

CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee “Approval”: October 6, 2020 for Board Meeting in November 12, 2020

Project Name, County:	Twin Oaks Senior Apartments, Contra Costa County	
Address:	2605 Main Street, Oakley, 94561	
CalHFA Project Number:	19-015-A/X	
Requested Financing by Loan Program:	\$31,000,000	Tax Exempt Bond – Conduit Issuance Amount
	\$13,895,726	Taxable Bond
	\$5,160,000	Subsidy GAP Loan funded by MIP funds

DEVELOPMENT/PROJECT TEAM

Developer:	Highridge Costa Development Company, LLC	Borrower:	Oakley Senior Housing, LP, a California limited partnership
Permanent Lender:	Citibank	Construction Lender:	Bank of America
Equity Investor:	Bank of America	Management Company:	WinnResidential California, LP
Contractor:	HCHP Contractors	Architect	SVA Architects
Loan Officer:	Ruth Vakili	Loan Specialist:	Kevin Brown
Asset Manager:	Suzy Ledesma	Loan Administration:	Bahiyah Hillary
Legal (Internal):	Torin Heenan	Legal (External):	N/A
Concept Meeting Date:	4/24/2020	Approval Expiration Date:	6 months from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE/ CONSTRUCTION LOAN (Bank of America)	PERMANENT LOAN (Citibank)	MIP (GAP) LOAN
	Total Loan Amount	\$31,000,000 (t/e) \$13,895,726 (taxable)	\$19,832,433	\$5,160,000
	Loan Term & Lien Position	30 months- interest only. One 6-month extension available. 1 st and 2 nd Lien Position during construction	LIBOR with 0.85% floor + 2.35% 35-year partially amortization due in 16 years 1 st Lien Position during permanent.	16 years - Residual Receipts. 2nd Lien Position during permanent
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 3.10% fixed tax-exempt and taxable.	Underwritten at 3.40% fixed.	3.00% Simple Interest

Loan to Value (LTV)	84% of investment value	75% of restricted value	N/A
Loan to Cost	79%	35%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	11/10/2020	Est. Construction Loan Closing:	10/2020
	Estimated Construction Start:	11/2020	Est. Construction Completion:	05/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		01/2023	

SOURCES OF FUNDS

3.	Construction Period Financing				
	SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
	Construction Loan (Tax-exempt) - Bank of America	\$31,000,000	1	3.10%	Interest Only
	Construction Loan (Taxable)- Bank of America	\$13,895,726	1	3.10%	Interest Only
	Tax Credit Equity	\$6,132,312	N/A	N/A	N/A
	Total	\$51,028,038	\$392,523	Per Unit	
	Permanent Financing				
	SOURCE	AMOUNT	LIEN POSITION		DEBT TYPE
	Permanent Loan- Citibank	\$19,832,433	1	3.40%	Balloon 35 due in 16
	CalHFA MIP Loan	\$5,160,000	2	3.00%	Residual Receipt Loan
	Tax Credit Equity	\$27,665,205	N/A	N/A	N/A
	Estimated Deferred Developer Fee	\$3,876,033	N/A	N/A	Payable from Cash Flow
	TOTAL DEVELOPMENT COST:	\$56,533,671	\$434,874	Per Unit	
	<p>Subsidy Efficiency: CalHFA MIP \$5,160,000 (\$40,000 per MIP restricted unit restricted between 50% and 100% AMI).</p> <p>Tax Credit Type(s), Amount(s), Pricing(s), and per total units:</p> <ul style="list-style-type: none"> 4% Federal Tax Credits: \$18,433,081 assuming estimated pricing of \$1.05 (\$141,793 per total unit). 4% State Tax Credits: \$10,848,335 assuming estimated pricing of \$0.80 (\$83,449 per total unit). <p>Subsidies: The project will not include any rental or operating subsidies.</p> <p>Cost Containment Strategy: The Developer will 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.</p>				
	4.	Equity – Cash Out (estimate): Not Applicable			

TRANSACTION SUMMARY

5.	Legislative Districts	Congress:	#9 Jerry McNerney	Assembly:	#11 Jim Frazier	State Senate:	#7 Steven Glazer
	Brief Project Description	<p>Twin Oaks Senior Apartments (the “Project”) is a senior new mixed income and mixed use Project consisting of 130 units restricted to seniors age 62 and older and is 100% affordable to households earning between 50% of Area Median Income (“AMI”) to 100% of AMI. The Project is a three-story building on a 5.85-acre site, served by two elevators. There will be 98 one-bedroom units (540 sqft), 31 two-bedroom units (758 sqft), and 1 two-bedroom manager’s unit (800 sqft). The project is not in a disaster area and is not part of the locality’s disaster recovery strategy or plan.</p> <p>Financing Structure: The Project’s financing structure includes tax-exempt bonds, 4% federal tax credits and state tax credits, a qualified lender permanent loan, and CalHFA Mixed-Income Program funds. The project will be income averaged, pursuant to TCAC regulations.</p> <p>Tax Credits and/or CDLAC Status: The developer received an allocation for 4% tax credits and a CDLAC award in February 2020. CDLAC awarded supplemental bond of \$4,000,000 in September 2020.</p> <p>Project Amenities: The Project includes a community room, fitness room, laundry facilities, clubhouse, outdoor walking paths, community garden, swimming pool and 5,667 SF of non-residential space will be leased to multiple tenants for retail uses that complement residential. Unit amenities will include central heating, central air, microwave, and garbage disposal.</p> <p>Local Resources and Services: The Project is located in a Low Resource per TCAC’s Opportunity Area Map. The Project is in close proximity to the following local amenities and services:</p> <ul style="list-style-type: none"> • Grocery stores – 0.5 mile • Schools - 1 mile • Public Library – 3 miles • Public transit – 0.5 mile • Retail - 2 miles • Park and recreation – 0.5 mile • Hospitals – 4.1 miles • Senior center – 4.7 mile <p>Non-displacement and No Net Loss: To the extent feasible, it is the Agency’s priority to mitigate multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.</p>					

	<p>Commercial Space: The project consists of 5,667 SF of commercial space that fronts Main Street. The space is anticipated to be leased for tenants such as realtors, insurance brokers, small medical users, etc. The space is anticipated to be leased for retail. The commercial lease is structured as a triple net lease and the operating expense and revenue is not part of the Project’s underwriting. The tenant will be paying real estate taxes, insurance, and maintenance costs for the space. An appraisal dated 7/20/2020 estimates that the retail space will generate an annual net income of \$89,051 assuming a 10% vacancy rate and 3% non-reimbursable expenses. This additional income is not considered in the underwriting of this project.</p>
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TRANSACTION OVERVIEW

