



Executive Summary	
<b>CalHFA Project Number</b>	24013
<b>Project Name</b>	BUSD Workforce Housing
<b>Type of Development</b>	New Construction
<b>Type of Project</b>	Family
<b>Total Units [MIP Restricted Units]</b>	110 (109 MIP restricted and 97 TCAC restricted)
<b>Street Address</b>	1701 San Pablo Avenue
<b>City, County, Zip Code</b>	Berkeley, Alameda County, 94702
<b>Borrower (Legal entity name)</b>	1701 San Pablo, L.P.
<b>Developer(s)</b>	Satellite Affordable Housing Associates
<b>Co-Developer</b>	Abode Communities
Approved Conduit Issuances	
<b>Conduit T/E Issuance [CDLAC Meeting: 12/31/2024]</b>	Up to \$44,000,000 (Includes 10% cushion and rounded to nearest \$1m) (assuming current need \$39,443,118)
<b>Conduit Taxable Issuance</b>	Up to \$7,000,000 (Includes 10% cushion and rounded to nearest \$1m) (assuming current need \$6,087,642)
<b>Recycled Bond Volume Cap</b>	\$0
Requested CalHFA Financing for Approval	
<b>CalHFA Tax-Exempt Permanent Loan Amount</b>	\$12,195,000 UW Rate and Loan Term: [6.60%, fixed; 1 <sup>st</sup> lien; 40/40]
<b>CalHFA Taxable Permanent Loan Amount (if any)</b>	\$0 UW Rate and Loan Term: N/A
<b>HUD Risk Sharing Requirement (1<sup>st</sup> lien loan)</b>	Yes
<b>CalHFA Subordinate/Subsidy Financing Type</b>	Mixed-Income Program (MIP) 2024 \$4,000,000 UW Rate and Loan Term: [3.00%, fixed; 2 <sup>nd</sup> lien; 40-year term]
<b>CalHFA Subordinate/Subsidy Financing Amount</b>	
Key Dates and Approvals	
<b>SLC Initial Commitment Approval</b>	4/19/2024
<b>SLC Final Commitment Approval Date</b>	2/21/2025
<b>CDLAC Volume Cap Award Date</b>	8/6/2024
<b>CTCAC Tax Credit Award Date</b>	8/6/2024
<b>CDLAC Closing Deadline</b>	3/17/2025
<b>Construction Loan Closing Date [Est.]</b>	3/3/2025
<b>Est. CalHFA Loan Closing (perm conversion) Date</b>	11/1/2027
<b>Federal Tax Credits (LIHTC) Requested</b>	Federal LIHTC Amount: \$26,524,940 (\$1.00987 /credit) (\$273,453/TCAC restricted unit)
<b>State Tax Credits Requested</b>	State Tax Credit Amount: \$9,131,113 (\$0.80000/credit) (\$94,135/TCAC restricted unit)

Notes (if any):

- Federal LIHTC and State Tax Credit amounts are calculated based on TCAC restricted units (97 units) with AMI levels at 80% and below. There are 12 additional units restricted by MIP at or below 120% AMI that are not included in the tax credit calculation.



