Executive Summary	
CalHFA Project Number	24006-A/X/S
Project Name	North City Affordable
Type of Development	New Construction
Type of Project	Family
Total Units [MIP Restricted Units]	224 (222 restricted)
Street Address	337 E. Carmel Street
City, County, Zip Code	San Marcos, San Diego, 92078
Borrower (Legal entity name)	Rise Carmel LP
Developer(s)	Rise Carmel LLC (emerging developer, see notes in section 2) (Urban Villages San Marcos, LLC (owner) Noble Canyon, LLC (manager))
Co-Developer	N/A
Approved Conduit Issuances	
Conduit T/E Issuance [CDLAC Meeting: 8/6/2024] **Supplemental Request (4,400,000 – submission date 1/24/2025)**	Up to $66,000,000 (Includes 10% cushion and rounded to nearest $1M assuming current need of $60,360,000)
Conduit Taxable Issuance	Up to $4,000,000 (Includes 10% cushion and rounded to nearest $1M assuming current need of $4,000,000)
Recycled Bond Volume Cap to be utilized, if available	$5,000,000 (Includes 10% cushion and rounded to nearest $1M assuming current need of $4,000,000
Requested CalHFA Financing for Approval	
CalHFA Tax-Exempt Permanent Loan Amount	$39,150,000 UW Rate and Loan Term: 6.25%, fixed; 1st lien; 40/17
CalHFA Taxable Permanent Loan Amount (if any)	$0 UW Rate and Loan Term: N/A
HUD Risk Sharing Requirement (1st lien loan)	Yes
CalHFA Subordinate/Subsidy Financing Type	Mixed-Income Program (MIP) 2024
CalHFA Subordinate/Subsidy Financing Amount	$4,000,000 UW Rate and Loan Term: [3.00%, fixed; 2nd lien; residual receipts; principal and accrued interest due in 17 years]
Key Dates and Approvals	
SLC Initial Commitment Approval/ Declaration of Intent Date (2/21/2024 Dec of Intent)	4/22/2024
SLC Final Commitment Approval Date	2/5/2025
CDLAC Volume Cap Award Date- Supplemental Request submitted 1/24/2025)	8/6/2024
CTCAC Tax Credit Award Date	8/6/2024
CDLAC Closing Deadline (per extension letter dated 12/20/2024)	5/5/2025
Construction Loan Closing Date [Est.]	3/11/2025
Est. CalHFA Loan Closing (perm conversion) Date	3/11/2028
Federal Tax Credits (LIHTC) Requested	Federal LIHTC Amount: $59,301,950

State Tax Credits Requested	State Tax Credit Amount: $20,581,563
Notes:	

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1	Project Summary
1a	Project Description

North City Affordable (the "Project") is a new construction, large family, mixed-income Project. The total development site area is 3.43 acres of a larger 6.1-acre parcel located in San Marcos, San Diego. The Project will consist of one, 4-story residential elevator serviced building. The Project will have total 224 residential units, of which 222 units will be restricted between 30% and 70% of the San Diego County Area Median Income (AMI). There will be 16 SRO/studio units (385 sq. ft.), 82 one-bedroom units (580 sq. ft.), 66 two-bedroom units (871 sq. ft.), and 60 three-bedroom units (1,100 sq. ft.). In addition, 2 of the two-bedroom units will serve as the manager's units. The Project will have 280 spaces for residential parking.

The subject site is vacant without any existing structures. An Environmental Site Assessment (ESA) Phase I report dated 2/8/2024 did not identify any environmental hazard concerns.

The Project's financing structure includes financing from: Tax-exempt (T/E) bonds, Taxable bonds, T/E Recycled bonds, 4% Federal Low Income Housing Tax Credit (LIHTC) equity, State Housing Tax Credit Equity, GP Loan, CalHFA Tax-Exempt Permanent Loan, and CalHFA Subordinate financing through Mixed-Income (MIP) Subsidy Loan.

Residential Areas		Commercial Areas (If Mixed-use)	
Land Area (Acres)	3.43	Land Area (Acres)	N/A
Residential Units / Acre	69	Number of Lease spaces	N/A
Residential Area (Sq. Ft)	182,313	Commercial Area (Sq. Ft)	N/A
Community Area (Sq. Ft)	4,210	Commercial Parking Spaces	N/A
Supportive Services Area	N/A	Master Lease?	N/A
Residential Parking Space	272	Condo Structure (not part of subject financing)	N/A

Notes:

1b	Project Location Geocoder Information

The Project is located in San Marcos, San Diego County. The total development site area is a 3.43acre portion of a larger 6.1-acre parcel that will be a subdivided and receive a new address during development. The Project is located in the University District Specific Plan (UDSP) area of San Marcos, San Diego County reflecting the presence of California State University San Marcos to the south. This is an inclusionary project and will be part of a larger development that will include retail, office, CSUSM educational facilities, student housing, affordable housing, and market rate for-sale and for-rent housing. The entire development will sit on approximately 203 acres. The master developer is Urban Villages San Marcos, LLC. The Administrative general partner, Rise Carmel, LLC is an affiliate of the master developer. The seller of the site, Carmel Enterprises LLC is also an affiliate of the master developer. The master developer is meeting the MIP requirement of 1:1 contribution to the project by providing a subordinate loan of up to $14,000,000, the current need is $12,820,611, at 3% interest rate for 55 years for receipt of Certificate of Occupancy which exceeds the MIP amount of $4,000,000. Repayment of the loan will be from the Borrower's portion of surplus cash.

The City granted concessions and waivers to the Project. These include allowing the Project to contain ground floor residential uses without having to obtain a Director's Permit; allowing the Project to have an approximate six-foot setback along Enterprise Street, where a zero-foot setback would normally be required; and allowing the Project's ground floor to have a ceiling height of 10.5 feet, when a ceiling height of 15 to 22 feet would normally be required.

The project will be subject to a regulatory agreement from the City of San Marcos that will restrict 13 units at or below 50% of AMI and 209 units at or below 80% of AMI for a term of at least 55 years. The City of San Marcos is requiring an Affordability Restrictions and Regulatory Agreement (Density Bonus) to be recorded in senior position to the CalHFA Deeds of Trust. See Section 4b, Note 1.			
Inside Principal City?	No	Underserved or Distressed Tract?	No
Census Tract (CT)	06-073-0203.10	% Population Below Poverty Line	9.38
CT Minority Population %	54.42	Rural Area?	No
CT Income Level	Medium	2023 Est. CT Median Family Income	$130,793
CDLAC/TCAC Opportunity Area Category		Highest Resource	
CDLAC/TCAC Geographic Region		San Diego County	
Project is located in DDA?		Yes	
Project is located in Federally-designated Qualified Census Tract (QCT) for LIHTC purposes?		No	

2	Development and Financing Team				
Developer (Sponsor): Rise Carmel LLC (emerging developer, see notes) (Urban Villages San Marcos, LLC, member and Noble Canyon, LLC, manager)			**Co-developer:**		
	New to CalHFA?	Yes		New to CalHFA?	select
	Affordable Housing/LIHTC experience?	Yes		Affordable Housing/LIHTC experience?	select
	Has Projects in California?	Yes		Has Projects in California?	select
Borrower (Legal entity): Rise Carmel LP			**Co-Borrower (if any):** N/A		
Construction (Senior) Lender: 1) Citibank, N.A.			**Construction Subordinate Lender(s):** 1) Seller/Affiliate Loan		
Permanent 1st lien Lender: 1) CalHFA			**Permanent Subordinate Lender(s):** 1) CalHFA (2nd lien) 2) Seller/Affiliate Loan (3rd lien) (Note: The repayment of the Developer loan will be from the Developer's share of the surplus cash.		
Federal LIHTC Investor: RSEP Holding, LLC			**State LIHTC Investor:** RSEP Holding, LLC		
	Tax Credit Amount	$59,301,950		Tax Credit Amount	$20,581,563
Solar Tax Credit Investor: N/A					
	Tax Credit Amount	$0			
General Contractor:			**Management Company (Property Manager):**		

