan Closing:	10/2020
	Estimated Construction Start:	10/2020	Est. Construction Completion:	11/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		1/2023	

SOURCES OF FUNDS

3.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
Construction Loan (T/E) - KeyBank	$39,140,517	1	2.75%	Interest Only
Construction Loan (Tax) - KeyBank	$16,282,470	2	3.25%	Interest Only
CADA Loan	$3,300,000	3	4.00%	Residual Receipt
Deferred Developer Fee	$6,400,000	N/A	N/A	Payable from Cash Flow
Tax Credit Equity	$3,029,841	N/A	N/A	N/A
TOTAL	**$68,152,828**	**$428,634**	**Per Unit**	**N/A**

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
Permanent Loan - KeyBank (Freddie Mac)	$23,200,000	1	3.53%	40-year amortization due in 17
CalHFA MIP Loan	$7,900,000	2	2.75%	Residual Receipt Loan
CADA Loan	$3,300,000	3	3.00%	Residual Receipt Loan
Tax Credit Equity	$30,298,403	N/A	N/A	N/A
Deferred Developer Fee	$4,240,910	N/A	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST	**$68,939,313**	**$433,581**	**Per Unit**	**N/A**

Subsidy Efficiency: CalHFA MIP $7,900,000 ($50,000 per unit MIP restricted between 50% and 120% AMI).

	Tax Credit Type(s), Amount(s), Pricing(s), and per TCAC total units: • 4% Federal Tax Credits: $25,581,557 assuming estimated pricing of $0.89 ($160,890TCAC total units). • 4% State Tax Credits: $9,934,987 assuming estimated pricing of $0.78 ($62,434 per TCAC total units). **Rental Subsidies**: The Project will not include any operating or rental subsidies. **Other State Subsidies:** The Project will not be funded by other state funds. **Other Locality Subsidies:** The Project will be funded by Capitol Area Development Authority (CADA) funds in the amount of $3.3 million. **Cost Containment Strategy:** The Sponsor has already bid out the project because of the competitive building market in Sacramento, but agrees to revisit the bids from major subs and to engage in value engineering should this be deemed necessary to keep the construction budget at the level projected. The developer will provide a cost containment certification acceptable to the Agency.
4.	Equity – Cash Out (estimate): Not applicable.

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#6 Doris Matsui	**Assembly:**	#7 Kevin McCarty	**State Senate:**	#6 Richard Pan
	Brief Project Description	**1717 S Street Apartments** (the "Project") is a family, mixed-use, mixed-income, new construction project, consisting of one 5-story, mid-rise, elevator serviced building above one podium level for a total of 6 stories. The Project will have 159 units consisting of 16 studio units (500 s.f.), 119 1-bedroom units (700 s.f.), and 24 2-bedroom units (800 s.f.). One 1-bedroom will be reserved for an onsite manager. All 158 units will be affordable, between 50% and 80% AMI. There will also be 11,300 s.f. of ground floor commercial space, with a master lease between the Sponsor and the Borrower. The two-level underground parking garage will be completely interior to the project. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% federal tax credits, 4% state tax credits, a KeyBank (Freddie Mac) permanent loan, a CADA subordinate soft loan, and MIP financing. The project qualifies as mixed-income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer was awarded bonds and tax credits April 14, 2020. **Non-displacement and No Net Loss**: The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Ground Lease:** Not applicable.					

		Amenities: The Project amenities include a community room, exercise room, picnic area, and underground parking (parking not included in eligible basis). Unit amenities will include central heating and air conditioning, blinds, dishwasher, garbage disposal, microwave, washer and dryer hook-ups, patios/balconies, rooftop terraces, fitness room, community room, courtyard area, package locker area. **Commercial Space:** There will be 11,300 s.f. of ground floor retail space that will be master leased. The space will be divided into three suites, two with frontage along S Street and one with frontage along 17th Street. **Local Resources and Services:** The Project is located in a Moderate Resource Area per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – Less than 1 mile • Schools - Less than 1 mile • Public Library – Less than 1 mile • Public transit - Less than 1 mile • Retail - Less than 1 mile • Park and recreation - Less than 1 mile • Hospitals – 1 mile

TRANSACTION OVERVIEW

6. Proposal and Project Strengths

- The Project will use 4% federal tax credits and state tax credits which are projected to generate equity representing 44% of total financing sources.
- The developer/sponsor and property management company, CFY Development, Inc. have extensive experience in developing and managing similar affordable housing projects.
- The Project will serve 158 low-income families ranging between 50% and 80% of AMI.
- Affordable rents (50-80% AMI) are 32-68% below market rate rents.
- According to the appraisal, the affordable project comparables in the PMA are on average 99% occupied and all have waiting lists. The vacant units were all in the process of being turned for a waitlisted applicant.
- The Capitol Area Development Authority has invested in the success of the Project as demonstrated by lending $3,300,000 to the Project.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,159,090, which could be available to cover cost overruns and/or unforeseen issues during construction.

7. Project Weaknesses with Mitigants:

- There was ground water remediation required by the Central Valley Water Board in January 2017 that was estimated to cost no more than $600,000. To incentivize the remediation efforts and mitigate cost overruns, the general partners (1717 S Street Investors, LP and CADA) negotiated an Agreement and Covenant Not to Sue with the Water Board which capped the remediation cost at $600,000. A trust was created in 2017 and the general partners contributed $600,000 to it. The Water Board then oversaw the ground water remediation. The required ground water remediation was completed and approved by the Water Board in 2018, but the other requirement of the Agreement and Covenant not to Sue was that the owners must remediate the soil. There is no cap on the soil remediation cost and it will be funded from development costs. As part of the soil remediation plan, a vapor mitigation plan was required by the Water Board. The soil remediation plan has already been approved, and the vapor mitigation plan will be approved once construction has progressed to the level where they can measure vapor within the structure. The vapor mitigation work will also be funded from development funds. After the soil remediation and vapor mitigation work is complete, the Water Board will provide a letter stating that the terms of the Agreement and Covenant not to Sue have been met and no further action is required by ownership. There will be a final vapor test once construction is completed to monitor for any vapor intrusion and to confirm whether or not the passive venting system should be activated. There is some risk that the actual cost of soil remediation ($2.9M budgeted) and vapor mitigation ($202K budgeted) overruns the budgeted costs. However, because this is a MIP-only transaction, there is no development cost risk to CalHFA, which funds the MIP at permanent loan conversion.