6.	<p>Proposal and Project Strengths</p> <ul style="list-style-type: none"> • This is a mixed income and mixed-use project that will serve a broad range of seniors between 50% and 100% AMI. 80% percent of the units are targeted to tenants earning 50% to 60% AMI and 19% of the units are at 80% to 100% of AMI. • The Project has been awarded 4% Federal and State tax credits which is projected to generate equity representing 49% of total financing sources. • The projected portion of the developer’s fee that will be collected at or prior to permanent loan conversion is \$2,036,365 which could be available to cover cost overruns and/or unforeseen issues during construction. • There is a high demand for senior apartment in Oakley. All existing affordable senior project are 99% to 100% occupied, with long waiting lists of potential tenants, and market rate projects average 94% occupancy. • The Project will be in superior condition relative to the comparable properties. It is anticipated to be fully leased within 7 months of completion.
7.	<p>Project Weaknesses with Mitigants:</p> <ul style="list-style-type: none"> • The developer/sponsor does not have previous experience with CalHFA. However, they have extensive experience in developing similar affordable projects in this region. • The exit analysis assumes 7.25% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project may only have the ability to repay a portion of the Agency’s subsidy MIP loan in the estimated amount of \$3,527,211, leaving an outstanding balance of \$3,543,918. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
8.	<p>Underwriting Standards or Term Sheet Variations</p> <ul style="list-style-type: none"> • The MIP loan amount of \$5,160,000 exceeds the maximum loan amount of \$5,000,000. Approval of this exception is recommended by Multifamily Underwriting and Credit Staff based on the following: 1) the term sheet allows for an exception for larger projects and this project is considered large, as it exceeds 100 units; 2) the MIP loan amount is \$40,000 per unit, which is consistent with the maximum per unit amount pursuant to the term sheet; and 3) approval facilitates the progression of a shovel-ready project without delay. • 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 deferment of payments to the MIP loan until the earlier of repayment of the deferred developer fee, which is estimated to be in year 14, or 15 years. • Per the 2019 MIP term sheet, projects applying for the 2019 MIP program are required to submit CDLAC applications for a 2019 allocation. Board Resolution 19-19 waived this requirement to allow for the project to apply for the November 2019 CDLAC application round for a 2020 allocation.

9.	Project Specific Conditions of Approval
<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> • Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project’s tax-exempt bonds, as applicable. • The Project must meet the readiness requirements within 180 days from TCAC/CDLAC award. • CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency. • CalHFA requires that MIP affordability covenants be recorded in a senior position to foreclosable debt. • The CalHFA subsidy will be, in the Agency’s sole discretion, the lesser of 1) the principal amount as state 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. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio (“DSCR”) shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency’s approval • CalHFA may require a copy of the construction and/or permanent lenders proforma evidencing consistent underwriting assumptions. • 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. • Borrower shall approve a participation agreement, if any, between the Permanent Lender and CalHFA in which the Permanent Lender and CalHFA shall participate in a portion of the first lien loan as determined between CalHFA and the permanent lender. • Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing. • The City of Oakley requires the Density Bonus Agreement to record in first lien position. The MIP affordability covenants will record in second lien position, subject to execution of a standstill agreement with the City of Oakley. • Subject to receipt of an independent review of the costs by a 3rd Party consultant prior to construction loan closing acceptable to CalHFA. 	
10.	Staff Conclusion/Recommendation:
<p>The Multifamily Lending Division supports approval of the described financing in the amount requested, subject to the above proposed terms and conditions.</p>	

MISSION & AFFORDABILITY

11.	CalHFA Mission/Goals
<p>This Project and financing proposal provide 129 units of affordable housing with a range of restricted rents between 50% AMI and 100% of AMI which will support much needed rental housing that will remain affordable for 55 years.</p>	
12.	CalHFA Affordability & Occupancy Restrictions
<p>The CalHFA Bond Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI with 10% of these units at 50% of AMI for 55 year(s).</p> <p>The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (13 units) at or below 50% of AMI, 10% (13 units) of total units will be restricted at or below 80% of AMI, 10% (13 units) of the total units will be restricted between 81% to 120% of AMI, and 90 units will be restricted at or below 120% of AMI.</p> <p>In addition, the Project will be restricted by the following jurisdictions as described below:</p> <ul style="list-style-type: none"> • The City will restrict 129 of the units between 50% AMI to 120% of AMI for a term of 55 years. 	

Rent Limit Summary Table				
AMI	Total	1-bdrm	2-bdrm	% of Total
50%	34	22	12	26.2%
60%	70	56	14	53.8%
80%	11	9	2	8.5%
100%	14	11	3	10.8%
Manager's Unit	1		1	0.8%
Total	130	98	32	100%

The average rent limit is 63% of AMI.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category							Total Units Regulated	% of Regulated Units
			50% AMI	60% AMI	80% AMI	100% AMI *(81% to 120% Tranche)	<= 120% AMI	Mgrs Unit			
CalHFA Bond	2nd	55	13	39					1	52	40.0%
*CalHFA Subsidy (MIP)	3rd	55	13		13	13	90		1	129	99.2%
Tax Credits	4th	55	34	70	11				1	115	88.5%
City of Oakley Density Bonus Agreement	1st	55	34	70	11	14			1	129	99.2%

*Note: For MIP purposes, 10% (13 units) of total units will be restricted at or below 50% of AMI, 10% (13 units) of total units will be restricted at or below 80% of AMI, 10% (13 units) of the total units will be restricted between 81% to 120% of AMI, and 90 units will be restricted at or below 120% of AMI. The rents for the 81% to 120% tranche will be determined by the minimum income restriction of 100% of AMI.

13. Geocoder Information	
Central City: No	Underserved: No
Low/Mod Census Tract: Moderate	Below Poverty line: 18.55%
Minority Census Tract: 53.53%	Rural Area: No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:	
Replacement Reserves (RR):	N/A
Operating Expense Reserve (OER):	\$514,365 OER amount is size based on 3 months of operating expenses, debt service, and annual replacement reserves deposits. To be held by investor or 1 st lien permanent lender.