ECON JMI JV 2.0		CONAM Management Corporation (CONAM)	
Is an affiliate of Developer?	No	Is an affiliate of Developer?	No
Experience with CalHFA?	No	Total number of properties managed	321 (230 Affordable and 91 Market Rate)
Architect: Safdie Rabines Architects		**Service Provider:** ATAP	
Has worked with GC?	Yes	Required by TCAC or other Funding sources?	Yes
Has experience designing and managing similar projects?	Yes	Terms of service (on-site, number of years)	On-site, minimum of 15 years
		Support Services Cost (per Operating budget)	$20,000
Has housing projects in CA?	Yes	Per unit cost of services meets USRM req.?	Yes
Financial Advisor: N/A		**Project Consultant:** Rise Urban Partners, LLC	

Notes:

- The Developer, Rise Carmel LLC, is a wholly owned affiliate of Urban Villages San Marcos LLC, with common Manager, Noble Canyon LLC. Urban Villages San Marcos LLC was founded in 2007 and specializes in the acquisition, financing, and development of commercial and multifamily properties. CalHFA does not have prior experience with either entity.
- Rise Urban Partners, LLC will provide Consulting services during development and operating phases. Rise Urban Partners, LLC is not affiliated with Rise Carmel LLC nor Urban Villages San Marcos LLC or its subsidiaries.
  (1) Prior to construction loan closing, Rise Urban Partners LLC, and the Developer will enter into a Development Consulting Agreement given their experience in LIHTC projects. The services include feasibility analysis, budget preparation and maintenance, identifying, applying and managing the closing of Project financing, Project financial management including loan and equity draws from construction through permanent loan closing, reporting and compliance obligations in connection with Project financing, assisting with the cost certification and documentation for 8609. Rise Urban Partners, LLC will receive a Consultant Development Fee of $2,000,000 over time which are associated with Project milestones (construction loan closing, certificate of occupancy, conversion and 8609 receipt) from the Developer.
  (2) Prior to construction loan closing, Rise Urban Partners, LLC and the Developer will enter into an Asset Management Agreement to perform the Project asset management services. These services include review and approval of operating budget, capital expenditures, operating costs, trial balances, ledgers, profit and loss statements and balance sheets, Property Manager oversight, communication management with Property Manager, Borrower and lenders, fulfil third party requests and reporting services. Payment of the asset management services will be an amount equal the 10% of net cash flow after the payment operating expenses, mandatory debt service, investor payment obligations, and managing general partner fees. Rise Urban Partners, LLC is not affiliated with Rise Carmel LLC nor Urban Villages San Marcos LLC or its subsidiaries.

3	Summary of Material Changes from Initial Commitment Approval

For any changes marked ☒ please explain the changes and the impact of such changes either in CDLAC scoring, financial risk to the Agency, or any other material impact to the underwriting of the loan	
☒	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☒	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders
☐	Changes in Project Scope (for example, addition of non-residential component)
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms
☐	Changes in construction schedule and rent-up/conversion timeline
☐	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.
☐	Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions
☐	Changes in CalHFA required reserves
☒	Changes in Affordability Restrictions including Unit distribution for regulated units
☒	Other material underwriting, project scope or financial structuring changes

	Notes:
	• Development Team Member Changes:
	  ◦ Carmel Enterprises, LLC was the member manager of Rise Carmel LLC. The member is now Urban Villages San Marcos, LLC and the manager is Noble Canyon, LLC.
	  ◦ The Property Management Agent changed from Aperto to CONAM.
	• Requested CalHFA loan amount increased ~26% from $31,026,780 to $39,150,000.
	• At Initial Commitment the Affordability Restrictions did not comply with the comparable distribution of CalHFA regulated units but now the requirement is met.
	• The Project will be requesting a supplemental bond allocation to meet the 50% test and is seeking a rate lock on the construction loan.

4	**Requested CalHFA Financing for Approval**
4a	CalHFA Financing Terms

	CalHFA 1st Lien Perm Loan	**CalHFA Subordinate Loan (MIP Subsidy Loan)**	**Total CalHFA Financing**
Loan Amount ($)	$39,150,000	$4,000,000	$43,150,000
Loan Term (Year)	17	17	
Amort. Term (Year)	40		
Amort. Type	Partially Amortizing	Non-amortizing	
Lien Position	1st	2nd	
UW Interest Rate % (See Note 1)	6.25%	3%	
Loan to Value (%) (See Note 2)	67.04%	6.85%	
Combined LTV (CLTV) (%) (See Note 2)			73.89%
Loan to Cost (%) (See Note 3)	32%	3.27%	35.27%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

Notes:
1. The spreads locked on 2/5/2025 for the CalHFA perm loan. The final rate will be locked prior to issuance of the Final Commitment Letter pursuant to the final commitment approval. A 50-bps underwriting cushion is included to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked no more than 30 days prior to construction loan closing.
2. Maximum LTV limited to 90% and maximum CLTV to be limited to 120% of restricted appraised value based on an acceptable Appraisal. However, if the exit analysis requirements are not met per the Agency's underwriting standards, the CLTV shall not exceed 100%.
3. Loan to Cost shall not exceed 100% of the total project development cost (see construction sources/uses for total development cost).

4b	CalHFA Loan(s) Security
Select ONE	Description
☒	The CalHFA Perm loan(s) will be secured by a first lien deed of trust (DoT) against the above-described Project site and improvements.
☒	The CalHFA Subordinate (MIP) loan will be secured by a second lien deed of trust (DoT) against the above-described Project site and improvements.
☐	[If ground lease owned by for-profit entity, add:] The Agency shall encumber both the fee and leasehold interests in the Development as security for its deeds of trust and regulatory agreements.
☐	[If ground lease owned by locality/non-profit and it meets USRM requirements, add:] CalHFA loan(s) will be secured against the fee interest in the improvements and leasehold Interest in the land.
☒	Assignment of Borrower's interest in Project improvements, Project revenues and escrows
Notes: 1. The City of San Marcos is requiring an Affordability Restrictions and Regulatory Agreement (Density Bonus) to be recorded in senior position to the CalHFA Deeds of Trust. The Affordability Restrictions and Regulatory Agreement (Density Bonus) will not have foreclosure rights and will be subject to a subordination or standstill agreement with provisions that require CalHFA to adhere to the affordability requirements for any period that the Agency is in possession of the property following a foreclosure or deed in lieu.	