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1	Project Summary																													
1a	Project Description																													
	<p>BUSD Workforce Housing (the “Project”) is a new construction, large family, mixed-income project. The total development site area is 0.78 acres and is located in Berkeley, Alameda County. The Project will consist of 1, 6-story elevator serviced building. The Project will have a total of 110 residential units, of which 109 units will be restricted between 30% and 120% of the Alameda County Area Median Income (AMI). There will be 59 one-bedroom units (565 sq. ft.), 25 two-bedroom units (839 sq. ft.), and 25 three-bedroom units (1,111 sq. ft.). In addition, 1 of the two-bedroom units will serve as the manager’s unit. The Project will have 55 residential parking spaces which will comply with the City of Berkeley density bonus agreement. The project site is currently occupied by an on-grade parking lot primarily used by the Berkeley Adult School. The parking lot will be removed during the course of construction. To mitigate any environmental concerns, a soils management plan will be in place at construction closing, as recommended by an Environmental Site Assessment (ESA) Phase I report dated 2/12/2024.</p> <p>The Project’s financing structure includes financing from: Tax-exempt (T/E) bonds, Taxable bonds, 4% Federal Low Income Housing Tax Credit (LIHTC) equity, State Housing Tax Credit Equity, CalHFA Tax-Exempt Permanent Loan, CalHFA Subordinate financing through Mixed-Income (MIP) Subsidy Loan, and a City of Berkeley subordinate loan.</p> <p>The “workforce housing” aspect of the Project is a requirement from the Berkeley Unified School District who will hold fee ownership of the land and be the ground lessor to the borrowing entity as described in section 11b. In exchange for nominal ground lease payments, the ground lease will include a preference for school district employees while leasing units. This is a preference only and must comply with fair housing laws. Receipt of a property management plan and ground lease agreement acceptable to CalHFA are included in the conditions of approval and will be required before construction loan closing. Additionally, the school district is requiring the set-aside of 12 units restricted at 120% of AMI. There will be no agreement from the school district restricting these units. The school district is relying on CalHFA’s MIP regulatory agreement to restrict those 12 units at 120% of AMI.</p>																													
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	<p>Notes (if any):</p> <ol style="list-style-type: none"> <li>Excludes square footage of managers’ units</li> </ol>																													



1b Project Location Geocoder Information			
The Project is located in Berkeley, Alameda County. The project will be subject to a density bonus agreement ("DBA"), required by the city, at construction closing. The DBA will be recorded in senior priority to CalHFA's regulatory agreements at permanent loan closing and will be subject to a CalHFA standstill agreement. See section 6a for more details.			
Inside Principal City?	Yes	Underserved or Distressed Tract?	No
Census Tract (CT)	06-001-4222.00	% Population Below Poverty Line	8.87%
CT Minority Population %	47.47%	Rural Area?	No
CT Income Level	Medium	2024 Est. CT Median Family Income	\$156,494
CDLAC/TCAC Opportunity Area Category		High Resource	
CDLAC/TCAC Geographic Region		East Bay Region: Alameda and Contra Costa Counties	
Project is located in DDA?		No	
Project is located in Federally-designated Qualified Census Tract (QCT) for LIHTC purposes?		No	

2 Development and Financing Team			
<b>Developer (Sponsor):</b> Satellite Affordable Housing Associates (see notes) (51% of developer fee)		<b>Co-developer (if any):</b> Abode Communities (see notes) (49% of developer fee)	
New to CalHFA?	No	New to CalHFA?	No
Affordable Housing/LIHTC experience?	Yes	Affordable Housing/LIHTC experience?	Yes
Has Projects in California?	Yes	Has Projects in California?	Yes
<b>Borrower (Legal entity):</b> 1701 San Pablo, L.P.		<b>Co-Borrower (if any):</b> N/A	
<b>Construction (Senior) Lender:</b> 1) Wells Fargo Bank, N.A.		<b>Construction Subordinate Lender(s):</b> 1) City of Berkeley	
<b>Permanent 1<sup>st</sup> lien Lender:</b> 1) CalHFA		<b>Permanent Subordinate Lender(s):</b> 1) CalHFA (2 <sup>nd</sup> lien) 2) City of Berkeley (3 <sup>rd</sup> lien)	
<b>Federal LIHTC Investor:</b> Wells Fargo Bank, N.A.		<b>State LIHTC Investor:</b> Wells Fargo Bank, N.A.	
Tax Credit Amount	\$26,524,940	Tax Credit Amount	\$9,131,113
<b>Solar Tax Credit Investor:</b> N/A			
Tax Credit Amount	\$ N/A		
<b>General Contractor:</b> James E. Roberts-Obayashi Corp.		<b>Management Company (Property Manager):</b> Satellite Affordable Housing Associates Property Management	
Is an affiliate of Developer?	No	Is an affiliate of Developer?	Yes
Experience with CalHFA?	Yes	Total number of properties managed	77



<b>Architect:</b> Pyatok Architects		<b>Service Provider:</b> Satellite Affordable Housing Associates	
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)	15
		Support Services Cost (per Operating budget)	\$70,082
Has housing projects in CA?	Yes	Per unit cost of services meets USRM req.?	Yes
<b>Financial Advisor:</b> California Housing Partnership Corporation		<b>Project Consultant:</b> N/A	
Notes (if any):  Satellite Affordable Housing Associates (“SAHA”) and Abode Communities (“SAHA”) are co-developers of the project. SAHA will retain 0.0051% ownership of the project and receive 51% of developer fees. Abode will retain ownership of 0.0049% ownership of the project and receive 49% of developer fees. Wells Fargo Bank, the tax credit investor, will retain ownership of the remaining 99.99% interest of the project through the tax credit compliance period (15 years).			