	Transitional Operating Reserve (TOR):	N/A	
15.	Cash Flow Analysis		
	1st Year DSCR:	1.16	Project-Based Subsidy Term: N/A
	End Year DSCR (Y16):	1.63	Annual Replacement Reserve Per Unit: \$250/unit
	Residential Vacancy Rate:	5%	Rental Income Inflation Rate: 2.50%
	Subsidy Vacancy Rate:	N/A	Subsidy Income Inflation Rate: N/A
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate: 3.50%
			Property Tax Inflation Rate: 1.25%
16.	Loan Security		
The CalHFA MIP subsidy loan will be secured against the above described Project site.			
17.	Balloon Exit Analysis	Applicable: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
The exit analysis assumes 7.25% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of \$3,527,211, leaving an outstanding balance of \$3,543,918. 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		
<ul style="list-style-type: none"> The Appraisal dated 7/20/2020, prepared by BBG, Inc., values the land at \$3,120,000. The cap rate of 5.25% was used to determine the appraised value of the subject site. The as-restricted stabilized value is \$26,500,000, which results in permanent loan to value of 75%. The vacancy rate amongst market rate multifamily properties in the PMA was 5.81% in 1Q 2020, versus 5.91% in 2019. However, all LIHTC managers in the market area reported 99%-100% occupancy and all maintain extensive waiting lists. The 7-month lease-up rate in the market is considered very conservative based on the assumption that significant preleasing will occur during construction. The proposed operating expense is consistent with and is reasonable based on the appraisal report 			
	Market Study:	Prepared by Novogradac Consulting LLP	Dated: November 12, 2019
	Regional Market Overview <ul style="list-style-type: none"> The Primary Market Area is a 5 mile radius that includes the towns of Oakley, Antioch, Bridgehead, Sand Hill, and Brentwood (population of 153,906) and the Secondary Market Area ("SMA") is San Francisco-Oakland-Hayward Metropolitan Statistical Area (MSA) (population of 4,679,494) The general population in the PMA is anticipated to increase by 1.4% per year and the senior population will increase by 3.9% per year through 2024. Unemployment in the MSA is 2.2%, which evidences a strong employment area. An unemployment analysis was not prepared for the PMA. The current unemployment rate is expected to be higher due to the potential impact of recent market conditions and COVID-19, however, the recent appraisal report evidence that the project is still located within an area with strong market demands for affordable housing. Market study states an average vacancy rate of 0.7% for comparable affordable properties and should achieve full occupancy within 7 months of completion. Regardless, the project has been underwritten with a 5% vacancy rate. 		

	<p>Local Market Area Analysis</p> <ul style="list-style-type: none"> • Supply: <ul style="list-style-type: none"> ○ There are currently 12 senior project(s) in the PMA and they are 100% occupied with wait lists. ○ There is 1 proposed affordable senior project in the PMA and one market rate family project under construction. • Demand/Absorption: <ul style="list-style-type: none"> ○ The project will need to capture 10.3% of the total demand for senior units in the PMA. ○ The affordable units are anticipated to lease up at a rate of 15 units per month and reach stabilized occupancy within 7 months of opening. ○ Average overall capture rate for 80% and 100% AMI units is 1.35%
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DEVELOPMENT SUMMARY

19.	Site Description	Requires Flood Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> • The property is located on the south side of Main Street, in the City of Oakley, Contra Costa County. • The site is currently vacant, with level topography at street grade, measuring approximately 5.85 acres and is generally square in shape. • The site consists of 1 parcel. • The site is zoned C (general commercial) and the developer received a Conditional Use Permit from the Oakley Planning Commission on 7/18/2019 permitting the development of the mixed-use project. • The project received a Density Bonus Agreement to allow a maximum increase in density of 35%, from 98 to 130 units. • The subject was located within FEMA Zone A (within 100-year floodplain), but a letter of map revision was issued 11/13/2019 removing a portion of the property from FEMA Zone A. The project site is now considered to be primarily FEMA Zone X, which does not require flood insurance. The GP has confirmed no flood insurance is required. 		
20.	Form of Site Control & Expiration Date	
<p>The Project purchased the land from 2180 Main Street, LLC on July 30, 2020 for \$2,515,000. Under the 4th amendment of the Purchase and Sale Agreement, the purchase price was increased to \$2,600,000. The increase of \$85,000 is due to extension fees. The transaction is arms-length.</p>		
21.	Current Ownership Entity of Record	
<p>Title is currently vested in, Oakley Senior Housing, LP, a California limited partnership as the fee owner.</p>		
22.	Environmental Review Findings	
<ul style="list-style-type: none"> • A Phase I Environmental Site Assessment performed by Karzan & Associates, Inc., dated May 22, 2020 revealed a possible soil vapor encroachment condition from a laundry cleaner located in a shopping center adjacent to the site. • A Phase II Limited Subsurface Assessment- Soil Vapor Survey was performed by Karzan & Associates, Inc. on April 18, 2019 which identified one very minor exceedance of soil vapor screening level. The report concludes that "...the potential appears to be low that the reported concentrations of VOCs in the areas assessed would pose a significant environmental concern in conjunction with development of the subject site for residential purposes." Therefore, no remediation is required. 		
23.	Seismic	Requires Earthquake Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>This new Project will be built to State and City of Oakley Building Codes so no seismic review is required.</p>		
24.	Relocation	Requires Relocation: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not Applicable
<p>The Project is new construction, therefore, relocation is not applicable.</p>		

PROJECT DETAILS

25.	Residential Areas:				
		Residential Square Footage:	77,176	Residential Units per Acre:	22
		Community Area Sq. Ftg:	31,252	Total Parking Spaces:	188
		Supportive Service Areas:	0	Total Building Sq. Footage:	114,095
26.	Mixed-Use Project: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Commercial/retail fronts Main Street and will be occupied by tenants such as realtors, insurance brokers, small medical users, etc. The lease structure will be on a triple net basis where the tenant pays for pro-rate share of real estate taxes.				
		Non-Residential Sq. Footage:	5,667	Number of Lease Spaces:	3
		Master Lease:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Number of Parking Spaces:	22
27.	Construction Type:	The Project will consist of one three-story elevator serviced low-rise building. The building will be wood-frame construction with surface parking.			
28.	Construction/Rehab Scope	Requires Demolition: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	<ul style="list-style-type: none"> • The currently vacant subject site will consist of one three-story elevator-serviced low-rise building containing 98 one-bedroom units, 32 two-bedroom units, and 5,667 SF of ground floor street-fronting retail space. • The project will complement the surrounding area with Mediterranean design and low-lying roofs that screen the rooftop equipment. • Project will include 188 parking spaces along its perimeter and rear, with a large u-shaped courtyard area in the center of the site with gardens and a fountain. • The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract. 				
29.	Construction Budget Comments:				
	CalHFA will require an independent review of the costs by a 3 rd Party consultant prior to construction loan closing.				