5	Project Budget & Total Development Cost
5a	Construction Financing

Construction Lender	Citibank, N.A.
CDLAC/CTCAC Construction Closing Deadline	5/5/2025

	Bond Issuance Amount	Type of Issuance
Construction Conduit Issuance Amount	$60,360,000	Tax-Exempt
Construction Conduit Issuance Amount	$4,000,000	Taxable
Construction Conduit Issuance Amount	$4,000,000	T/E Recycled
Total	$68,360,000	

	Loan Amount	UW Rate	Loan Term
Construction Loan (T/E) (Interest-only, 1st lien during construction)	$60,360,000	6.15%, Fixed/Variable (See Note 1)	36 months + two 6-month extensions
Construction Loan (Taxable) (Interest-only, 1st lien during construction)	$18,000,000	6.65%, Fixed/Variable (See Note 2)	36 months + two 6-month extensions
Construction Loan (T/E) Recycled Bonds (Interest-only, 1st lien during construction)	$4,000,000	6.15%, Fixed/Variable (See Note 1)	36 months + two 6-month extensions
Carmel Enterprise, LLC, Subordinate Loan	$12,820,611	3% fixed (see Note 4)	55-years at permanent; 36-months deferred

Notes:

1. Construction Loan T/E is a variable rate equal to 1-month term SOFR + spread of 175 bps. Current 1-month term SOFR as of January 17, 2025, is 4.30% and the all-in rate is 6.05%. The loan term includes two 6-month extensions which will have a 0.25% fee per each extension.
2. Construction Loan (Taxable) is a variable rate equal to 1-month term SOFR + spread of 225 bps. Current 1-month term SOFR as of January 17, 2025, is 4.30% and the all-in rate is 6.55%. The loan term includes two 6-month extensions which will have a 0.25% fee per each extension.
3. The Developer is anticipating a purchase of Interest Rate Cap with a strike rate of 2.50% on the 1-month term SOFR index for a cost of approximately $2,334,000 due at closing of the construction financing which will be paid from taxable bond proceeds. Construction interest reserve is currently sized based on underwritten rate of 4.25% for the T/E Construction Loan and 4.75% for the Taxable Construction Loan and may be re-sized based on the final locked rate at construction closing. Any resulting funding gaps will be covered by the Developer until permanent loan closing.
4. Carmel Enterprises, LLC will be providing a subordinate loan for $12,820,611. The loan will be funded at construction loan closing with repayments deferred during the construction period. The loan will have a 3% interest rate for a term of 55-years. The loan will be repaid from the borrower’s 50% portion of surplus cash.

5b	Construction Sources	
Construction Sources:	**Amount ($)**	**% of Total**
Citibank, N.A. - Tax-Exempt (Loan)	$60,360,000	50.99%
Citibank, N.A. - Taxable (issued by CalHFA) (Loan)	$4,000,000	3.38%
Citibank, N.A. - TE Recycled (Loan)	$4,000,000	3.38%
Carmel Enterprise, LLC (Loan)	$12,820,611	10.83%
RSEP Holding, LLC (Equity, LIHTC Investor)	$23,204,084	19.60%
Citibank, N.A. - Taxable (Loan)	$14,000,000	11.83%
Total Construction Sources	**$118,384,695**	**100%**

5c	Construction Uses	
Construction Uses:	**Amount ($)**	**% of Total**
Land and Improvement Value	$160,000	0.14%
Construction/Rehab Costs	$82,306,084	69.52%
Soft Costs (A&E, Legal, Title, and Other Soft Costs)	$7,511,240	6.34%
Hard Cost contingency	$6,147,456	5.19%
Soft Cost contingency	$1,128,935	0.95%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	$8,159,325	6.89%
Local Impact Fees and Permit Fees	$8,739,684	7.38%
Cash Portion Developer Fee	1,194,871	1.01%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	$3,037,100	2.57%
Operating Reserves	$0	0.00%
Total Construction Uses	**$118,384,695**	**100%**
Total Construction Cost per unit	$528,503	
Total Construction Cost per CalHFA MIP Regulated Unit	$533,264	

Notes:
1. CalHFA will require review and approval of independent third-party prepared plan and cost review report for project plans and specifications (plan & specs) and cost review prior to construction loan closing.
2. CalHFA underwriting policy requires any Sponsor or General Partner (GP) loan to be repaid from the Borrower's 50% share of surplus cash. Accordingly, any repayment of the sponsor loan is not considered separately in the Financial Analysis and Underwriting as it is expected to be repaid from the Borrower's share of the 50% surplus cash.
3. Acquisition Costs included in the budget are $160,000 which is in compliance with Agency's underwriting (USRM) standards. The total Acquisition costs include as-is land cost (per appraisal dated 1/21/2025) of $160,000 and $10,000 for the consideration of the option which is credited to the purchase price. The appraisal noted that this is a related party transaction and that the price was determined by a prior appraisal and not reflective of market value. Approximately $3,000,000 has been spent on architectural, engineering and other soft costs towards plan and approvals for the site. .
4. The total hard cost contingency in the project is 10.16% of the Hard costs, which includes the contingency in the GC Schedule of Values (SOV) and has been reviewed by the CalHFA inspector to meet the USRM requirements and project scope for completion within the stipulated budget.
5. The total soft cost contingency in the project is 3% of eligible costs and has been reviewed by the Multifamily staff to meet the USRM requirements and project scope for completion within the stipulated budget.
6. The project budget includes $3,796,884 in offsite improvements and infrastructure costs. See Note 6 in Section 5d for detail.

5d	Third-party Plan & Cost Review Summary
General Contractor (GC) Name:	ECON JMI JV 2.0
GC Budget (per Schedule of Values)	$74,471,392
% of Builder overhead, profit, and general requirements (TCAC allowable 14%)	7.92%
Type of Construction Contract:	GMP, Cost Plus Fee
GC Contract Executed? If not, provide status:	No. Contract execution to occur prior to construction closing.
GC Hard-Cost Contingency and Sufficiency:	$1,392,162

Notes:
1. Construction Lender and Investor have co-engaged, GTG Consultants, Inc., to perform an independent third-party review of project plans and specifications (plan & specs) and cost review. The report is expected on February 11, 2025.
2. The final Plan and Cost Review and sign off by CalHFA Inspector is a condition to construction closing.
3. Per the review by CalHFA inspector, the project can be completed within the indicated budget and the construction schedule.
4. The project hard cost contingency in the General Contractor's Schedule of Values (SOV) as well as the project hard cost contingency included in the overall budget are sufficient per the review completed by CalHFA inspector and meets the USRM requirements for minimum contingency levels.
5. The project is in a planned development that requires off-site infrastructure connections and pedestrian links to the site. Offsite infrastructure costs of $3,796,884 includes:

Carmel Street	$2,469,732
Enterprise	$342,089
Ped Link	$857,325

Barham	$127,738
Total	**$3,796,884**

A separate contract for this work will be in place. The draft contract and SOV has been reviewed by the CalHFA inspector. These costs will be paid from the Seller/Affiliate loan proceeds.