- The exit analysis assumes a 7% cap rate and a 3% increase of the underwritten interest rate at loan maturity. Based on these assumptions, the Project will only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $1,911,058, leaving an outstanding balance of $8,647,948. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
- The average retail vacancy rate in the submarket is 9.5% as of 1Q 2020, and is expected to increase to 15% by 2024. The commercial vacancy risk is mitigated, however, because the Project will Master Lease the entire non-residential-income portion of the building to an individual, Cyrus Youssefi, for a term of 17 years, the same term as the Permanent Mortgage and MIP Subsidy Loan. Mr. Youssefi, the lessee, is the Managing Member of the Administrative General Partner.

8. Underwriting Standards or Term Sheet Variations

- The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. Per the appraisal report dated 7/15/2020, the rents structured at 100% of AMI would be at least 10% below market rents, however the tax credit investor Alliant Capital would not come into the deal unless all 158 units were structured at or below 80% of AMI due to the volatility caused by COVID-19 and current market conditions. Alliant has provided CalHFA with an explanation.
- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of residual receipts between the MIP and other subordinate residual receipts lenders. The Developer has requested and the Multifamily Lending Division recommends, a cash flow split of 85% to the developer and 15% to soft loans until the deferred developer fee is paid off, which is estimated to be in Year 15. Upon deferred developer fee payoff, the cash flow splits would revert to the standard 50% / 50% split between Borrower and soft lenders.

9.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Evidence of all environmental remediation prior to permanent loan conversion, including a close-out letter from the Regional Water Board stating that soil remediation and vapor mitigation work is complete and that the terms of the Agreement and Covenant not to Sue have been met. The final appraisal will be subject to Agency's review and approval.
- CalHFA may require a copy of the construction and/or permanent lenders pro forma evidencing consistent understanding of assumptions.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC (10/13/20) allocation of April 14,2020.
- Evidence of permanent lender and investor approval of final underwriting, commercial lease agreement and structure are required prior to construction loan closing. Final underwriting of master lease agreement and structure will be subject to permanent lender, investor and CalHFA approval.
- Evidence that CADA loan documents reflect the agreed-upon MIP Subsidy Loan waterfall, including a cash flow split 85% / 15% to the Developer until the deferred developer fee is paid off, which is estimated to be in Year 15.
- Evidence that CADA loan documents reflect subordination to the MIP Subsidy Loan.
- CalHFA requires that MIP affordability covenants be recorded in first position.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, or project rents increase, then the subsidy may be reduced due to additional debt generated by the lower interest rate or higher rents. Or, the MIP Subsidy Loan could be reduced if additional sources of financing and/or subsidy assistance are obtained. The initial debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- Lender, equity investors, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- 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.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- Closing on construction financing will be subject to final LPA being substantially consistent with the assumptions made at time of final commitment and confirmation that it is acceptable to CalHFA.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with no more than 14% for builder overhead, profit, and general requirements.
- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.

10.	**Staff Conclusion/Recommendation:**

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

MISSION & AFFORDABILITY

11.	**CalHFA Mission/Goals**

This Project and financing proposal is for 158 units of affordable family housing with a range of restricted rents between 50% and 80% of AMI. This proposal will support the strong need for affordable housing in the area with a 55-year affordability covenant on all units.

12.	**CalHFA Affordability & Occupancy Restrictions**

The CalHFA Bond Regulatory Agreement will restrict 78 units at or below 50% AMI, 47 units at or below 60% AMI and 33 units at or below 80% AMI pursuant to CDLAC's resolution.

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of the units (16 units) at or below 50% AMI. Additionally, 10% of the units (16 units) shall be restricted between 60% and 80% AMI with a minimum average of 70% AMI. The remaining 126 restricted units will be restricted at or below 120% of AMI. The affordability restrictions for the Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. Per the appraisal report dated 7/15/2020, the rents structured at 100% of AMI would be at least 10% below market rents, however the tax credit investor, Alliant Capital, would not come into the deal unless all 158 units were structured at or below 80% of AMI due to the volatility caused by COVID-19 and current market conditions.

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

- CTCAC will restrict 78 units at or below 50% AMI, 47 units at or below 60% AMI and 33 units at or below 80% AMI.
- CADA will restrict 32 units at or below 50% AMI and 15 units at or below 120% AMI for a term of 55 years.

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
50%	78	7	60	11	-	-	49.1%
60%	47	4	36	7	-	-	29.6%
80%	33	5	22	6	-	-	20.8%
Manager's Unit	1	-	1	-	-	-	0.6%
Total	159	16	119	24	0	0	100.0%

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Lien Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category (enter various AMI%'s in each columns yellow field, then show the number of regulated units for each AMI, by Source)					Mgrs Unit	Total Units Regulated	% of Regulated Units
			50%	60%	70%	80% *(60% to 80% Tranche)	<=120%			
Tax Exempt Bonds	1st	55	78	47		33		1	158	99%
*CalHFA MIP	2nd	55	16			16	126	1	158	99%
CADA	3rd	40	32				15	1	47	30%
TCAC		55	78	47		33		1	158	99%

*Note: For MIP purposes, 10% (16 units) will be restricted at or below 50% of AMI, 10% (16 units) will be restricted between 60% to 80% of AMI, and the remaining 126 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Low	Below Poverty line:	24.17%
Minority Census Tract:	55.81%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$489,900 OER amount is sized based on 3 months operating expenses, debt service, and annual replacement reserves deposits. This may be held by the permanent lender or investor.
	Transitional Operating Reserve (TOR):	N/A

15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.63	**Annual Replacement Reserve Per Unit:**	$300/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:	10%	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

- The non-residential income will be controlled by a 17-year Master Lease which, being coterminous with the Permanent Mortgage and the MIP Subsidy Loan, provides sufficient risk mitigation to justify the use of a 10% vacancy rate. A master lease will be used which is guaranteed by Mr. Cyrus Youssefi, Managing Member of the Administrative General Partner and owner of the Developer entity.