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	Borrower Affiliated Entities
	<ul style="list-style-type: none"> • Managing General Partner: WCH Affordable LI, LLC, a California non-profit public benefit corporation; 0.0045% interest • Administrative General Partner: Highridge Costa Development Co, LLC, a California limited liability company; 0.0055% interest • Sole Member: Highridge Costa Housing Partners, LLC <ul style="list-style-type: none"> ○ Managing Member: Certo Housing Partners, LLC <ul style="list-style-type: none"> ▪ Sole Managing Member: Michael A. Costa ○ Class A Member: Highridge CHCC Investors, LLC ○ Class B Member: Investor Group ○ Class B Member: Employee Group • Investor Limited Partner: Bank of America; 99.99% interest
31.	Developer/Sponsor
	<p>The managing general partner, WCH Affordable LI, LLC, is a non-profit public benefit corporation founded in 1999. Their mission "is to promote affordable housing and provide social services to low-income senior and family households thereby enhancing their quality of life." The organization and its affiliates have an ownership interest in 89 affordable housing properties, all in California (7,803 units), of which 37 are senior communities. They also have 11 projects currently under construction.</p> <p>The developer, Highridge Costa Development Co., is a leading developer, financier, owner and operator of affordable housing in the United States. Formed in 1994, the company is a joint venture between Michael Costa and the principals of Highridge Partners, Inc., a diversified privately held investment company with \$7B in assets. The developer has built over</p>

<p>28,000 units across 283 communities, the majority of which are in California. The Developer focuses on the design, development and financing of affordable and senior apartments utilizing LIHTC and tax-exempt bonds. The developer has its own construction department that oversees all properties under construction, regularly interfacing with general contractors. The developer also has an affiliated property manager that will be managing the subject during lease-up to maintain compliance controls prior to hand-off to WinnResidential at stabilization.</p> <p>Highridge has no experience with CalHFA. The currently have 2 projects under construction, 1 project in lease-up, 35 projects (3,860 units) completed involving bond financing and 11 projects (1,304) in the pipeline in addition to this one.</p>	
32.	<p>Management Agent</p> <p>The Project will be managed by WinnResidential California L.P., which has extensive experience in managing similar affordable housing projects in the area and manages 5 projects in CalHFA’s portfolio with good performance. Note that the developer has an affiliated property manager that will be managing the subject during lease-up to maintain compliance controls prior to hand-off to WinnResidential at stabilization. WinnCompanies, the umbrella company of WinnResidential California, LP, is the sixth largest multifamily housing manager in the United States and the largest affordable housing manager in the nation. As of 1/1/2019, WinnCompanies managed over 52,000 affordable housing units. An email communication dated 09/16/2020 from the Management Agent confirms that they have reviewed and are able to successfully perform their property management duties according to the projected operating budget.</p>
33.	<p>Service Provider Required by TCAC or other funding source? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>LifeSTEPS will be engaged in providing onsite services to the residents, including: financing literacy education, health and nutrition, emergency response training, computer programs and personal development. There is no specified space for services, but there is an indoor multi-purpose room and outdoor community areas that can be utilized for group classes. There are also two office spaces and an indoor reading lounge that can be utilized for individualized resident services.</p> <p>An MOU was executed in November 2019 confirming that service provisions will be provided for the life of the property ownership and in no case less than 15 years. At least 84 hours of adult education classes and 100 hours of health and wellness services will be provided on an annual basis.</p>
34.	<p>Contractor Experienced with CalHFA? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The general contractor is HCHP Contractors, LP, which has extensive experience in constructing similar affordable housing projects in California, however, CalHFA is not familiar with the general contractor. HCHP is a general contracting subsidiary of Highridge Costa and serves as either the general contractor or Construction Manager on all HC projects. In addition to this project, HCHP will serve as construction manager on 6 housing projects in California and Hawaii. According to the qualifications submitted, HCHP Contractors generally meet CalHFA’s underwriting standards. They have experience completing projects comparable in size and design and provided 3 project descriptions; one project is in California and two are located in Texas. The selected supervisor has extensive experience rehabbing projects as well as managing 2 new construction projects in the last 5 years. A superintendent has not yet been selected.</p>
35.	<p>Architect Experienced with CalHFA? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The architect is SVA Architects, Inc., which has extensive experience in designing and managing similar affordable housing projects in California through the locality’s building permit process, however, CalHFA is not familiar with the architect. Resumes of the Partner and project manager and past project information were reviewed and indicate that the team has experience designing comparable affordable housing projects.</p>
36.	<p>Local Review via Locality Contribution Letter</p> <p>The locality, City of Oakley Community Development Department, returned the local contribution letter stating they strongly support the project.</p>

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY			Final Commitment			
Acquisition, Rehab, Construction & Permanent Loans			Project Number 19-015-A/X			
Project Full Name	Twin Oaks Senior Apartments	Borrower Name:	Oakley Senior Housing, LP			
Project Address	2605 Main Street	Managing GP:	WHC Affordable LI, LLC			
Project City	Oakley	Developer Name:	Highridge Costa Development Co.			
Project County	Contra Costa	Investor Name:	Bank of America			
Project Zip Code	94561	Prop Management:	Winn Comp[anies]			
		Tax Credits:	4			
Project Type:	Mixed Income Loan Only (Conduit Perm Loan)	Total Land Area (acres):	5.85			
Tenancy/Occupancy:	Senior	Residential Square Footage:	77,176			
Total Residential Units:	130	Residential Units Per Acre:	22.22			
Total Number of Buildings:	1	Covered Parking Spaces:	0			
Number of Stories:	3	Total Parking Spaces:	188			
Unit Style:	Flat					
Elevators:	2					
Acq/Construction/Rehab Financing		Loan Amount (\$)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
B of A T/E		31,000,000	1.000%	30	--	3.100%
B of A Tax		13,895,726	1.000%	30	--	3.100%
Investor Equity Contribution		6,132,312	--	--	--	--
Permanent Financing		Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
MIP		5,160,000	1.000%	16	--	3.000%
Conduit First Lien Loan-Citi		19,832,433	1.000%	16	35	3.400%
Deferred Developer Fees		3,876,033	NA	NA	NA	NA
Investor Equity Contributions		27,665,205	NA	NA	NA	NA
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	7/20/20	Capitalization Rate:	5.25%			
Investment Value (\$)	53,400,000	Restricted Value (\$)	26,500,000			
Construct/Rehab LTC	79%	Permanent Loan to Cost	35%			
Construct/Rehab LTV	N/A	Permanent Loan to Value	75%			
		Combined CalHFA & Perm Loan to Value	94%			
Additional Loan Terms, Conditions & Comments						
<u>Construction/Rehab Loan</u>						
Payment/Performance Bond			0			
Completion Guarantee Letter of Credit			N/A			
<u>Permanent Loan</u>						
Operating Expense Reserve Deposit	\$0	Cash				
Initial Replacement Reserve Deposit	\$0	Cash				
Annual Replacement Reserve Per Unit	\$250	Cash				
Date Prepared:	9/29/20	Senior Staff Date:	10/6/20			