5e	Permanent Sources and Uses

Permanent Sources:	**Amount ($)**	**% of Total**
CALHFA Perm Loan (Loan)	$39,150,000	32.0%
CALHFA MIP (Loan)	$4,000,000	3.3%
Carmel Enterprise, LLC (Loan)	$12,820,611	10.5%
Deferred Developer Fee (Developer Fee, Deferral)	$1,455,446	1.2%
Accrued Interest (Accrued Interest)	$1,678,000	1.4%
Tax Credit Equity (Equity, LIHTC Investor)	$63,248,134	51.7%
Total Permanent Sources	**$122,352,191**	**100%**

Permanent Uses:	**Amount ($)**	**% of Total**
Total Loan Payoffs	$118,384,695	96.8%
Financing costs	$313,625	0.3%
Operating Reserves	$1,348,742	1.1%
Cash Developer Fee paid at Perm Conversion	$849,683	0.7%
Deferred Developer Fees paid from cashflow	$1,455,446	1.2%
Total Permanent Uses	**$122,352,191**	**100%**
Total Development Cost per unit	$546,215	
Total Development Cost per CalHFA MIP Restricted Unit	$551,136	
Notes:		

5f	Federal and State Tax Credits			
Federal LIHTC Tax Credit Investor /Syndicator	RSEP Holding, LLC			
State Housing Tax Credit Investor /Purchaser	RSEP Holding, LLC			
Other Tax Credit Investor/Purchaser	N/A			
Tax Credit Type	**Tax Credits Amount ($)**	**Pricing (per Credit)**	**Tax Credit Equity ($)**	**Tax Credit Equity per CTCAC Restricted Unit ($)**
Federal Tax Credits (New Const/Rehab)	$59,301,950	$0.800	$47,441,560	$213,700
Federal Tax Credits (Acq.)	$0		$0	$0
State Housing Tax Credits	$20,581,563	$0.768	$15,806,574	$71,200
<Other Tax Credits: Solar, etc.>	$0		$0	$0
Total	$79,883,513		$63,248,134	$284,900

Notes:

1. The Project was awarded volume cap for bonds and Federal LIHTC tax credit allocation in the CDLAC/TCAC meeting on 8/6/2024.
2. The Project has been awarded State Housing Tax Credits by TCAC.
3. The Project has submitted a supplemental bond application on 1/24/2025.

50% Aggregate Basis Test Requirements	
Accountant prepared Draft Financial Projections date	1/16/2025
Accounting firm name	Novogradac & Company LLP
T/E Private-Activity Bond Volume Cap Allocated	$60,360,000
Aggregate Basis of building and land costs considered	$116,075,881
% of Aggregate basis financed by T/E Bonds	52%
50% Test met per IRC Sec. 42 (h) for LIHTC?	Yes

Notes (if any):

- The supplemental allocation was requested to add a cushion to meet the project's 50% aggregate basis requirement (the "50% test") which was at approximately 48% based on the original development budget and is now approximately 52% due to recent budget adjustments/increase. The supplemental allocation is necessary to accommodate a potential cost increase during construction.

5g	Developer Fee	
Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	$6,000,000	$2,044,554
Deferred Developer Fee (DDF) paid from project cash-flow (b)	N/A	$1,455,446
Total Developer Fee (a) + (b)		$3,500,000
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		**$0**

Notes:

1. For the Final Commitment underwriting, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Tax Credit Investor's requirements (LOI) and/or Limited Partnership Agreement (LPA).
2. Any outstanding Deferred Developer Fee remaining at Year 15, even if within TCAC Maximum Limit, will be paid from Borrower's 50% share surplus cash distribution.

3. Any outstanding Deferred Developer Fee remaining in Year 15 and above TCAC Maximum Limit will be treated as developer contribution. The Limited Partnership Agreement (LPA) and the Tax Credit Investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a GP contribution will be required prior to construction closing.	
Note:	

5h	Evidence of Cost Containment for projects seeking subsidy
Cost Containment Certification received from Developer?	Yes
Cost Containment Certification acceptable to CalHFA?	Yes
Comments on Cost Containment Strategy: The Developer certified that below cost containment measures have been implemented to minimize construction costs 1. All major subcontractor and self-performing trades have been competitively bid out 2. Value engineering firm ECON Construction has been engaged during the design process 3. Utilize Guaranteed Maximum Price (GMP) contract, with cost savings returned to owner. 4. GC will be required to provide a minimum of 3 bids (when available) for each trade, particularly for all major trades 5. Lifecycle Cost Analysis 6. Risk Management and Contingency Planning 7. Technology for Project Management	
Note:	

5i	Evidence of Subsidy Efficiency
Per the CalHFA Term Sheet requirement, a subsidy efficiency analysis completed at Initial Commitment, Final Commitment, prior to construction loan closing, and at closing of the CalHFA subordinate financing (perm conversion). Based on the final subsidy efficiency analysis, the CalHFA subsidy loan may be reduced prior to construction closing or perm conversion. Parameters of Subsidy Efficiency Analysis [Verify with the FA and check all that apply]	
☒	Year 1 DSCR is 1.20x maximum
☒	Confirmed that the on-going minimum DSCR of 1.15x through the term of the CalHFA 1st lien permanent loan based on the Financial Analysis completed at final commitment per Agency's underwriting standards (USRM). A final check will be completed at construction closing and at perm conversion.
☒	Cash-flow after debt service is limited to (i) Higher of 25% of the anticipated annual must pay debt service payment, or (ii) 8% of gross income, during each of the first 3 years project operation.
☒	Inflation factors and vacancy rates are consistent with the Agency's underwriting standards (USRM)
☒	Developer Fee requirements consistent with CalHFA underwriting standards and/or CTCAC Regulation 10327(c)2(B)
☒	Confirmed the reasonableness of the Capitalized Reserves to be consistent with Agency's underwriting standards (USRM) and the verified with the Investor LOI.
☒	State Tax Credits (STC) maximum requested amount is consistent with CTCAC Regulations 10317
☒	Confirmed that the Acquisition Cost (if applicable) is the lesser of: i. Purchase price pursuant to a current purchase and sales agreement between unrelated parties, or ii. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or

	iii. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.
☒	CalHFA Loan Agreement has the requirement that Construction cost savings funds evidenced by the Final Cost Certification will be used to reduce the CalHFA subsidy (MIP) loan prior to CalHFA MIP loan closing.

5j	High-Cost Explanation	
Total Development Cost (TDC)		$122,352,191
Total Units		224
TDC/Unit		$546,191
High-Cost Explanation provided by Developer per CDLAC Regs Section 5233?		N/A
High-Cost explanation acceptable to CalHFA?		N/A
Summary of Project-specific factors contributing to high cost:		
i.	Project located in HUD high-cost designated area?	☐
ii.	State Prevailing Wage (PW) applicable to the project?	☐
iii.	Increase in development cost due to demolition of existing building or structures?	☐
iv.	Increase in development cost due to high environmental remediation costs?	☐
v.	Increase in development cost due to significant off-site improvements due to site specific conditions?	☐
vi.	Increase in development cost due to additional parking spaces or Type 1 podium garage or other commercial space requirements by City, community feedback or other?	☐
vii.	Other atypical costs included in the development cost budget?	☐
viii.		☐
Comments (for any ☒ response, please indicate the costs per the Development Budget line-items)		

6	Affordability Requirements
6a	CalHFA Regulatory Agreement Requirements

The CalHFA Permanent Financing Bond Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (68 units) at or below 60% AMI and 10% of the total units (23 units) at 50% AMI for 55 years.

The CalHFA Subsidy Regulatory Agreement will restrict 222 units between 30% and 120% of AMI for a term of 55 years.

Number of Regulated Units and AMI Restrictions by Each Agency

Number of Units and Percentage of AMI Rents Restricted by each Agency

Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	80%	120%	Regulated	Regulated
City of San Marcos	1st			13			209		**222**	100%
CalHFA Bond	2nd			23	68				**91**	41%
CalHFA MIP	3rd	23		45		23		131	**222**	100%
CTCAC	4th	28		96	19	79			**222**	100%
TOTALS		28		96	19	79	0	0	**222**	100%

Notes:

1. The CalHFA MIP Subsidy Regulatory Agreement requires 30% of total units be restricted at or below 50% of AMI. Of these, a minimum of 10% of total units must be restricted at or below 30% of AMI (23 units at 30% AMI and 45 units at 50% AMI). An additional 10% of total units (23 units) must be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years.
2. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 131 units restricted units will be restricted at or below 120 % of AMI.
3. In addition, the Project will be restricted by the following jurisdictions described below:
    a. The City will restrict 13 units at or below 50% of AMI and 209 units at or below 80% of AMI for a term of at least 55 years.