16. Loan Security

The CalHFA loan will be secured against the above described Project site.

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

The exit analysis assumes a 7% cap rate and a 3% increase of the underwritten interest rate at loan maturity. Based on these assumptions, the Project will only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $1,911,058, leaving an outstanding balance of $8,647,948. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review

- The Appraisal dated 7/15/2020, prepared by Integral Realty Resources, values the land at $5,120,000.
- The capitalization rate of 5.0% and projected $1,289,176 of net operating income were used to determine the appraised value of the subject site. The projected capture rate is 4.3%.
- The as-restricted stabilized value is $25,800,000, which results in the KeyBank loan to value of 90%.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.

•	**Market Study:**	M.E. Shay & Co.	March, 2020
	<u>Regional Market Overview</u>		

- The Primary Market Area ("PMA") comprises 69 Census Tracts ("Downtown") in the City of Sacramento, California (population of 298,090) and the Secondary Market Area ("SMA") is Sacramento County, (population 1,548,824).
- The general population in the PMA is anticipated to increase by 0.8% per year.
- Unemployment in the PMA is 4.1%, which evidences a strong employment area.
- Median home value in the PMA is $358,300. The median home value in the SMA is $330,100. Median home values in the PMA are about 8% higher than in the SMA.

Local Market Area Analysis

- **Supply:**
    - There are currently 6 affordable projects in Downtown Sacramento. Four of these projects and seven others were chosen as rent comparables showing a range of occupancies from 100% to 91%. The lower occupancies are attributed to mixed-income buildings with high-end rents limiting the tenant demand base for those units. The majority of comparable projects have waiting lists.
    - There are two affordable projects recently completed in the PMA. There is another mixed-use affordable project being planned, and there are three projects planning to submit TCAC/CDLAC applications in the next round. The SHRA is also in the process of rebuilding two public housing projects.
    - Approximately 54% of the PMA housing stock is rental housing, of which only 1% is designated affordable housing.
- **Demand/Absorption:**
    - The project will need to capture 1.2% of the total demand for affordable family units in the PMA and 0.3% of the market rate units.
    - The units are anticipated to lease up at a rate of 15 units per month and reach stabilized occupancy within 7 to 10 months of opening, assuming 20% of units are pre-leased.
    - The overall penetration rate for tax credit units in the PMA is 36.1%.
    - This project is not expected to have a negative impact on other affordable housing projects in the PMA given the strong current and forward-looking demand.

DEVELOPMENT SUMMARY

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

- The property is located on a one-half block in-fill site within between 17th St and 18th St on the north side of S Street in the City of Sacramento, Sacramento County.
- The 1.15 acre parcel is part of the R Street Corridor Special Planning District in the Central City Community of Sacramento. This district is characterized as a quickly-developing former warehouse district transforming into a transit-oriented mixed use neighborhood.
- The rectangular site is flat, vacant land, having once housed light industrial and commercial businesses. There is light vegetation throughout. Recognized environmental conditions exist on the site and their remediation is a condition of permanent loan closing.
- The site is zoned RMX-SPD, with permitted multifamily residential use.
- The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The Project purchased the land from 1700 Block S Street Investors, LLC on 3/10/2017 for an amount of $3,124,000 from The Vande Steeg Family 1997 Revocable Trust, U/T/A June 10, 1997. This purchase was an arms-length transaction. This is below the appraised value of $5,120,000 as of the appraisal from July 2020. As a condition of purchasing the site, the Central Valley Water Board required a deposit of $600,000 to a newly formed trust. The balance of the trust was then used for the soil remediation work required by the Water Board. The deposit to the environmental remediation trust, plus approximately $69K in closing costs, resulted in a final sale price of $3,793,116, which is the amount used in the Project's development budget. No carrying costs were added to the March 2017 sale price.

21.	**Current Ownership Entity of Record**
Title is currently vested in 1717 S Street Investors, LP as the fee owner.	
22.	**Environmental Review Findings**

- The Project has been assessed, tested, and analyzed extensively over the past 15 years.
- The most recent Phase I, by Youngdahl Consulting Group from May 2020, indicated the existence of recognized environmental conditions which were already known to ownership and in the process of being remedied.
- The Phase I confirmed that contaminants remain in the soil from previous light industrial businesses that occupied the site. A Soils Management Plan was prepared prior to the assessment and has been approved by the Central Valley Water Board.
- The Central Valley Water Board required a Vapor Mitigation Plan and suggested a vapor barrier with a permeable layer with vent piping beneath the barrier. The Central Valley Water Board close-out letter stating the requirements of the Agreement and Covenant Not to Sue have been met is a condition of permanent loan closing. One of the requirements of the Agreement and Covenant Not to Sue is that the Vapor Mitigation Plan has been approved and enacted, therefore, vapor intrusion risk is mitigated prior to permanent loan closing, when the MIP Subsidy Loan funds. The vapor mitigation plan will be approved once construction has progressed to the level where they can measure vapor within the structure.

23.	**Seismic**	**Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**
This new Project will be built to State and City of Sacramento Building Codes so no seismic review is required.		
24.	**Relocation**	**Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**
The Project is new construction, therefore, relocation is not applicable.		