3	Summary of Material Changes from Initial Commitment Approval
For any changes marked <input checked="" type="checkbox"/> 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	
<input type="checkbox"/>	Changes in Borrower/Sponsor entities including Co-developer(s), if any
<input checked="" type="checkbox"/>	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders <ul style="list-style-type: none"> <li>At initial commitment, the construction lender was Silicon Valley Bank and the investor was TBD. The construction lender and investor are now Wells Fargo Bank NA.</li> </ul>
<input type="checkbox"/>	Changes in Project Scope (for example, addition of non-residential component)
<input type="checkbox"/>	Changes in CalHFA loan amount (>10%) or changes in loan terms. <ul style="list-style-type: none"> <li>Perm loan request increased by \$1.1MM (10.2%). New amount requested is \$12,195,000. No material impact.</li> </ul>
<input checked="" type="checkbox"/>	Changes in construction schedule and rent-up/conversion timeline. <ul style="list-style-type: none"> <li>Update: The project was slated to close in 12/2024. The new construction start is estimated 3/2025.</li> </ul>
<input type="checkbox"/>	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.
<input type="checkbox"/>	Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions
<input type="checkbox"/>	Changes in CalHFA required reserves
<input type="checkbox"/>	Changes in Affordability Restrictions including Unit distribution for regulated units
<input type="checkbox"/>	Other material underwriting, project scope or financial structuring changes. Tax credit equity



4 Requested CalHFA Financing for Approval			
4a CalHFA Financing Terms			
	CalHFA 1 <sup>st</sup> Lien Perm Loan	CalHFA Subordinate Loan (MIP Subsidy Loan)	Total CalHFA Financing
Loan Amount (\$)	\$12,195,000	\$4,000,000	\$16,195,000
Loan Term (Year)	40	40	40
Amort. Term (Year)	40		40
Amort. Type	Fully Amortizing	Non-amortizing	
Lien Position	1 <sup>st</sup>	2 <sup>nd</sup>	
UW Interest Rate % (See Note 1)	6.60%	3.00%	
Loan to Value (%) (See Note 2)	67%	22%	
Combined LTV (CLTV) (%) (See Note 2)			89%
Loan to Cost (%) (See Note 3)	15.5%	5.1%	20.6%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

Notes:

The all-in rate of 6.60% (including 2.83% interest rate spread) is the final rate locked by CalHFA on 11/19/2024 for the perm loan and is valid until the earlier of the closing deadline indicated in the Early Rate Lock Agreement executed by the Agency and the Borrower on 11/14/2024 or the CDLAC bond issuance deadline, whichever is earlier.

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%.

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
<input checked="" type="checkbox"/>	The CalHFA Perm loan(s) will be secured by a first lien deed of trust (DoT) against the above-described Project site and improvements.
<input checked="" type="checkbox"/>	The CalHFA Subordinate (MIP) loan will be secured by a second lien deed of trust (DoT) against the above-described Project site and improvements.
<input type="checkbox"/>	The Agency shall encumber both the fee and leasehold interests in the Development as security for its deeds of trust and regulatory agreements.
<input checked="" type="checkbox"/>	CalHFA loan(s) will be secured against the fee interest in the improvements and leasehold Interest in the land.
<input checked="" type="checkbox"/>	Assignment of Borrower's interest in Project improvements, Project revenues and escrows



Notes (if any):