6b	Unit Distribution for each AMI category

The table below outlines the distribution of units for each unit size by AMI category.

AMI Category	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30% AMI	28	5	9	7	0	0	13%
40% AMI	0	0	0	0	0	0	0%
50% AMI	96	9	63	13	11	0	43%
60% AMI	19	0	2	11	6	0	8%
70% AMI	79	2	8	33	36	0	35%
80% AMI	0	0	0	0	0	0	0%
100% AMI	0	0	0	0	0	0	0
110% AMI	0	0	0	0	0	0	0
120% AMI	0	0	0	0	0	0	0
Manager's Unit	2	0	0	2	0	0	1%
Total	**224**	**16**	**82**	**66**	**60**	**0**	
AMI Avg	**55.45%**	**46.3%**	**50.0%**	**59.8%**	**60.7%**		

Note:

- The initial rents at permanent loan closing and in subsequent years must not be less than the underwritten rent levels outlined in the “Rent Summary Table” of the Financial Analysis enclosed as part of this Staff Report.
- The CalHFA regulatory agreement(s) will require minimum underwriting rent levels as outlined above.

7	**Financial Analysis**
7a	Market Study Summary

Market Study firm: Novogradac	Market Study Date: 2/14/2024
Market Study date within 180 days?	No
Proposed Market Rents for subject property	Studio/SRO-$2,462; 1BR-$2,565; 2BR-$3,168; 3BR-3,968 (CalHFA MIP Term Sheet requires maximum allowable rents for all CalHFA restricted units to be lesser of (i) applicable TCAC max rents, or (ii) 10% below market rate for the term of the CalHFA loan. The underwritten rents will be confirmed independently by the appraisal from a third-party appraiser firm engaged by CalHFA and for the term of the CalHFA loan). For underwriting purposes, the average market rents from the appraisal are being utilized: Studio/SRO-$2,275; 1BR-$2,675; 2BR-$3,200; 3BR-$3,600
Targeted population income range	30%, 50%, 60%, and 70%
Absorption Period	7 months
Absorption rate	34 units/month
Project Amenities appropriate and sufficient for market and intended tenants?	Yes
Special Needs Housing – demand/need for Special Needs population, availability of area service providers and sufficiency of on-site services at subject property	N/A
Utility allowance schedule included in market study report?	Yes

Regional Market Overview

- The Primary Market Area is the city of San Marcos and some surrounding areas (population of 122,325) and the Secondary Market Area ("SMA") is San Diego-Chula Vista-Carlsbad, CA Metropolitan Statistical Area (MSA) (population of 3,325,723)
- The general population in the PMA is anticipated to increase by 0.1% per year and the population in the SMA will increase by 0.2% per year.
- Unemployment in the SMA is 4.2%, slightly above the current national unemployment rate of 3.5%.
- Median home value in the project zip code is $862,941.

Local Market Area Analysis

- **Supply:**
  - There are currently 18 LIHTC family projects in the PMA, many were surveyed and four responded; they are 100% occupied with wait lists.
  - There is 1 affordable project under construction.
- **Demand/Absorption:**
  - The project will need to capture 8.7% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 34 units per month and reach full occupancy within 7 months of opening.
- **Summary:**
  - The Market Study absorption and lease-up timelines are in alignment with the Developer's lease-up plan and operating proforma assumptions.

7b	Appraisal Summary	
Appraiser firm: Partner Valuation Advisors	Appraisal Date: 1/30/2025	
Engaged by: Citibank, N.A.	Reliance by CalHFA (if co-engaged): Y	
Appraisal within 180 days of Final Commitment?	Yes	
Appraisal premise	Interest appraised	Valuation
Market Value as-is	Fee Simple/Leased Fee	$4,625,000
Market Value upon completion/stabilization as if unencumbered by restricted rents	Fee Simple/Leased Fee	$103,000,000
Market Value upon completion/stabilization as encumbered by restricted rents	Fee Simple/Leased Fee	$59,000,000
Land Value – net of demolition costs	Fee Simple/Leased Fee	$4,625,000
	Underwritten NOI	***Appraisal NOI***
Appraiser Firm	N/A	Partner Valuation Advisors
Appraisal Date	N/A	1/30/2025
Appraised As-is Value	N/A	$4,625,000
Appraised Land Value	N/A	$4,625,000
Appraised As-Completed Value (Restricted)	N/A	$59,000,000
Appraisal Investment Value	N/A	$125,488,000
Appraisal Cap rate	N/A	5.25%
NOI (Stabilized Year)	$3,066,045	$3,098,314
Appraisal Cap rate	5.25%	5.25%
As-completed Restricted Value Calculated for UW NOI	$58,400,858	$59,015,505
1st Lien Loan	$39,150,000	$39,150,000
Does the Perm loan include Cash equity payment?	NO	
LTV	67.04%	66.34%
Max LTV allowed	90.00%	90.00%
LTV Check	OK	OK
Total CalHFA loans	$43,150,000	$43,150,000
CLTV calculated	73.89%	73.12%
Max CLTV allowed	120%	120%
CLTV Check	OK	OK
LTV Stress Test for HUD Risk Share Underwriting Requirements		
Cap Rate Stress %	0.50%	0.50%
Cap Rate for Stress Test 1	5.75%	5.75%
1st Lien Loan	$39,150,000	$39,150,000 -
Restricted Value	$53,322,523	$53,883,722
LTV (Stress Test 1)	73.42%	72.66%

Total CalHFA loans	$43,150,000	$43,150,000
CLTV (Stress Test 1)	80.92%	80.08%
	OK	OK

Comments:
The Borrower's estimated NOI is $3,066,045 which is approximately $32,269 (~1.04%) lower than the estimated NOI on the appraisal report and is due to the following reasons:

- The appraisal estimated approximately $56,000 for income, that includes fees that CalHFA does not consider for underwriting purposes, is $12,489 (~22.30%) higher than the Borrower's estimated budget of $43,511.
- The Borrower estimated approximately $224,000 for repairs/maintenance, which is $56,000 (~33.33%) higher than the appraisal's estimated budget of $168,000. The Borrower's proposed estimated repairs/maintenance budget is based on the current operations of a similar project in the area.
- The Borrower estimated approximately $128,000 for taxes, advertising and administrative expenses, which is $5,783 (~4.73%) higher than the appraisal's estimated budget of $122,217.
- The Borrower estimated approximately $713,385 for utilities, payroll and management services, which is $164,204 (~18.71) lower than the appraisal's estimated budget of $877,589. The difference is reduced to $87,404 (~10.91%) if the payroll expense is decreased by the rental income of the manager units, of $76,800, which the appraisal includes as income as well.
- The appraiser utilized a 3% vacancy rate for their assumptions while the Borrower used a 5% vacancy.
- Considering these deviations, the proposed operating expenses are reasonable based on the Developer's experience with operating a similar project in the area and per the property management certification.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The appraisal did not include a capture rate. The absorption rate is 20 units per month, assuming 45 units to be pre-leased. This differs from the market study and is based on the appraiser's analysis and is a bit more conservative based on the competitive properties in the area, minimal population growth and variety of unit sizes and various rental restrictions which is consistent with a competitive property the opened in October 2024.
- Cap Rate comments: The cap rate of 5.25 is based on the most recent information on comparable properties, from the appraisal dated 1/21/2025. Assuming an increase in cap rates due to current market conditions by 50 basis-points (5.75%), the LTV would be 73.42% and CLTV would be 80.92%. Stressing the cap further and adding 100 basis-points to the cap rate would result in an LTV of 79.81%% and CLTV would be 87.96%, which is still within the allowable underwriting requirement of 90% and 100% or less respectively.