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	110,569	**Residential Units per Acre:**	138.3
		Community Area Sq. Ftg:	64,157	**Total Parking Spaces:**	132
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	246,993
26.	**Mixed-Use Project:** ☒ **Yes** ☐ **No** There will be a Master Lease of $339,000/year for the entire ground floor retail space. The Lessee is the individual, Cyrus Youssefi, who is also sole owner of the Developer and Managing Member of the Administrative General Partner, who will guarantee the lease. The project is underwritten at 10% commercial vacancy despite the Master Lease in an abundance of caution. Lease term is 17 years from Certificate of Occupancy. Sub-tenancy is as yet undetermined. Expense pass through of real estate taxes to the retail tenant is determined on a pro rata basis based on square footage.				
		Non-Residential Sq. Footage:	11,300	**Number of Sub-Lease Spaces:**	3
		Master Lease:	☒ **Yes** ☐ **No**	**Number of Parking Spaces:**	0
27.	**Construction Type:**	The Project will consist of one six-story building, new construction, with five levels of Type III-A wood-framed construction above a Type I concrete podium. A two-level parking garage within the building podium will be completely interior to the project.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction, mixed-use, with 136 parking spaces in a two-story facility within the building under the concrete podium.
- Six-story elevator building with first floor Type I concrete podium and Type II-A wood-framed construction on the upper five levels.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with no more than 14% for builder overhead, profit, and general requirements.

- Environmental remediation of contaminants outlined on section 31 above is included in the development budget in the estimated amount of $3,143,145.

29.	**Construction Budget Comments:**

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	**Borrower Affiliated Entities**

- Managing General Partner: Capital Area Community Development Corporation ("CACDC"), a California nonprofit corporation; 0.05% interest.
  - President: Wendy Saunders
  - Vice President: Marc de la Vergne
  - Secretary: Rachel Mercurio
  - Chief Financial Officer: Noelle Mussen
- Administrative General Partner: 1717 S Street Investors LLC, a California limited liability company; 0.05% interest.
  - Manager/Member: Cyrus Youssefi

Investor Limited Partner 1: Alliant Capital (Federal LIHTC)
Investor Limited Partner 2: Sugar Creek Realty (State LIHTC)

31.	**Developer/Sponsor**

CFY Development, Inc. is a longstanding affordable housing developer with experience acquiring, developing and rehabilitating affordable multifamily and mixed use projects. CFY is a full service developer, with in-house general contracting and property management. CFY's portfolio consists of 38 properties totaling approximately 3,500 units in nineteen cities in California. The largest deal they have completed to date cost $55.4M. CFY's founder/principal, Cyrus Youssefi, is respected in the industry as a provider of quality affordable housing product, including infill projects similar in scope to the subject property. Per the unaudited YE 2018 financial statements, CFY has $2.4M in cash, total assets of $11.2M and total liabilities of $1.3M. Per the real estate owned schedule dated 6/30/2019, Cyrus Youssefi has additional net real estate assets of $24.1M. The developer currently has one project under construction and 6 projects in the development pipeline.

30.	**Management Agent**

The Project will be managed by the developer, CFY Development Inc., which has extensive experience in managing similar affordable housing projects in the area but has no direct experience with CalHFA. CFY's portfolio under management includes 38 communities (approximately 3,500 units) in nineteen cities throughout California. Community sizes range from 10 units to 296 units. CFY was also the sponsor/developer for these projects.

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

- The Borrower will provide a Service Coordinator to meet CTCAC/CDLAC requirements for a minimum term of 15 years and the expense for these services is currently within the approved line item operating budget. Services will be conducted onsite.
- Community Resident, Inc. ("CRS") will be the social services provider, receiving an annual payment of $14,820, and providing services including educational, health, wellness and skill-building classes.

32.	**Contractor**	**Experienced with CalHFA?** ☐ **Yes** ☒ **No**
CFY Development, Inc., the developer, will also serve as the general contractor. The developer has self-managed construction on all of its projects, which include extensive construction of affordable infill mixed used deals with similar building methodology to the proposed project. The general contractor has extensive experience in constructing similar affordable housing projects in California, however, CalHFA is not familiar with the general contractor. The locality is familiar with this general contractor and staff received positive feedback regarding the firm's current and prior performance from background and reference checks which implies that the general contractor will have the capacity and ability to complete the development within budget and on time.		
33.	**Architect**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The architect is Kuchman Architects PC, which has extensive experience in designing and managing the architecture process for similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.		
34.	**Local Review via Locality Contribution Letter**	
The locality, Sacramento Housing and Redevelopment Agency, returned the local contribution letter stating they support the Project.		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY	Final Commitment
Acquisition, Rehab, Construction & Permanent Loans	**Project Number 19-075- A/X**

Project Full Name	1717 S Street	**Borrower Name:**	1717 S Street Investors, LP
Project Address	1717 S Street	**Managing GP:**	Capitol Area Community Development
Project City	Sacramento	**Developer Name:**	C.F.Y. Development, Inc
Project County	Sacramento	**Investor Name:**	Alliant Capital, Ltd. & Sugar Creek Realty LLC
Project Zip Code	95811	**Prop Management:**	CFY Development, Inc.
		Tax Credits:	4
Project Type:	Mixed Income Loan Only (Conduit Perm Loan)	**Total Land Area (acres):**	1.15
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	101,861
Total Residential Units:	159	**Residential Units Per Acre:**	138.26
Total Number of Buildings:	1		
Number of Stories:	6	**Covered Parking Spaces:**	132
Unit Style:	Flat	**Total Parking Spaces:**	132
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA TE Conduit / KeyBank	39,140,517	0.750%	30	--	2.750%
CalHFA Taxable Conduit / KeyBank	16,282,470	0.750%	30	--	3.250%
--	--	--	--	--	--
CADA	3,300,000	--	30	--	4.000%
Deferred Developer Fee	6,400,000	--	--	--	--
--	--	--	--	--	--
Investor Equity Contribution	3,029,841	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
--	--	--	--	--	3.000%
--	--	--	--	--	--
--	--	--	--	--	--
MIP	7,900,000	1.000%	17	--	2.750%
Conduit First Lien Loan / KeyBank	23,200,000	0.500%	17	40	3.530%
CADA	3,300,000	--	55	--	3.000%
--	--	--	--	--	--
--	--	--	--		--
--	--	--	--	--	--
Deferred Developer Fees	4,240,910	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Investor Equity Contributions	30,298,403	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	7/15/20	**Capitalization Rate:**	5.00%
Investment Value ($)	83,070,000	**Restricted Value ($)**	26,600,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	--
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	--
		Combined CalHFA Perm Loan to Value	--