UNIT MIX AND RENT SUMMARY

Final Commitment

Twin Oaks Senior Apartments

Project Number 19-015-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	1	1	540	98	147
Flat	2	1	758	32	96
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				130	243

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%	100%	120%
Bond/RiskShare	0	0	13	39	0	0	0
A MIP	0	0	13	0	13	13	90
Credit	0	0	34	70	0	11	0
Bonus Agreement	0	0	34	70	0	11	14

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%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
	HCD	120%	-	-	-	-	-
1 Bedroom	CTCAC	50%	22	\$1,156	\$1,900	\$744	61%
	CTCAC	60%	56	\$1,401	-	\$499	74%
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	9	\$1,548	-	\$352	81%
	HCD	100%	11	\$1,548	-	\$352	81%
	HCD	120%	-	-	-	-	-
2 Bedrooms	CTCAC	50%	12	\$1,376	\$2,150	\$774	64%
	CTCAC	60%	14	\$1,670	-	\$480	78%
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	2	\$1,736	-	\$414	81%
	HCD	100%	3	\$1,736	-	\$414	81%
	HCD	80%	-	-	-	-	-
3 Bedrooms	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
	HCD	120%	-	-	-	-	-
4 Bedrooms	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
	HCD	120%	-	-	-	-	-
5 Bedrooms	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
	HCD	120%	-	-	-	-	-
Date Prepared:		9/29/20		Senior Staff Date:		10/6/20	

SOURCES & USES OF FUNDS		Final Commitment			
Twin Oaks Senior Apartments		Project Number 19-015-A/X			
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
B of A T/E	31,000,000				0.0%
B of A Tax	13,895,726				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	6,132,312				0.0%
MIP		5,160,000	5,160,000	39,692	9.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Conduit First Lien Loan-Citi		19,832,433	19,832,433	152,557	35.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		3,876,033	3,876,033	29,816	6.9%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		27,665,205	27,665,205	212,809	48.9%
TOTAL SOURCES OF FUNDS	51,028,038	56,533,671	56,533,671	434,874	100.0%
TOTAL USES OF FUNDS (BELOW)	51,028,038	56,533,671	56,533,671	434,874	100.0%
FUNDING SURPLUS (DEFICIT)	-	-	-	-	-

USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		51,028,038			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	2,515,000	-	2,515,000	19,346	4.4%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	110,000	-	110,000	846	0.2%
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%
Other (Extension Costs)	85,000	-	85,000	654	0.2%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	2,710,000	-	2,710,000	20,846	4.8%
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	490,000	-	490,000	3,769	0.9%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	3,487,500	-	3,487,500	26,827	6.2%
Structures (Hard Cost)	26,486,046	-	26,486,046	203,739	46.9%
General Requirements	2,000,480	-	2,000,480	15,388	3.5%
Contractor Overhead	598,471	-	598,471	4,604	1.1%
Contractor Profit	681,529	-	681,529	5,243	1.2%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	33,744,026	-	33,744,026	259,569	59.7%

SOURCES & USES OF FUNDS			Final Commitment		
Twin Oaks Senior Apartments			Project Number 19-015-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	1,900,000	-	1,900,000	14,615	3.4%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	1,900,000	-	1,900,000	14,615	3.4%
SURVEY & ENGINEERING FEES					
Engineering	234,960	-	234,960	1,807	0.4%
Supervision	68,740	-	68,740	529	0.1%
ALTA Land Survey	40,000	-	40,000	308	0.1%
TOTAL SURVEY & ENGINEERING FEES	343,700	-	343,700	2,644	0.6%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,623,201	-	1,623,201	12,486	2.9%
Soft Cost Contingency Reserve	300,000	-	300,000	2,308	0.5%
TOTAL CONTINGENCY RESERVES	1,923,201	-	1,923,201	14,794	3.4%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
B of A T/E	1,735,062	-	1,735,062	13,347	0.030691
B of A Tax	-	-	-	-	0
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
B of A T/E	310,000	-	310,000	2,385	0.5%
B of A Tax	138,957	-	138,957	1,069	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	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	7,500	-	7,500	58	0.0%
Real Estate Taxes During Rehab	95,000	-	95,000	731	0.2%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	300,000	-	300,000	2,308	0.5%
Title & Recording Fees	100,000	-	100,000	769	0.2%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	175,510	-	175,510	1,350	0.3%
Bond Issuer Fee	64,896	-	64,896	499	0.1%
Other (Costs of Issuance)	18,891	-	18,891	145	0.0%
TOTAL CONST/REHAB PERIOD COSTS	2,945,816	-	2,945,816	22,660	5.2%

SOURCES & USES OF FUNDS			Final Commitment		
Twin Oaks Senior Apartments			Project Number 19-015-A/X		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
<u>PERMANENT LOAN COSTS</u>					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
MIP	25,800	25,800	51,600	397	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Conduit First Lien Loan-Citi	-	198,324	198,324	1,526	0.4%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	10,000	10,000	77	0.0%
Year 1 - Taxes & Special Assessments and Insurance	-	-	-	-	0.0%
CalHFA Fees	-	10,085	10,085	78	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Perm & Bridge Loan Interest & Costs)	-	85,737	85,737	660	0.2%
TOTAL PERMANENT LOAN COSTS	25,800	329,946	355,746	2,737	0.6%
<u>LEGAL FEES</u>					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	155,000	-	155,000	1,192	0.3%
CalHFA Permanent Loan Legal Fees	-	15,000	15,000	115	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	75,000	75,000	150,000	1,154	0.3%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	-	-	-	-	0.0%
CalHFA Bond Counsel	62,000	-	62,000	477	0.1%
TOTAL LEGAL FEES	292,000	90,000	382,000	2,938	0.7%
<u>OPERATING RESERVES</u>					
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	-	514,365	514,365	3,957	0.9%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	-	514,365	514,365	3,957	0.9%
<u>REPORTS & STUDIES</u>					
Appraisal Fee	5,500	-	5,500	42	0.0%
Market Study Fee	-	-	-	-	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	75,000	-	75,000	577	0.1%
HUD Risk Share Environmental / NEPA Review Fee	-	-	-	-	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 (Consultants: Air Quality, Traffic, etc.)	131,300	-	131,300	1,010	0.2%
TOTAL REPORTS & STUDIES	211,800	-	211,800	1,629	0.4%