7c	Project Operating Budget Assumptions		
Total Units	224	Construction Start Date	3/11/2025
Regulated Units	222	Construction Completion Date	3/11/2027
Manager Units (Market Rate)	2	Construction Period (months)	24
Total Residential Square Feet	182,313	Lease-up Commencement Date:	3/11/2027
Avg Sq Ft/Unit	780	Lease-up Completion Date	12/11/2027
Rental Subsidies?	0	Lease-up Period (months)	9
No. of Units with Rental Subsidies	0	Est. Stabilization /Perm Conversion Date	3/11/2028
Rental Subsidy Contract Term (Initial)	N/A	Lease-up Completion to Stabilization (months)	3

7d	Project Operating Cash-flow Summary

Operating Budget and Reserve Balances

	Year 1	Year 5	Year 10	Year 15	Terminal Year
Adjusted Gross Income	**4,635,468**	**5,116,689**	**5,789,064**	**6,549,795**	**6,881,378**
Other Income/Subsidies	43,511	48,028	54,339	61,480	64,592
Projected Vacancy and Discount Loss	233,949	258,236	292,170	330,564	347,299
Effective Gross Income (EGI)	4,445,030	4,906,481	5,551,233	6,280,711	6,598,672
Total Operating Expenses	1,378,985	1,573,963	1,858,183	2,195,236	2,347,006
Reserve For Replacement	67,200	69,929	73,496	77,245	78,797
Net Operating Income (NOI)	3,066,045	3,332,519	3,693,051	4,085,475	4,251,666
Total Debt Service & Other Payments	2,667,241	2,667,241	2,667,241	2,667,241	2,667,241
Cash Flow After Debt Service	398,805	665,278	1,025,810	1,418,235	1,584,425
Debt Service Coverage Ratio	**1.15**	**1.25**	**1.38**	**1.53**	**1.59**
Income/Expense Ratio	**3.22**	**3.12**	**2.99**	**2.86**	**2.81**
Less:					
LP Management Fee*	15,000	16,883	19,572	22,689	0
GP Partnership Management Fee (See Note 1)	23,000	25,887	30,010	34,790	0
Other CalHFA approved Partnership Fee					
Total Fees	$38,000.00	$42,770.00	$49,582.00	$57,479.00	$ 0.00
Annual Cap Limit	$38,000	$42,769	$49,581	$57,478	$60,979

*Note:
1. Investor Letter of Intent states an annual Partnership Management Fee of $50,000. Any amount above the annual cap will be paid from the Developer Distribution % below.

	Year 1	Year 5	Year 10	Year 15	Terminal Year
Cashflow for Distribution					
Developer Distribution %	50%	50%	50%	50%	50%
Cumulative Developer Distribution	180,402	1,226,257	3,307,075	6,318,157	7,860,701
Residual Receipts %	50%	50%	50%	50%	50%
Cumulative Residual Receipts Repayment	180,402	1,226,257	3,307,075	6,318,157	7,860,701
Unpaid/Accrued CalHFA loan Balance					
Perm Loan	38,923,211	37,860,492	36,099,372	33,694,158	32,501,561
MIP Loan	4,000,000	3,550,038	2,104,794	2,900	3
Reserves Balances					
Operating Reserve	1,348,742	1,348,742	1,348,742	1,348,742	1,348,742

Rent Reserve	0				
Transition Operating Reserve	0	0	0	0	0
Replacement Reserve	0				
Other Reserve	0	0	0	0	0
Notes: 1.					

7e	Rental Assistance and Other Subsidy			
[Background if any]				
Type of Rental Subsidy	**Subsidy Administrator**	**Initial Term of Rental Subsidy Contract**	**Eligible Units**	**Renewal/Additional Term for Subsidy Contract**
Project-based Vouchers	HUD/County/Other	N/A		
Section 8	HUD/County/Other	N/A		
Other rental assistance	HUD/County/Other	N/A		
Other Operating Subsidy	HUD/County/Other	N/A		
Notes:				
Other State and Local Subsidies: **Other State Subsidies:** N/A **Other Locality Subsidies:** N/A				

7f	Reserve Requirements	
Name of Reserve	**Amount**	**Comments**
Operating Expense Reserve (OER)	$1,348,742	A 4-month operating expense reserve will be funded at perm closing and will be held and maintained at that level for the term of the CalHFA permanent loan. The reserve will be held by CalHFA for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.
Replacement Reserves (RR)	$0 $67,200 (annually)	A capitalized RR is not required for new construction projects. The annual RR amount is sized based on $300 per unit per year, escalating annually at 3%. CalHFA will hold this reserve through the term of the CalHFA loan.
Transitional Operating Reserve (TOR)		N/A

7g	Exit Analysis Requirements		
Exit Year	16	**Assumed Refi Year**	16
Cap Rate Increase	2.00%	**Interest Rate Increase**	3.00%

UW Loan Amount	$39,150,000	**Max. Refi Loan Size**	$35,160,595
Appraised Value	$59,504,416	**Max LTV at Refi**	59%
Unpaid Principal Balance (1st Lien)	$0	**Unpaid Principal Balance (MIP Subsidy Loan)**	$0
Notes:			

8	**Insurance Requirements**
8a	Seismic Review and Earthquake Insurance
Seismic Review Required?	See note below
Earthquake Insurance Required?	See note below

- A seismic study is in process. If the Project does not meet the CalHFA requirements to waive earthquake insurance, earthquake insurance will be required. If the Project meets the CalHFA requirements to waive earthquake insurance, as demonstrated by the seismic study, the Project will not be subject to earthquake insurance provided that the Agency receives an acceptable certification from the engineer on record that the Project has been built to current seismic code. Receipt of the engineer of record certification will be required prior to permanent closing.

8b	**Flood Designation and Insurance**		
Flood Zone Designation:	Zone X	Flood Insurance Required?	N

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 floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.

8c	**Other Insurance Requirements**
N/A	

9	**Third-party reports and diligence**
9a	Environmental Review Summary

Environmental Phase I Site Assessment Firm:	PIC Environmental Services		
Phase I ESA Report Date:	2/8/2024	Reliance Letter with CalHFA as relying party?	Yes
Phase II ESA Report Date:	N/A		
NEPA Review Completed?	No	NEPA review Date of completion:	Estimated completion March 2025

- A Phase I Environmental Site Assessment identified no evidence of Recognized Environmental Conditions (RECs) and did not recommend any additional investigation.