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Waived	
Completion Guarantee Letter of Credit	Waived	

Permanent Loan

Operating Expense Reserve Deposit	$489,900	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 7/31/20 Senior Staff Date: 8/18/20

UNIT MIX AND RENT SUMMARY	**Final Commitment**
1717 S Street	**Project Number 19-075- A/X**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	0	1	482	16	24
Flat	1	1	617	119	178.5
Flat	2	1	864	24	72
				159	274.5

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**80%**	**<=120%**	**Market**
CalHFA Bond			78	47	33		
CalHFA MIP			16		16	126	
Tax Credit			78	47	33		
CADA			32			15	

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents**		**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
			Number of Units	**Unit Rent**			
Studios	**CTCAC**	**50%**	7	$731	$1,751	$1,020	42%
	CTCAC	**60%**	4	$882		$869	50%
	CTCAC	**80%**	5	$1,185		$566	68%
1 Bedroom	**CTCAC**	**50%**	60	$783	$2,000	$1,217	39%
	CTCAC	**60%**	36	$945		$1,055	47%
	CTCAC	**80%**	22	$1,269		$731	63%
2 Bedrooms	**CTCAC**	**50%**	11	$938	$2,750	$1,812	34%
	CTCAC	**60%**	7	$1,132		$1,618	41%
	CTCAC	**80%**	6	$1,521		$1,229	55%
Date Prepared:	7/31/20					Senior Staff Date:	8/18/20

SOURCES & USES OF FUNDS					Final Commitment
1717 S Street			Project Number	19-075- A/X	
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
CalHFA TE Conduit / KeyBank	39,140,517				0.0%
CalHFA Taxable Conduit / KeyBank	16,282,470				0.0%
-	-				0.0%
CADA	3,300,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	6,400,000				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	3,029,841				0.0%
MIP		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
MIP		7,900,000	7,900,000	49,686	11.5%
Conduit First Lien Loan / KeyBank		23,200,000	23,200,000	145,912	33.7%
CADA		3,300,000	3,300,000	20,755	4.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		4,240,910	4,240,910	26,672	6.2%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		30,298,403	30,298,403	190,556	43.9%
TOTAL SOURCES OF FUNDS	**68,152,828**	**68,939,313**	**68,939,313**	**433,581**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**68,152,829**	**68,939,313**	**68,939,313**	**433,581**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**(1)**	**0**	**(0)**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**68,152,828**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	3,124,000	-	3,124,000	19,648	4.5%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Closing Costs	69,116	-	69,116	435	0.1%
Deposit to Soil Remediation Trust Required by the	600,000	-	600,000	3,774	0.9%
TOTAL ACQUISITION COSTS	**3,793,116**	**-**	**3,793,116**	**23,856**	**5.5%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	3,143,415	-	3,143,415	19,770	4.6%
Site Work (Hard Cost)	1,207,735	-	1,207,735	7,596	1.8%
Structures (Hard Cost)	37,800,000	-	37,800,000	237,736	54.8%
General Requirements	2,529,069	-	2,529,069	15,906	3.7%
Contractor Overhead	947,221	-	947,221	5,957	1.4%
Contractor Profit	2,680,813	-	2,680,813	16,860	3.9%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	125,000	-	125,000	786	0.2%
Other	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**48,433,253**	**-**	**48,433,253**	**304,612**	**70.3%**

SOURCES & USES OF FUNDS					Final Commitment
1717 S Street			**Project Number**	**19-075- A/X**	
USES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT USES OF FUNDS**		
	$	**$**	**USES ($)**	**PER UNIT ($)**	**%**
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,000,000	-	1,000,000	6,289	1.5%
Supervision	200,000	-	200,000	1,258	0.3%
TOTAL ARCHITECTURAL FEES	**1,200,000**	**-**	**1,200,000**	**7,547**	**1.7%**
SURVEY & ENGINEERING FEES					
Engineering	146,398	-	146,398	921	0.2%
Supervision	30,000	-	30,000	189	0.0%
ALTA Land Survey	20,000	-	20,000	126	0.0%
TOTAL SURVEY & ENGINEERING FEES	196,398	-	196,398	1,235	0.3%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,105,193	-	2,105,193	13,240	3.1%
Soft Cost Contingency Reserve	481,946	-	481,946	3,031	0.7%
TOTAL CONTINGENCY RESERVES	2,587,139	-	2,587,139	16,271	3.8%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA TE Conduit / KeyBank	1,900,000	-	1,900,000	11,950	2.8%
-	-	-	-	-	0.0%
CADA	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA TE Conduit / KeyBank	293,554	-	293,554	1,846	0.4%
CalHFA Taxable Conduit / KeyBank	122,119	-	122,119	768	0.2%
-	-	-	-	-	0.0%
CADA	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	15,000	-	15,000	94	0.0%
Real Estate Taxes During Rehab	50,000	-	50,000	314	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Const.	80,000	-	80,000	503	0.1%
Title & Recording Fees	50,000	-	50,000	314	0.1%
Construction Inspections	45,000	-	45,000	283	0.1%
Predevelopment Interest Expense	-	-	-	-	0.0%
TE Bond Issuer Fee	75,423	-	75,423	474	0.1%
Taxable Bond Issuer Fee	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**2,631,096**	**-**	**2,631,096**	**16,548**	**3.8%**