SOURCES & USES OF FUNDS			Final Commitment		
Twin Oaks Senior Apartments			Project Number 19-015-A/X		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	249,221	-	249,221	1,917	0.4%
CDLAC Fees	15,714	-	15,714	121	0.0%
Local Permits & Fees	70,000	-	70,000	538	0.1%
Local Impact Fees	4,705,684	-	4,705,684	36,198	8.3%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	300,000	-	300,000	2,308	0.5%
Accounting & Audits	-	-	-	-	0.0%
Advertising & Marketing Expenses	150,000	-	150,000	1,154	0.3%
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	5,490,619	-	5,490,619	42,236	9.7%
SUBTOTAL PROJECT COSTS					
	49,586,962	51,962,349	50,521,273	388,625	89.4%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	1,341,076	4,571,322	5,912,398	45,480	10.5%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	100,000	-	100,000	769	0.2%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	1,441,076	4,571,322	6,012,398	46,249	10.6%
TOTAL PROJECT COSTS					
	51,028,038	56,533,671	56,533,671	434,874	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET		Final Commitment	
Twin Oaks Senior Apartments		Project Number	19-015-A/X
INCOME		AMOUNT	PER UNIT
Rental Income			%
Restricted Unit Rents	\$ 2,201,040	\$ 16,931	103.39%
Unrestricted Unit Rents	21,144	163	0.99%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	18,720	144	0.88%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	\$ 2,240,904	\$ 17,238	105.26%
Less: Vacancy Loss	\$ 112,045	\$ 862	5.26%
EFFECTIVE GROSS INCOME (EGI)	\$ 2,128,859	\$ 18,100	100.00%
OPERATING EXPENSES		AMOUNT	PER UNIT
Administrative Expenses	\$ 171,551	\$ 1,320	\$ 0
Management Fee	106,462	819	5.00%
Social Programs & Services	15,000	115	0.70%
Utilities	169,769	1,306	7.97%
Operating & Maintenance	145,627	1,120	6.84%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	58	0.35%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	163,919	1,261	7.70%
Other Taxes & Insurance	121,372	934	5.70%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	\$ 901,200	\$ 6,932	42.33%
Operating Reserves	\$ 32,500	\$ 250	1.53%
TOTAL OPERATING EXPENSES	\$ 933,700	\$ 7,182	43.86%
NET OPERATING INCOME (NOI)	\$ 1,195,159	\$ 9,194	56.14%
DEBT SERVICE PAYMENTS		AMOUNT	PER UNIT
MIP	\$ -	\$ -	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
Conduit First Lien Loan-Citi	\$ 969,848	7,460	45.56%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	\$ 69,214	532	3.25%
TOTAL DEBT SERVICE & OTHER PAYMENTS	\$ 1,039,062	\$ 7,993	48.81%
EXCESS AFTER DEBT SERVICE & MONITORING FEES	\$ 156,097	\$ 1,201	7.33%
DEBT SERVICE COVERAGE RATIO (DSCR)	\$ 1 to 1		
Date: 9/29/20	Senior Staff Date: 10/06/20		