5 Project Budget & Total Development Cost			
5a Construction Financing			
Construction Lender		Wells Fargo Bank, N.A.	
CDLAC/CTCAC Construction Closing Deadline		2/2/2025	
	Bond Issuance Amount	Type of Issuance	
Construction Conduit Issuance Amount	\$39,443,118	Tax-Exempt	
Construction Conduit Issuance Amount	\$4,313,828	Taxable	
Construction Conduit Issuance Amount	\$0	T/E Recycled	
<b>Total</b>	<b>\$43,756,946</b>		
	Loan Amount	UW Rate	Loan Term
<b>Construction Loan (T/E)</b> (Interest-only, 1 <sup>st</sup> lien during construction)	\$39,443,118	6.25%, Variable (See Note 1)	30 months + one 6-month extensions
<b>Construction Loan (Taxable)</b> (Interest-only, 1 <sup>st</sup> lien during construction)	\$6,087,642	6.25%, Variable (See Note 2)	30 months + one 6-month extensions
<b>City of Berkeley Subordinate Loan</b> (Interest only, 3 <sup>rd</sup> lien during)	\$23,850,000	3%, Fixed (See Note 2)	36-months deferred during construction. 55-years during permanent.

- Notes:
1. Construction Loan T/E is a variable rate [SOFR+1.90 bps, Index 30-day Average SOFR]. Current SOFR index as of 1/22/2025 is 4.35% and the all-in rate is 6.25%.
  2. Construction Loan (Taxable) is a variable rate [SOFR+1.90 bps, Index 30-day Average SOFR]. Current SOFR index as of 1/22/2025 is 4.35% and the all-in rate is 6.25%.
  3. Construction interest reserve 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.

5b Construction Sources		
Construction Sources:	Amount (\$)	% of Total
Wells Fargo Tax-Exempt Construction Loan (Loan)	\$39,443,118	52.19%
Wells Fargo Taxable Construction Loan (Loan)	\$6,087,642	8.05%
City of Berkeley Loan (Loan)	\$23,850,000	31.55%
Accrued/Deferred Interest (Accrued Interest)	\$1,015,135	1.34%
Deferred Developer Fee (Developer Fee, Deferral)	\$1,175,001	1.55%
GP Capital (Equity, General Partner)	\$100	0.00%
LP Capital (Equity, LIHTC Investor)	\$4,011,459	5.31%
<b>Total Construction Sources</b>	<b>\$75,582,455</b>	<b>100%</b>

5c Construction Uses	
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<b>Construction Uses:</b>	<b>Amount (\$)</b>	<b>% of Total</b>
Land and Improvement Value	\$100	0.00%
Other Acquisition Costs	\$449,582	0.59%
Construction/Rehab Costs	\$53,783,365	71.16%
Soft Costs (A&E, Legal, Title, and Other Soft Cost)	\$6,478,576	8.57%
Hard Cost contingency (9.47% of hard costs)	\$4,447,398	5.88%
Soft Cost contingency (3.2% of eligible soft costs)	\$683,200	0.90%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	\$4,051,749	5.36%
Local Impact Fees and Permit Fees	\$3,413,060	4.52%
Deferred Developer Fee	\$0	0.00%
Cash Portion Developer Fee	\$1,725,000	2.28%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	\$550,425	0.73%
Operating Reserves	\$0	0.00%
<b>Total Construction Uses</b>	<b>\$75,582,455</b>	<b>100%</b>
<b>Total Construction Cost per unit</b>	<b>\$687,113</b>	
<b>Total Construction Cost per CalHFA MIP Regulated Unit</b>	<b>\$693,417</b>	

Notes (if any):

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. The total hard cost contingency in the project is 9.47% of the Hard costs. The GC Schedule of Values (SOV) is pending review by the CalHFA inspector to ensure the USRM requirements and project scope for completion within the stipulated budget.
3. The total soft cost contingency in the project is 3.20% of eligible costs and has been reviewed by Multifamily staff to meet the USRM requirements and project scope for completion within the stipulated budget.
4. The project budget includes \$209,462 in offsite improvements which includes replacement of curbs, gutters, sidewalks, and adding protection for existing trees. The offsite improvements immediately border the project site and will be associated with permitting approvals for the project. These costs are not being waived and are therefore not counted as public contributions per TCAC Regulation Section 10325(c)(9).