SOURCES & USES OF FUNDS					Final Commitment
1717 S Street			Project Number	19-075- A/X	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	10,000	-	10,000	63	0.0%
MIP	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
MIP	-	79,000	79,000	497	0.1%
Conduit First Lien Loan / KeyBank	-	150,000	150,000	943	0.2%
CADA	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	27,585	27,585	173	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	2,585	2,585	16	0.0%
Tax Exempt Bond Allocation Fee	12,499	-	12,499	79	0.0%
Other (Due diligence fee/legal)	-	22,415	22,415	141	0.0%
TOTAL PERMANENT LOAN COSTS	**22,499**	**281,585**	**304,084**	**1,912**	**0.4%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	60,000	-	60,000	377	0.1%
CalHFA Permanent Loan Legal Fees	-	15,000	15,000	94	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	150,000	-	150,000	943	0.2%
CalHFA Bond Counsel	50,000	-	50,000	314	0.1%
TOTAL LEGAL FEES	**260,000**	**15,000**	**275,000**	**1,730**	**0.4%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Operating Reserve	-	489,900	489,900	3,081	0.7%
TOTAL OPERATING RESERVES	**-**	**489,900**	**489,900**	**3,081**	**0.7%**
REPORTS & STUDIES					
Appraisal Fee	15,000	-	15,000	94	0.0%
Market Study Fee	10,000	-	10,000	63	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	3,602	-	3,602	23	0.0%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**28,602**	**-**	**28,602**	**180**	**0.0%**

SOURCES & USES OF FUNDS					Final Commitment
1717 S Street			Project Number	19-075- A/X	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	94,007	-	94,007	591	0.1%
CDLAC Fees	19,398	-	19,398	122	0.0%
Local Permits & Fees	425,098	-	425,098	2,674	0.6%
Local Impact Fees	1,872,222	-	1,872,222	11,775	2.7%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	100,000	-	100,000	629	0.1%
Accounting & Audits	20,000	-	20,000	126	0.0%
Advertising & Marketing Expenses	70,000	-	70,000	440	0.1%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**2,600,725**	**-**	**2,600,725**	**16,357**	**3.8%**
SUBTOTAL PROJECT COSTS	**61,752,829**	**68,939,313**	**62,539,313**	**393,329**	**90.7%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	6,400,000	-	6,400,000	40,252	9.3%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**6,400,000**	**-**	**6,400,000**	**40,252**	**9.3%**
TOTAL PROJECT COSTS	**68,152,829**	**68,939,313**	**68,939,313**	**433,581**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
1717 S Street	Project Number		19-075- A/X
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,810,272	$ 11,385	85.27%
Unrestricted Unit Rents	24,000	151	1.13%
Commercial Rents	339,000	2,132	15.97%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	16,536	104	0.78%
Storage Income	34,392	216	1.62%
Miscellaneous Income (Retail OpEx Pass Thru)	36,259	228	1.71%
GROSS POTENTIAL INCOME (GPI)	**$ 2,260,459**	**$ 14,217**	**106.47%**
Less: Vacancy Loss	**$ 137,425**	**$ 864**	**6.47%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,123,034**	**$ 15,081**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 148,440	$ 934	$ 0
Management Fee	85,770	539	4.04%
Social Programs & Services	14,820	93	0.70%
Utilities	161,800	1,018	7.62%
Operating & Maintenance	212,680	1,338	10.02%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	47	0.35%
Mixed Income Loan Fee	80,977	509	3.81%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	29,000	182	1.37%
Other Taxes & Insurance	87,400	550	4.12%
SUBTOTAL OPERATING EXPENSES	**$ 828,387**	**$ 5,210**	**39.02%**
Operating Reserves	$ 47,700	$ 300	2.25%
TOTAL OPERATING EXPENSES	**$ 876,087**	**$ 5,510**	**41.27%**
NET OPERATING INCOME (NOI)	**$ 1,246,947**	**$ 7,842**	**58.73%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
		$ -	0.00%
-	$ -	-	0.00%
MIP	$ -	-	0.00%
Conduit First Lien Loan / KeyBank	$ 1,083,511	6,815	51.04%
CADA	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
			0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,083,511**	**$ 6,815**	**51.04%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 163,435**	**$ 1,028**	**7.70%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.15**	**to 1**	
Date: 7/31/20		Senior Staff Date:	08/18/20