Other Environmental Reports	
Asbestos-containing Material (ACM) Survey Required?	No
Date of Survey:	N/A
Lead-Based Paint (LBP) Survey Required?	No
Date of Survey:	N/A

Other Environmental Reports /studies completed:	Report of Update Geotechnical Investigation by Geotechnical Exploration, Inc. dated 01/04/2021

10		**Risk Identification and Mitigations**
10a		Underwriting and Term Sheet Variations
Select all that applies <u>AND</u> add any other applicable deviations from USRM or Term Sheet that are not listed		
☐	i.	Initial DSCR greater than 1.20x?
☐	ii.	Deviation from LTV and CLTV requirements per Agency's underwriting standards
☐	iii.	The Project's proposed operating expenses are below CTCAC minimum
☐	iv.	Utility Allowance less than HUD's allowance?
☐	v.	Affordability restrictions (rent and income limits) are NOT in compliance with CalHFA Term Sheets and CalHFA Regulatory Agreement
☐	vi.	Deviation in Agency's underwriting standards (USRM) requirements for CalHFA regulated unit sizes (by bedroom count) to be distributed substantially on a pro rata basis across income ranges proportionately to their availability in the development?
☐	vii.	Maximum allowable rents for all restricted units is NOT in compliance with CalHFA Term Sheets
☐	viii.	Variation in CalHFA Loan(s) requirements for lien position recordation per Program Term Sheets
☐	ix.	Variation in CalHFA Loan(s) requirement for loan security and repayment per Agency's underwriting standards (USRM) and Program Term Sheets.
☒	x.	CalHFA Regulatory Agreements (MIP affordability covenants) are not recorded in senior position to all foreclosable debt. (See Section 4b Note 1)
☐	xi.	Exceptions related to the Development Team experience or qualifications including deficiency in diligence obtained or lack of supporting evidence, per the requirements in the Agency's underwriting standards
☐	xii.	Exceptions related to Ground Lease structure requirements not meeting the minimum: the ground lease structure is acceptable to Legal and satisfies the requirement that the first lien perm loan is secured against both fee and leasehold interests in the subject property. The ground lease term exceed any CalHFA subsidy or perm loan term(s) by 10 years or more. The term of the ground lease is equal to or longer than the term of the CalHFA Regulatory Agreement.
☐	xiii.	Failure to meet CalHFA Exit Analysis test requirements
☐	xiv.	Deviation from the CalHFA Program Term Sheet requirement for surplus cash distribution allowing higher than 50% distribution to the Developer
☐	xv.	Project-based rental subsidy contract term is less than Agency's 1st lien perm loan and/or the proposed rental subsidy contract does not contain an automatic renewal provision.
☐	xvi.	Deviation from the Agency's underwriting standards and/or CDLAC/TCAC regulations related to maximum Developer Fee including cash/upfront fee and Deferred Developer fee requirements
☐	xvii.	Deviations from the Agency's underwriting standards related to Construction Cost budget concerns, contingency requirements below minimum, sources/uses imbalance, sources for environmental remediation and/or off-site improvements not identified or finalized, etc.
☐	xviii.	

For any response that is ☒ checked, please explain below and discuss potential mitigation strategies:

11	**Supplementary Project Information**
11a	Form of Site Control and Expiration

Current Ownership of Entity of Record:	Carmel Enterprise, LLC

The current owner, Carmel Enterprise, LLC, of the site and the Project owner, Rise Carmel LP, entered into an Option Agreement dated February 1, 2024, which expires on June 1, 2025, for an option price of $100. The purchase price for the Property under the Option shall be $160,000. The site will be conveyed between related parties. The Acquisition cost considered for the final commitment underwriting will be subject to CalHFA acceptable appraisal for the "as-is" value of the property and the lot split documentation. The site is a 3.43-acre portion of a larger 6.1-acre parcel that will be split from the larger parcel. Carmel Enterprise, LLC is an affiliate of the Master Developer of the larger 6.1-acre site.

11b	Ground Lease (if applicable)		
Ground Lessor	N/A	Capitalized Ground Lease Payment and Source	N/A
Ground Lease Term	N/A	On-going Ground Lease Payment and Source	N/A

11c	Displacement and Relocation of existing tenants

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

11d	Net Loss of Affordable 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.

11e	Project Amenities		
Project Amenities:	Present?	Unit Amenities	Present?
Community Room	☒	Central Heating	☒
Fitness Room	☐	Central A/C	☒
Computer Room	☒	Microwave	☒
Central Laundry	☒	Washer/Dryer Hookups	☐
Recreational Areas	☒	Dishwasher	☒
Picnic Area	☒	Garbage Disposal	☒
Playground	☒	Free Internet Service	☐
Common Area Wi-Fi	☒	Patios/Balconies	☒
Gated/Restricted Access	☒	<Other>	☐
Surveillance Cameras	☒	<Other>	☐
<Other>	☐	<Other>	☐

Notes :

11f	Legislative Districts & Local Support

Congress:	#50, Alejandro "Alex" Padilla
Assembly:	#78, Christopher M. Ward
State Senate	#39, Mike McGuire
Local Support: The City of San Marcos strongly supports the project per a locality contribution letter dated 4/24/2024.	

12	**Development Team Experience**
12a	Developer / Project Sponsor

Name	Experience with CalHFA	If new, describe if minimum development experience requirements are met per USRM
Rise Carmel LLC	None	See Note 1

Notes:
The CalHFA Developer requirements are met by the Managing General Partner of the Borrower, AOF MGP LLC, whose sole member, AOF/Pacific Affordable Housing Corp., meets the requirements necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f).

12b	General Contractor

General Contractor name:	ECON JMI JV 2.0
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	No

The general contractor is ECON JMI JV 2.0, which is a joint venture of ECON, Inc. and Johnstone Moyer, Inc. Current employees have extensive experience in constructing similar affordable housing projects in California while employed under a different contractor, however, CalHFA is not familiar with the general contractor. ECON JMI JV 2.0 also serves as the general contractor for St. Luke's Affordable, another project undergoing CalHFA approval for MIP funding.

12c	Architect and Engineering (A&E) firm

Architect name:	Safdie Rabines Architects
Affiliated entity of the GC?	No
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	No

The architect is Safdie Rabines Architects, which has 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.

The architect and affiliates of the developer have worked on at least 12 projects, both market rate and affordable. They are working on at least 400 units in the North City master development (that are in development stage).

12d	Management Agent (Property Manager)
Name of the Firm	CONAM
Third-party or Borrower Affiliate?	No
Management Fee (Annual fee %)	The greater of 4% of gross revenue or $60/unit
Management Fee (Other incentives)	No
Total number of properties managed by the Property Manager (PM)	321 (230 are affordable projects)
Total number of properties managed for the Developer	0
Total number of properties the PM has in CalHFA portfolio	18
Any property management issues for CalHFA portfolio projects under the management of the Property Manager?	Overall, there are no major concerns with the management company just some communication and response time challenges.
Notes:	

12e	Borrower Affiliated Entities	
Borrower Legal Entity	Rise Carmel LP	
Borrower Entity Type	A California limited Partnership	
Member	% interest	Legal Entity Name:
Managing General Partner	0.001%	AOF SD MGP, LLC
Administrative General Partner	0.008%	Rise Carmel, LLC
Investor Limited Partner	99.99%	RSEP Holding, LLC
Special Limited Partner	0.001%	Red Stone Equity Manager, LLC
	100.00%	

Managing General Partner	AOF SD MGP LLC
Type of Legal Entity	A California limited liability Company
Ownership	% interest
AOF/Pacific Affordable Housing Corp., a California nonprofit public benefit corporation	100%

Administrative General Partner	Rise Carmel LLC
Type of Legal Entity	A California limited liability Company
Ownership	% interest
Member: Urban Villages San Marcos, LLC, a California limited liability company Manager: Noble Canyon, LLC, a California limited liability company	100%

Investor Limited Partner	RSEP Holding, LLC or its designee

Comments on Tax Credit Investor:

Comments on LPA nuances/concerns:

Notes:

1. This project involves an emerging developer that meets the maximum TCAC points for project experience. See Section 12a, Note 1

12f	Support Service Provider(s)
Name of Service Provider	All Things are Possible After School and Family Resource Centers (ATAP)
Required by TCAC or other funding sources?	Yes
Term of Services (on-site, number of years)	On site, minimum of 15 years
Support Services Budget included in the Operating Budget	Yes
Per unit cost of support services meets USRM thresholds?	Yes

The Borrower will provide supportive services to the residents through ATAP. ATAP will provide on-site services for all tenants. Services will include 84 hours per year of adult educational and health, wellness, and supportive services AND 396 hours per year (6 hours/week throughout the school year) of after school programming. Services will be provided on an ongoing and regular basis for the life of property ownership and in no case less than 15 years.