<b>5d Third-party Plan &amp; Cost Review Summary</b>	
General Contractor (GC) Name:	James E. Roberts-Obayashi
GC Budget (per Schedule of Values)	TBD
% of Builder overhead, profit, and general requirements (TCAC allowable 14%)	TBD
Type of Construction Contract:	GMP
GC Contract Executed? If not, provide status:	No. Developer is working on final numbers
GC Hard-Cost Contingency and Sufficiency:	\$4,447,398
<b>Notes:</b>	
<ul style="list-style-type: none"> <li>• Wells Fargo Bank, N.A. has engaged, USA Construction consultants, to perform an independent third-party review of project plans and specifications (plan &amp; specs) and cost review.</li> </ul>	

- The draft/final Plan and Cost Review report has been received and is pending review by CalHFA Inspector. The final Plan and Cost Review and sign off by CalHFA Inspector is a condition to construction closing.
- The project budget includes \$209,462 in offsite improvements which includes replacement of curbs, gutters, sidewalks, and adding protection for existing trees. The offsite improvements are allowable by CalHFA Bond Regs.

5e	Permanent Sources and Uses	
<b>Permanent Sources:</b>	Amount (\$)	% of Total
CalHFA Permanent Loan (Loan)	\$12,195,000	15.5%
CalHFA MIP Loan (Loan)	\$4,000,000	5.1%
City of Berkeley Loan (Loan)	\$26,500,000	33.7%
Accrued Deferred Interest (Accrued Interest) (See Note 1)	\$1,015,135	1.3%
Deferred Developer Fee (Developer Fee, Deferral)	\$925,000	1.2%
GP Equity (Equity, General Partner)	\$100	0.0%
Tax Credit Equity (Equity, LIHTC Investor)	\$34,091,670	43.3%
<b>Total Permanent Sources</b>	<b>\$78,726,905</b>	<b>100%</b>

	Amount (\$)	% of Total
<b>Permanent Uses:</b>		
Total Loan Payoffs/Equity	\$75,582,455	96.0%
Financing costs	\$111,463	0.1%
Soft costs	\$50,100	0.1%
Operating Reserves	\$707,888	0.9%
Cash Developer Fee paid at Perm Conversion	\$1,350,000	1.7%
Deferred Developer Fees paid from cashflow	\$925,000	1.2%
<b>Total Permanent Uses</b>	<b>\$78,726,906</b>	<b>1%</b>
<b>Total Development Cost per unit</b>	<b>\$715,699</b>	
<b>Total Development Cost per CalHFA MIP Restricted Unit</b>	<b>\$722,265</b>	
Notes (if any):		
*Accrued interest from City of Berkeley subordinate loan.		



5f Federal and State Tax Credits				
Federal LIHTC Tax Credit Investor /Syndicator		Wells Fargo Bank, N.A.		
State Housing Tax Credit Investor /Purchaser		Wells Fargo Bank, N.A.		
Other Tax Credit Investor/Purchaser				
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)	\$26,524,940	\$1.00987	\$26,786,780	\$273,453
State Housing Tax Credits	\$9,131,113	\$0.80000	\$7,304,890	\$75,308
<b>Total</b>	<b>\$35,656,053</b>		<b>\$34,091,670</b>	<b>\$312,767</b>
Notes (if any):				
1. Per unit costs based on 97 CTCAC units.				

50% Aggregate Basis Test Requirements	
Accountant prepared Draft Financial Projections date	4/11/2024
Accounting firm name	Bocarsly Emden Cowan Esmail & Arndt LLP
T/E Private-Activity Bond Volume Cap Allocated	\$39,443,118
Aggregate Basis of building and land costs considered	\$ 71,987,350
% of Aggregate basis financed by T/E Bonds	54.79%
50% Test met per IRC Sec. 42 (h) for LIHTC?	Yes
Notes (if any):	

5g Developer Fee		
Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	\$4,192,463	\$3,075,000
Deferred Developer Fee (DDF) paid from project cash-flow (b)	N/A	\$925,000
<b>Total Developer Fee (a) + (b)</b>	<b>\$14,103,189</b>	<b>\$4,000,000</b>
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		<b>\$0</b>
Notes (if any):		
<ol style="list-style-type: none"> <li>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).</li> <li>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.</li> <li>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.</li> </ol>		
Note (if any):		