PROJECTED PERMANENT LOAN CASH FLOWS — **1717 S Street**

Final Commitment — **Project Number** 19-075- A/X

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12
RENTAL INCOME	**CPI**												
Restricted Unit Rents	2.50%	1,810,272	1,855,529	1,901,917	1,949,465	1,998,202	2,048,157	2,099,361	2,151,845	2,205,641	2,260,782	2,317,301	2,375,234
Unrestricted Unit Rents	2.50%	24,000	24,600	25,215	25,845	26,492	27,154	27,833	28,528	29,242	29,973	30,722	31,490
Commercial Rents	2.50%	339,000	347,475	356,162	365,066	374,193	383,547	393,136	402,964	413,039	423,365	433,949	444,797
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	0.00%	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536	16,536
Storage Income	2.50%	34,392	35,252	36,133	37,036	37,962	38,911	39,884	40,881	41,903	42,951	44,025	45,125
Miscellaneous Income (Retail OpEx Pass Thru)	2.50%	36,259	37,165	38,095	39,047	40,023	41,024	42,049	43,101	44,178	45,283	46,415	47,575
GROSS POTENTIAL INCOME (GPI)		**2,260,459**	**2,316,557**	**2,374,058**	**2,432,996**	**2,493,407**	**2,555,329**	**2,618,799**	**2,683,855**	**2,750,538**	**2,818,888**	**2,888,947**	**2,960,757**
VACANCY ASSUMPTIONS	**Vacancy**												
Restricted Unit Rents	5.00%	90,514	92,776	95,096	97,473	99,910	102,408	104,968	107,592	110,282	113,039	115,865	118,762
Unrestricted Unit Rents	7.00%	1,680	1,722	1,765	1,809	1,854	1,901	1,948	1,997	2,047	2,098	2,151	2,204
Commercial Rents	10.00%	33,900	34,748	35,616	36,507	37,419	38,355	39,314	40,296	41,304	42,336	43,395	44,480
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	827	827	827	827	827	827	827	827	827	827	827	827
Storage Income	20.00%	6,878	7,050	7,227	7,407	7,592	7,782	7,977	8,176	8,381	8,590	8,805	9,025
Miscellaneous Income (Retail OpEx Pass Thru)	2.50%	3,626	929	952	976	1,001	1,026	1,051	1,078	1,104	1,132	1,160	1,189
TOTAL PROJECTED VACANCY LOSS		**137,425**	**138,052**	**141,483**	**144,999**	**148,604**	**152,298**	**156,085**	**159,966**	**163,945**	**168,023**	**172,203**	**176,487**
EFFECTIVE GROSS INCOME (EGI)		**2,123,034**	**2,178,505**	**2,232,575**	**2,287,996**	**2,344,804**	**2,403,031**	**2,462,714**	**2,523,889**	**2,586,594**	**2,650,866**	**2,716,745**	**2,784,270**
OPERATING EXPENSES	**CPI / Fee**												
Administrative Expenses	3.50%	163,260	168,974	174,888	181,009	187,345	193,902	200,688	207,712	214,982	222,507	230,294	238,355
Management Fee	4.04%	85,770	88,012	90,196	92,435	94,730	97,082	99,494	101,965	104,498	107,095	109,756	112,485
Utilities	3.50%	161,800	167,463	173,324	179,391	185,669	192,168	198,894	205,855	213,060	220,517	228,235	236,223
Operating & Maintenance	3.50%	212,680	220,124	227,828	235,802	244,055	252,597	261,438	270,588	280,059	289,861	300,006	310,506
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	80,977	80,479	79,964	79,430	78,877	78,304	77,710	77,095	76,458	75,798	75,115	74,407
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	29,000	29,363	29,730	30,101	30,477	30,858	31,244	31,635	32,030	32,430	32,836	33,246
Other Taxes & Insurance	3.50%	87,400	90,459	93,625	96,902	100,294	103,804	107,437	111,197	115,089	119,117	123,286	127,601
Required Reserve Payments	1.00%	47,700	48,177	48,659	49,145	49,637	50,133	50,635	51,141	51,652	52,169	52,690	53,217
TOTAL OPERATING EXPENSES		**876,087**	**900,550**	**925,714**	**951,715**	**978,583**	**1,006,348**	**1,035,039**	**1,064,688**	**1,095,329**	**1,126,994**	**1,159,719**	**1,193,541**
NET OPERATING INCOME (NOI)		**1,246,947**	**1,277,955**	**1,306,861**	**1,336,281**	**1,366,220**	**1,396,683**	**1,427,675**	**1,459,201**	**1,491,265**	**1,523,871**	**1,557,025**	**1,590,730**
DEBT SERVICE PAYMENTS	**Lien #**												
Conduit First Lien Loan / KeyBank	1	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**
CASH FLOW AFTER DEBT SERVICE		**163,435**	**194,443**	**223,350**	**252,770**	**282,709**	**313,172**	**344,164**	**375,689**	**407,753**	**440,360**	**473,514**	**507,219**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.18**	**1.21**	**1.23**	**1.26**	**1.29**	**1.32**	**1.35**	**1.38**	**1.41**	**1.44**	**1.47**
Date Prepared:	07/31/20									Senior Staff Date:	8/18/20		
LESS: Asset Management Fee	3%	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407	9,690
LESS: Partnership Management Fee	3%	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407	9,690
net CF available for distribution		**149,435**	**180,023**	**208,497**	**237,472**	**266,952**	**296,942**	**327,447**	**358,471**	**390,019**	**422,093**	**454,699**	**487,839**
	85%												
Deferred developer fee repayment	4,240,910	4,240,910	4,113,890	3,960,870	3,783,648	3,581,797	3,354,888	3,102,487	2,824,157	2,519,456	2,187,941	1,829,161	1,442,667
		127,020	153,020	177,223	201,851	226,909	252,401	278,330	304,700	331,516	358,779	386,494	414,663
	-	4,113,890	3,960,870	3,783,648	3,581,797	3,354,888	3,102,487	2,824,157	2,519,456	2,187,941	1,829,161	1,442,667	1,028,004
Payments for Residual Receipt Payments		*100%*											50%
RESIDUAL RECEIPTS LOANS	*Payment %*	22,415	27,003	31,275	35,621	40,043	44,541	49,117	53,771	58,503	63,314	68,205	36,588
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
MIP	*70.54%*	15,811	19,047	22,060	25,125	28,244	31,418	34,645	37,928	41,265	44,659	48,109	25,808
CADA	*29.46%*	6,605	7,956	9,215	10,495	11,798	13,124	14,472	15,843	17,237	18,655	20,096	10,780
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**22,415**	27,003	31,275	35,621	40,043	44,541	49,117	53,771	58,503	63,314	68,205	36,588
Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
MIP---Simple	*2.75%*	7,900,000	8,101,439	8,299,642	8,494,832	8,686,957	8,875,963	9,061,795	9,244,400	9,423,722	9,599,707	9,772,298	9,941,439
---Compounding	*3.53%*	-	-	-	-	-	-	-	-	-	-	-	-
CADA---Simple	*3.00%*	3,300,000	3,392,395	3,483,439	3,573,224	3,661,729	3,748,931	3,834,807	3,919,335	4,002,492	4,084,254	4,164,599	4,243,503
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**11,200,000**	11,493,835	11,783,081	12,068,057	12,348,686	12,624,893	12,896,602	13,163,735	13,426,214	13,683,961	13,936,897	14,184,942