12g	Other Development Team Members
Name of Firm:	N/A
Role:	N/A
Experience: N/A	

13	Conditions for Approval

Approval is conditioned upon:

1. Subject to all MIP program requirements pursuant to applicable term sheets.
2. The CalHFA MIP loan subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
3. All MIP Loan principal and interest will be due and payable at maturity.
4. No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter, per the HUD Risk Sharing program requirements.
5. CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
6. Evidence of earthquake insurance coverage, acceptable to the Agency, will be required if the Project does not meet the requirements to waive earthquake insurance. If the Project meets the requirements for the earthquake insurance waiver as demonstrated in the seismic report, 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 is required. Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the offsite improvements' construction costs, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project.
7. The draft appraisal has been submitted and the final appraisal will be subject to Agency's review and approval prior to construction loan closing.
8. The locality is requiring the Borrower to encumber the Property by recording an Affordability Restrictions and Regulatory Agreement (Density Bonus). Prior to construction loan closing and closing of the CalHFA loan(s), the Affordability Restrictions and Regulatory Agreement (Density Bonus) is subject to CalHFA review and approval in accordance with agency underwriting standards.
9. An updated Phase I report dated within 180 days of property acquisition with CalHFA reliance is required prior to construction loan closing.
10. Receipt of Final Plan and Cost Review and acceptance by CalHFA prior to construction closing.
11. Receipt of the seismic report acceptable to CalHFA prior to construction closing.
12. Receipt of the final Development Consulting Agreement and the Asset Management Agreement acceptable to CalHFA prior to construction closing.
13. Receipt of finalized LPA consistent with the representations in this credit request and will be acceptable to CalHFA.

14	Approval Recommendation and Action
14a	Staff Recommendation and Approval Authorizing the Issuance of a Final Commitment

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

The Final Commitment of the Agency is subject to all CalHFA underwriting standards, applicable Term Sheet and CalHFA regulatory requirements, and any other applicable requirements. Any material deviation from the original financing structure, project changes, underwriting assumptions, or the failure of a condition of the Final Commitment Letter, if issued, can result in the Agency's decision to not proceed with the financing of the project at any stage during underwriting and prior to the closing of the Agency's financing.

14b	Senior Loan Committee Action

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

Erwin Tam

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Date: 2025.02.10 13:52:39-08'00'

______________________________ Date: ________________

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

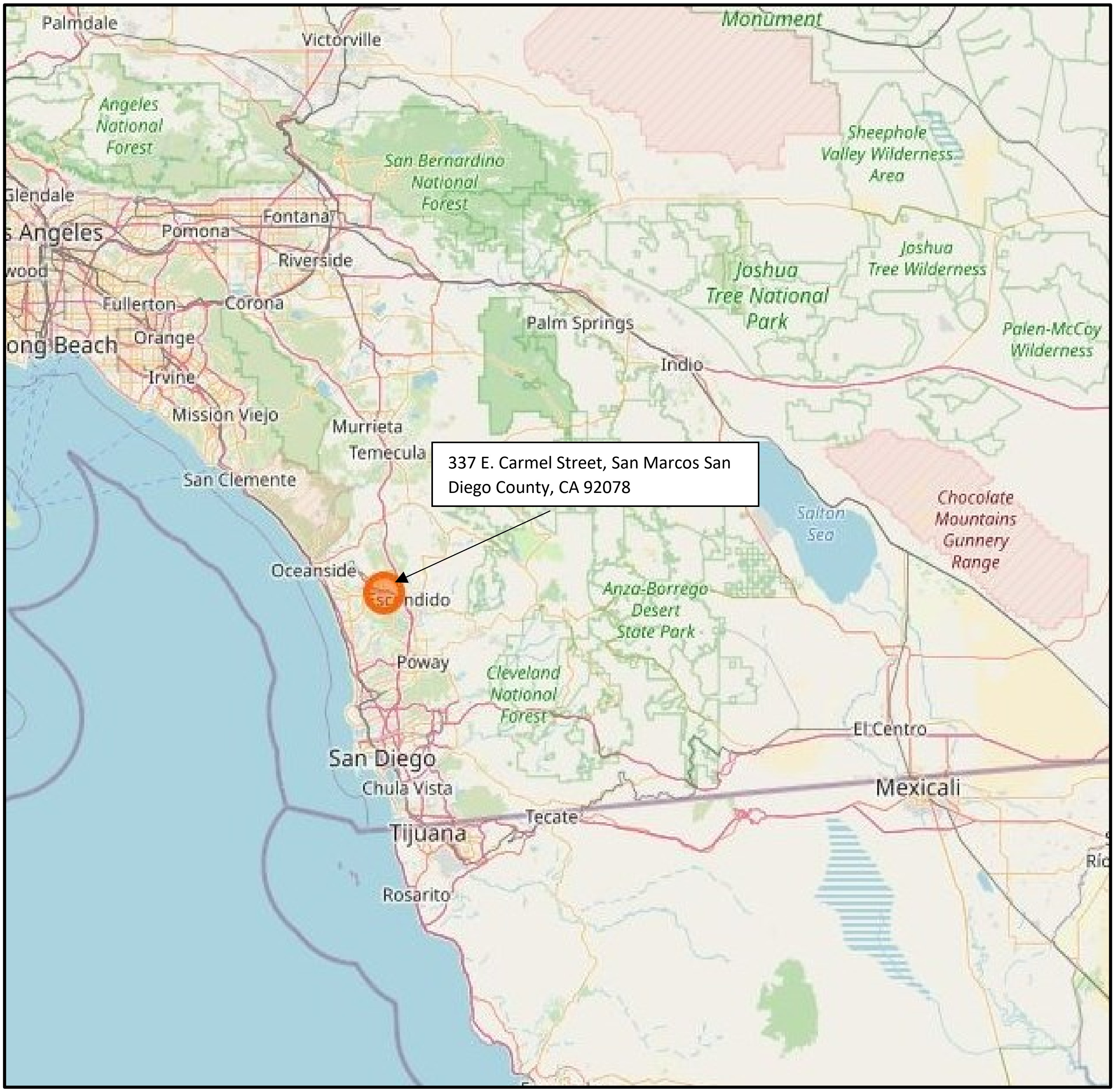
Rebecca Franklin

Digitally signed by Rebecca Franklin
DN: OU=Executive Office, O=California Housing Finance Agency, CN=Rebecca Franklin, E=rfranklin@calhfa.ca.gov
Location:
Foxit PDF Reader Version: 2024.3.0

______________________________ Date: 02/11/25

Rebecca Franklin
Chief Deputy Director
CalHFA

North City Affordable Housing – Far



North City Affordable Housing Near