PROJECTED PERMANENT LOAN CASH FLOWS										Twin Oaks Senior Apartments				
Final Commitment										Project Number		19-015-A/X		
		YEAR	1	2	3	4	5	6	7	8	9	10	11	
RENTAL INCOME		CPI												
Restricted Unit Rents		2.50%	2,201,040	2,256,066	2,312,468	2,370,279	2,429,536	2,490,275	2,552,532	2,616,345	2,681,754	2,748,797	2,817,517	
Unrestricted Unit Rents		2.50%	21,144	21,673	22,214	22,770	23,339	23,922	24,521	25,134	25,762	26,406	27,066	
Laundry Income		2.50%	19,667	20,159	20,663	21,180	21,709	22,252	22,808	23,378	23,963	24,562	25,176	
GROSS POTENTIAL INCOME (GPI)			2,241,851	2,297,898	2,355,345	2,414,229	2,474,585	2,536,449	2,599,860	2,664,857	2,731,478	2,799,765	2,869,759	
VACANCY ASSUMPTIONS		Vacancy												
Restricted Unit Rents		5.00%	110,052	112,803	115,623	118,514	121,477	124,514	127,627	130,817	134,088	137,440	140,876	
Unrestricted Unit Rents		5.00%	1,057	1,084	1,111	1,138	1,167	1,196	1,226	1,257	1,288	1,320	1,353	
Laundry Income		5.00%	983	1,008	1,033	1,059	1,085	1,113	1,140	1,169	1,198	1,228	1,259	
TOTAL PROJECTED VACANCY LOSS			112,093	114,895	117,767	120,711	123,729	126,822	129,993	133,243	136,574	139,988	143,488	
EFFECTIVE GROSS INCOME (EGI)			2,129,759	2,183,003	2,237,578	2,293,517	2,350,855	2,409,627	2,469,867	2,531,614	2,594,904	2,659,777	2,726,271	
OPERATING EXPENSES		CPI / Fee												
Administrative Expenses		3.50%	186,551	193,080	199,838	206,832	214,072	221,564	229,319	237,345	245,652	254,250	263,149	
Management Fee		5.00%	107,362	109,170	111,899	114,697	117,564	120,503	123,516	126,603	129,769	133,013	136,338	
Utilities		3.50%	169,769	175,711	181,861	188,226	194,814	201,632	208,689	215,994	223,553	231,378	239,476	
Operating & Maintenance		3.50%	145,627	150,724	155,999	161,459	167,110	172,959	179,013	185,278	191,763	198,475	205,421	
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	
Mixed Income Loan Fee		0.00%	69,214	68,769	68,308	67,832	67,339	66,830	66,302	65,757	65,192	64,608	64,004	
Other Agency Monitoring Fee		0.00%	-	-	-	-	-	-	-	-	-	-		
Real Estate Taxes		1.25%	163,919	165,968	168,043	170,143	172,270	174,423	176,604	178,811	181,046	183,309	185,601	
Other Taxes & Insurance		3.50%	121,372	125,620	130,017	134,567	139,277	144,152	149,197	154,419	159,824	165,418	171,207	
Required Reserve Payments		1.00%	32,500	32,825	33,153	33,485	33,820	34,158	34,499	34,844	35,193	35,545	35,900	
TOTAL OPERATING EXPENSES			1,003,814	1,029,367	1,056,618	1,084,741	1,113,766	1,143,721	1,174,639	1,206,551	1,239,492	1,273,495	1,308,596	
NET OPERATING INCOME (NOI)			1,125,945	1,153,636	1,180,960	1,208,776	1,237,090	1,265,906	1,295,228	1,325,063	1,355,412	1,386,282	1,417,675	
DEBT SERVICE PAYMENTS		Lien #												
MIP		2	-	-	-	-	-	-	-	-	-	-	-	
Conduit First Lien Loan-Citi		1	969,848	969,848	969,848	969,848	969,848	969,848	969,848	969,848	969,848	969,848	969,848	
MIP Annual Fee (applicable for MIP only deals)		-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL DEBT SERVICE & OTHER PAYMENTS			969,848	969,848	969,848	969,848	969,848	969,848	969,848	969,848	969,848	969,848	969,848	
CASH FLOW AFTER DEBT SERVICE			156,097	183,788	211,112	238,928	267,242	296,058	325,380	355,215	385,564	416,434	447,827	
DEBT SERVICE COVERAGE RATIO			1.16	1.19	1.22	1.25	1.28	1.31	1.34	1.37	1.40	1.43	1.46	
Date Prepared:		09/29/20										Senior Staff Date:		10/6/20
			1	2	3	4	5	6	7	8	9	10	11	
LESS: Asset Management Fee		3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	
LESS: Partnership Management Fee (MGP)		3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	
LESS: Partnership Management Fee (AGP)		3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	
net CF available for distribution			133,597	160,613	187,241	214,342	241,918	269,974	298,514	327,542	357,062	387,077	417,589	
100%			\$ 160,613	\$ 187,241	\$ 214,342	\$ 241,918	\$ 269,974	\$ 298,514	\$ 327,542	\$ 357,062	\$ 387,077	\$ 417,589		
Developer Distribution of Net Cash Flow			133,597	160,613	187,241	214,342	241,918	269,974	298,514	327,542	357,062	387,077	417,589	
Deferred developer fee repayment		3,876,033	3,876,033	3,742,436	3,581,823	3,394,582	3,180,240	2,938,322	2,668,348	2,369,834	2,042,292	1,685,230	1,298,153	
			133,597	160,613	187,241	214,342	241,918	269,974	298,514	327,542	357,062	387,077	417,589	
			3,742,436	3,581,823	3,394,582	3,180,240	2,938,322	2,668,348	2,369,834	2,042,292	1,685,230	1,298,153	880,564	
Payments for Residual Receipt Payments		0%												
RESIDUAL RECEIPTS LOANS		Payment %												
MIP		100.00%	-	-	-	-	-	-	-	-	-	-	-	
0		0.00%	-	-	-	-	-	-	-	-	-	-	-	
Total Residual Receipts Payments			100.00%	-	-	-	-	-	-	-	-	-	-	
Balances for Residual Receipt Payments		Interest Rate												
RESIDUAL RECEIPTS LOANS		Interest Rate												
MIP---Simple		3.00%	5,160,000	5,314,800	5,469,600	5,624,400	5,779,200	5,934,000	6,088,800	6,243,600	6,398,400	6,553,200	6,708,000	
0---Compounding		0.00%	-	-	-	-	-	-	-	-	-	-		
Conduit First Lien Loan-Citi---Compounding		0.00%	-	-	-	-	-	-	-	-	-	-		
0---Simple		0.00%	-	-	-	-	-	-	-	-	-	-		
0---Compounding		0.00%	-	-	-	-	-	-	-	-	-	-		
0---		0.00%	-	-	-	-	-	-	-	-	-	-		
0---		0.00%	-	-	-	-	-	-	-	-	-	-		
Total Residual Receipts Payments			5,160,000	5,314,800	5,469,600	5,624,400	5,779,200	5,934,000	6,088,800	6,243,600	6,398,400	6,553,200	6,708,000	

PROJECTED PERMANENT LOAN CASH FLOWS

Final Commitment						
	YEAR	12	13	14	15	16
RENTAL INCOME						
	CPI					
Restricted Unit Rents	2.50%	2,887,955	2,960,154	3,034,158	3,110,012	3,187,762
Unrestricted Unit Rents	2.50%	27,743	28,436	29,147	29,876	30,623
Laundry Income	2.50%	25,805	26,451	27,112	27,790	28,484
GROSS POTENTIAL INCOME (GPI)		2,941,503	3,015,041	3,090,417	3,167,677	3,246,869
VACANCY ASSUMPTIONS						
	Vacancy					
Restricted Unit Rents	5.00%	144,398	148,008	151,708	155,501	159,388
Unrestricted Unit Rents	5.00%	1,387	1,422	1,457	1,494	1,531
Laundry Income	5.00%	1,290	1,323	1,356	1,389	1,424
TOTAL PROJECTED VACANCY LOSS		147,075	150,752	154,521	158,384	162,343
EFFECTIVE GROSS INCOME (EGI)		2,794,428	2,864,289	2,935,896	3,009,294	3,084,526
OPERATING EXPENSES						
	CPI / Fee					
Administrative Expenses	3.50%	272,359	281,891	291,758	301,969	312,538
Management Fee	5.00%	139,747	143,240	146,821	150,492	154,254
Utilities	3.50%	247,858	256,533	265,511	274,804	284,422
Operating & Maintenance	3.50%	212,611	220,052	227,754	235,726	243,976
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%	63,379	62,733	62,064	61,372	60,656
Other Agency Monitoring Fee	0.00%	-	-	-	-	-
Real Estate Taxes	1.25%	187,921	190,270	192,648	195,056	197,494
Other Taxes & Insurance	3.50%	177,199	183,401	189,820	196,464	203,340
Required Reserve Payments	1.00%	36,259	36,622	36,988	37,358	37,731
TOTAL OPERATING EXPENSES		1,344,833	1,382,242	1,420,865	1,460,741	1,501,913
NET OPERATING INCOME (NOI)		1,449,596	1,482,047	1,515,031	1,548,553	1,582,613
DEBT SERVICE PAYMENTS						
	Lien #					
MIP	2	-	-	-	-	-
-	-	-	-	-	-	-
Conduit First Lien Loan-Citi	1	969,848	969,848	969,848	969,848	969,848
-	-	-	-	-	-	-
-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		969,848	969,848	969,848	969,848	969,848
CASH FLOW AFTER DEBT SERVICE		479,748	512,199	545,184	578,705	612,765
DEBT SERVICE COVERAGE RATIO		1.49	1.53	1.56	1.60	1.63
Date Prepared: 09/29/20						