PROJECTED PERMANENT LOAN CASH FL0WS

Final Commitment

	YEAR	13	14	15	16	17
RENTAL INCOME	**CPI**					
Restricted Unit Rents	2.50%	2,434,615	2,495,480	2,557,867	2,621,814	2,687,359
Unrestricted Unit Rents	2.50%	32,277	33,084	33,911	34,759	35,628
Commercial Rents	2.50%	455,917	467,315	478,998	490,973	503,247
Project Based Rental Subsidy	1.50%	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	0.00%	16,536	16,536	16,536	16,536	16,536
Storage Income	2.50%	46,253	47,410	48,595	49,810	51,055
Miscellaneous Income (Retail OpEx Pass Thru)	2.50%	48,764	49,983	51,233	52,514	53,827
GROSS POTENTIAL INCOME (GPI)		**3,034,363**	**3,109,809**	**3,187,140**	**3,266,406**	**3,347,652**
VACANCY ASSUMPTIONS	**Vacancy**					
Restricted Unit Rents	5.00%	121,731	124,774	127,893	131,091	134,368
Unrestricted Unit Rents	7.00%	2,259	2,316	2,374	2,433	2,494
Commercial Rents	10.00%	45,592	46,732	47,900	49,097	50,325
Project Based Rental Subsidy	5.00%	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	5.00%	827	827	827	827	827
Storage Income	20.00%	9,251	9,482	9,719	9,962	10,211
Miscellaneous Income (Retail OpEx Pass Thru)	2.50%	1,219	1,250	1,281	1,313	1,346
TOTAL PROJECTED VACANCY LOSS		**180,878**	**185,380**	**189,994**	**194,723**	**199,570**
EFFECTIVE GROSS INCOME (EGI)		**2,853,485**	**2,924,429**	**2,997,147**	**3,071,683**	**3,148,082**
OPERATING EXPENSES	**CPI / Fee**					
Administrative Expenses	3.50%	246,697	255,331	264,268	273,517	283,091
Management Fee	4.04%	115,281	118,147	121,085	124,096	127,183
Utilities	3.50%	244,491	253,048	261,905	271,071	280,559
Operating & Maintenance	3.50%	321,374	332,622	344,264	356,313	368,784
Ground Lease Payments	3.50%	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	73,674	72,914	72,127	71,312	70,467
Other Agency Monitoring Fee	0.00%	-	-	-	-	-
Real Estate Taxes	1.25%	33,662	34,083	34,509	34,940	35,377
Other Taxes & Insurance	3.50%	132,067	136,690	141,474	146,425	151,550
Required Reserve Payments	1.00%	53,750	54,287	54,830	55,378	55,932
TOTAL OPERATING EXPENSES		**1,228,495**	**1,264,622**	**1,301,961**	**1,340,554**	**1,380,443**
NET OPERATING INCOME (NOI)		**1,624,989**	**1,659,807**	**1,695,186**	**1,731,129**	**1,767,639**
DEBT SERVICE PAYMENTS	**Lien #**					
Conduit First Lien Loan / KeyBank	1	1,083,511	1,083,511	1,083,511	1,083,511	1,083,511
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**	**1,083,511**
CASH FLOW AFTER DEBT SERVICE		**541,478**	**576,296**	**611,675**	**647,618**	**684,128**
DEBT SERVICE COVERAGE RATIO		**1.50**	**1.53**	**1.56**	**1.60**	**1.63**
Date Prepared:	07/31/20					
LESS: Asset Management Fee	3%	9,980	10,280	10,588	10,906	11,233
LESS: Partnership Management Fee	3%	9,980	10,280	10,588	10,906	11,233
net CF available for distribution		**521,517**	**555,736**	**590,498**	**625,806**	**661,662**
	85%					
Deferred developer fee repayment	4,240,910	1,028,004	584,714	112,338	-	-
		443,290	472,376	112,338	-	-
	-	584,714	112,338	-	-	-
Payments for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Payment %*	39,114	41,680	239,080	312,903	330,831
0	*0.00%*	-	-	-	-	-
MIP	*70.54%*	27,589	29,399	168,637	220,709	233,354
CADA	*29.46%*	11,525	12,281	70,443	92,195	97,477
0	*0.00%*	-	-	-	-	-
0	*0.00%*	-	-	-	-	-
0	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	39,114	41,680	239,080	312,903	330,831
Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Interest Rate*					
0---Compounding	*0.00%*	-	-	-	-	-
MIP---Simple	*2.75%*	10,132,882	10,322,543	10,510,393	10,559,006	10,555,548
---Compounding	*3.53%*	-	-	-	-	-
CADA---Simple	*3.00%*	4,331,723	4,419,198	4,505,917	4,534,474	4,541,279
0---Compounding	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments		14,464,604	14,741,741	15,016,310	15,093,481	15,096,827

MIXED-INCOME LOAN PROGRAM

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

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

Qualifications

APPLICATION:

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

AVAILABILITY:

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

USES:

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

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

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

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Qualifications (continued)

READINESS:

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

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

MIP ALLOCATION LIMITS:

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

EVIDENCE OF COST CONTAINMENT:

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

Qualifications (continued)

EVIDENCE OF SUBSIDY EFFICIENCY:

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

- A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary;
- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio;
- A separate project cash flow that supports any commercial component of the project;
- A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation;
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM");
- Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation.
- Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA);
- Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
  - An increase in tax credit equity;
  - An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions;
- Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.

CalHFA Mixed-Income Qualified Lender Qualifications

A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.

A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.

CalHFA Mixed-Income Development Team Qualifications

The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years.

The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years.

Financial Consultants hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

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

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

Last revised: 11/2019

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

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

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

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

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