5h	Evidence of Cost Containment for projects seeking subsidy
Cost Containment Certification received from Developer?	Yes
Cost Containment Certification acceptable to CalHFA?	Yes
<p><u>Comments on Cost Containment Strategy:</u> The Developer certified that below cost containment measures have been implemented to minimize construction costs:</p> <ol style="list-style-type: none"> <li>1. All major subcontractor and self-performing trades will be competitively bid out</li> <li>2. Developer has engaged Value engineering firms during the design process to help determine potential cost savings.</li> <li>3. Utilize Guaranteed Maximum Price (GMP) contract, with cost savings returned to owner.</li> <li>4. GC will be required to provide a minimum of 3 bids (when available) for each trade, particularly for all major trades</li> </ol>	
Note (if any):	

5i	Evidence of Subsidy Efficiency
<p>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.</p>	
Parameters of Subsidy Efficiency Analysis [Verify with the FA and check all that apply]	
<input checked="" type="checkbox"/>	Year 1 DSCR is 1.20x maximum [If initial DSCR is >1.0x, indicate approval by Credit Officer has been obtained, and describe the reason]
<input checked="" type="checkbox"/>	Confirmed that the on-going minimum DSCR of 1.15x through the term of the CalHFA 1 <sup>st</sup> 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.
<input checked="" type="checkbox"/>	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. [Any deviation to be noted here and in the USRM deviation section]
<input checked="" type="checkbox"/>	Inflation factors and vacancy rates are consistent with the Agency's underwriting standards (USRM)
<input checked="" type="checkbox"/>	Developer Fee requirements consistent with CalHFA underwriting standards and/or CTCAC Regulation 10327(c)2(B)
<input checked="" type="checkbox"/>	Confirmed the reasonableness of the Capitalized Reserves to be consistent with Agency's underwriting standards (USRM) and will be verified with the Investor Limited Partnership Agreement prior to permanent loan closing.
<input checked="" type="checkbox"/>	State Tax Credits (STC) maximum requested amount is consistent with CTCAC Regulations 10317
<input checked="" type="checkbox"/>	Confirmed that the Acquisition Cost (if applicable) is the lesser of: <ol style="list-style-type: none"> <li>i. Purchase price pursuant to a current purchase and sales agreement between unrelated parties, or</li> <li>ii. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or</li> <li>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.</li> </ol>



5j	High-Cost Explanation	
Total Development Cost (TDC)		\$78,726,906
Total Units		110
TDC/Unit		\$715,699
High-Cost Explanation provided by Developer per CDLAC Regs Section 5233?		Yes
High-Cost explanation acceptable to CalHFA?		Yes
Summary of Project-specific factors contributing to high cost:		
i.	Project located in HUD high-cost designated area?	<input checked="" type="checkbox"/>
ii.	State Prevailing Wage (PW) applicable to the project?	<input checked="" type="checkbox"/>
iii.	Increase in development cost due to demolition of existing building or structures?	<input type="checkbox"/>
iv.	Increase in development cost due to high environmental remediation costs?	<input type="checkbox"/>
v.	Increase in development cost due to significant off-site improvements due to site specific conditions?	<input type="checkbox"/>
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?	<input type="checkbox"/>
vii.	Other atypical costs included in the development cost budget?	<input checked="" type="checkbox"/>
viii.	Permit/Impact Fees	<input checked="" type="checkbox"/>
<p>Comments (for any <input checked="" type="checkbox"/> response, please indicate the costs per the Development Budget line-items)</p> <ul style="list-style-type: none"> <li>Project located in HUD high-cost designated area. State Prevailing Wage (PW) applicable to the project? \$9,749,823</li> <li>Other atypical costs included in the development cost budget? California’s current insurance market is currently very challenging, with insurance premiums rising in cost amongst the smaller pool of carriers. BUSD Workforce Housing is currently budgeting nearly \$1.3MM for construction insurance, an estimate informed by quotes from an insurance broker.</li> <li>Permit Fees for the city are about \$1.6MM and Utility Fees (EBMUD) are estimated at \$1.7MM. Fees also include City sewer fees. Total in budget = \$3,413,060 for these items.</li> </ul>		

**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 (33 units) at or below 60% AMI and 10% of the total units (11 units) at 50% AMI for 55 years.