		12	13	14	15	16
LESS: Asset Management Fee	3%	10,382	10,693	11,014	11,344	11,685
LESS: Partnership Management Fee (MGP)	3%	10,382	10,693	11,014	11,344	11,685
LESS: Partnership Management Fee (AGP)	3%	10,382	10,693	11,014	11,344	11,685
net CF available for distribution		448,602	480,119	512,142	544,672	577,711
				50%		
		\$ 448,602	\$ 480,119	\$ 256,071		
Developer Distribution of Net Cash Flow		448,602	480,119	256,071	-	-
Deferred developer fee repayment	3,876,033	880,564	431,961	-	-	-
		448,602	431,961	-	-	-
		431,961	-	-	-	-
Payments for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS						
	Payment %					
MIP	100.00%	-	-	256,071	272,336	288,856
0	0.00%	-	-	-	-	-
Total Residual Receipts Payments	100.00%	-	-	256,071	272,336	288,856
Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS						
	Interest Rate					
MIP---Simple	3.00%	6,862,800	7,017,600	7,172,400	7,071,129	6,953,593
0---Compounding	0.00%	-	-	-	-	-
Conduit First Lien Loan-Citi---Compounding	0.00%	-	-	-	-	-
0---Simple	0.00%	-	-	-	-	-
0---Compounding	0.00%	-	-	-	-	-
0---	0.00%	-	-	-	-	-
0---	0.00%	-	-	-	-	-
Total Residual Receipts Payments		6,862,800	7,017,600	7,172,400	7,071,129	6,953,593



MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term financing for newly constructed 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 Preferred Construction Lender. Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Preferred Permanent Lender. 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 California renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications	<ul style="list-style-type: none"> • Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements. • Subsidy resources must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Preferred Construction Lender. • Subsidy resources must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Preferred Permanent Lender. • Financing Structure: 1) Tax-exempt Bond and 4% tax credit projects where at least 51% of the units in each project must be tax credit financed or 2) Qualify as a 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) and use an allocation of private activity bonds to finance the project. • Projects must have site control and be prepared to submit to CDLAC and TCAC by no later than the December 2019 CDLAC Allocation meeting and will only receive funds if bonds are issued within the issuance timeframes outlined in the CDLAC resolution.
CalHFA Mixed-Income Preferred Construction Lender Qualifications	<p>Selected annually through a CalHFA Request for Qualification process.</p>
CalHFA Mixed-Income Preferred Permanent Lender Qualifications	<p>Selected annually through a CalHFA Request for Qualification process.</p>
Permanent First Lien Loan	<ul style="list-style-type: none"> • Provided by CalHFA or a CalHFA Mixed-Income Preferred Permanent Lender. • Minimum loan amount of \$5 million. • Minimum 1.15x for debt service coverage ratio.

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MIXED-INCOME LOAN PROGRAM

Construction First Lien Loan	<p>Provided by a CalHFA Mixed-Income Preferred Construction Lender.</p>
Limitations	<ul style="list-style-type: none"> • Use cannot be combined with the Tax Credit Allocation Committee’s (TCAC) 9% program. • Use cannot be combined with the Department of Housing and Community Development’s (HCD) State programs except for those programs that are administered by HCD on behalf of local jurisdictions including HOME and CDBG. • 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.) • At the time of application to CalHFA, a project must not have already received an allocation of 4% tax credits from TCAC or bonds from CDLAC. • Projects will not be eligible for subsidy resources from CalHFA in addition to this program.
Preferences/ Limitations (if competitive)	<ul style="list-style-type: none"> • Projects restricting at least 10% of the units to moderate income households, 81% to 120% AMI (CalHFA restricted), will be prioritized over other projects. • Of the projects that restrict 10% of the units for moderate income households, preference will be given to projects with the lowest CalHFA subsidy request per unit. • No one sponsor may receive more than 33% of the total subsidy awarded per year. • No one county may receive more than 33% of the total subsidy awarded per year. • No more than 25% of the total subsidy awarded per year may go to age-restricted projects.
Mixed-Income Project Occupancy Requirements	<ul style="list-style-type: none"> • 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”). • Tax credit transactions that are income-averaged must meet the above minimum criteria. • For tax credit transactions not considered mixed-income by CDLAC, at least 20% of the tax credit restricted units must be restricted at 80% AMI subject to a market study demonstrating the 80% is 10% below market. • These restrictions will remain in effect for up to 55 years.
Mixed-Income Subordinate Loan	<ul style="list-style-type: none"> • Maximum loan amount of \$5 million, with exceptions considered for larger projects. • Maximum loan amount of \$40,000 per restricted (tax credit or CalHFA) units (30%-120% AMI). • Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	<ul style="list-style-type: none"> • Interest Rate: 3.00% simple interest. • Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Of the 50% residual lender split, CalHFA’s payment equals to proportionate share of total subordinate debt. Potential deferment possible for up to 15 years. • Loan and Affordability Term: Up to 55 years. • Assignability: Consent will be considered. • Prepayment: May be prepaid at any time. • Subordination: A subordination request in conjunction with a resyndication, refinance, or ownership transfer will be considered. If a longer loan term is requested, subordination will be negotiated. • Funded: Only at permanent loan conversion.

MIXED-INCOME LOAN PROGRAM

<p>CalHFA Conduit Bond Program</p>	<p>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</p>
<p>CalHFA First Lien Permanent Rates & Terms (subject to change)</p>	<p>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</p>
<p>Fees (subject to change)</p>	<p>MIP Fees</p> <ul style="list-style-type: none"> • Program Application Fee: \$10,000 non-refundable, due at time of CalHFA application submittal. • Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at loan close). • Legal Fee: \$15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). • MIP Fee Paid to CalHFA: 0.35% ongoing annual fee, commencing at permanent loan conversion, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55-year level-amortization; ii) start date, interest rate and the loan amount consistent with Permanent First-Lien Loan (applicable if CalHFA is not providing permanent financing). <p>For projects where units are not all restricted by the MIP program (excluding Managers Units), the fee as described above will be multiplied by the proportion of MIP units to total units.</p> <p>Conduit Bond Program Fees</p> <ul style="list-style-type: none"> • Program Application Fee: Paid via MIP Application Fee. • Issuance Fee: 1) The greater of \$15,000 or 0.2% of the Bond amount if less than \$20 million or 2) If more than \$20 million: \$40,000 + 0.10% of the amount above \$20 million. • Public Sale: \$5,000-\$10,000 when bonds are sold to the public. • Annual Administrative Fee: \$7,500 per year. • Required CDLAC Fees. <p>If CalHFA is selected as the permanent lender, please see CalHFA terms sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees.</p> <p>www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</p>

Last revised: 04/2019

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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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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. <p>The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.</p>

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CONDUIT ISSUER PROGRAM

Occupancy Requirements

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

Last revised: 03/2019

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