The CalHFA Subsidy Regulatory Agreement will restrict 109 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
CalHFA Bond	2nd			11	33				44	40%
CalHFA MIP	3rd	12		22			12	65	111	102%
CTCAC	4th	25		25	15		32		97	89%
City of Berkeley	5th	22			40		4		66	61%
Density Bonus or CUP	1st				55				55	50%
<b>TOTALS</b>		25	0	25	15	0	32	14	111	102%

**Notes:**

- The CalHFA MIP Subsidy Regulatory Agreement requires 30% of total units at or below 50% of AMI. Of these, a minimum of 10% of total units must be at or below 30% of AMI (11 units at 30% AMI and 22 units at 50% AMI). An additional 10% of total units (11 units) must be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years.
- The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining restricted units will be restricted at or below 120% of AMI.
- The City of Berkeley is requiring a Density Bonus Agreement (“DBA”) which will be subject to CalHFA review and approval and further subjected to a CalHFA subordination or standstill agreement at permanent loan closing. The DBA will restrict 37 units at or below 80% of AMI (based off of the draft DBA) for the life of the project. In exchange for these restrictions the DBA will provide the following concessions:
  - a. Elimination of commercial space requirements.
  - b. Increased floor area ratio.
  - c. Increased building height.
  - d. Increased density.
  - e. Increased allowable lot coverage.
  - f. Reduced property setbacks.
  - g. Reduced parking requirements.
- The City of Berkeley is also requiring a regulatory agreement in connection with the city loan, which will be subject to CalHFA review and approval and further subjected to a CalHFA subordination agreement at permanent loan closing. The City of Berkeley regulatory agreement will restrict 66 units at or below 80% of AMI for a term of at least 55 years from the certificate of occupancy.

**6b Unit Distribution for each AMI category**

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

Rent Limit Summary Table								
	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	5-bdrm	Total	% Total
30%	0	13	6	6	0	0	25	23%
40%	0	0	0	0	0	0	0	0%
50%	0	13	6	6	0	0	25	23%
60%	0	7	4	4	0	0	15	14%
80%	0	14	9	9	0	0	32	29%
120%	0	12	0	0	0	0	12	11%
Manager	0	1	0	0	0	0	1	1%
<b>Total</b>	<b>0</b>	<b>60</b>	<b>25</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>110</b>	
<b>AMI Avg</b>		<b>68.1%</b>	<b>57.6%</b>	<b>57.6%</b>			<b>63.30%</b>	

Notes:

- 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.
- The units restricted at 120% of AMI are not considered restricted by TCAC and are not included in the TCAC average income requirement.

<b>7</b>	<b>Financial Analysis</b>
7a	Market Study Summary

Market Study firm: Raney Planning & Management, Inc.	Market Study Date: 2/7/2024
Market Study date within 180 days?	No
Proposed Market Rents for subject property	1 Br- \$2,838 2 Br- \$3,408 3 Br- \$6,508 (Underwritten rents are currently at least 10% below market rents)
Targeted population income range	30%-100% AMI
Absorption Period	3 months
Absorption rate	36 units per 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 Berkeley (population of 124,154) and the Secondary Market Area (“SMA”) is Alameda County (population of 1,689,571)
- The general population in the PMA is anticipated to increase by 0.1% per year and the population will increase by 0.1% per year.
- Unemployment in the PMA is 4.5%, which evidences a strong employment area. Per the appraisal, the unemployment rate in December 2024 was 5%. The PMA has generally experienced a higher unemployment rate compared to other areas of California due to its relation to the tech industry and recent layoffs. However, there are various improving business sectors that should return the unemployment rate to a more normal level in 2027 when the project is in lease-up.
- Median home value in the PMA is \$1,100,000.

**Local Market Area Analysis**

- **Supply:**
  - There are currently 16 affordable projects in the PMA and they are 100% occupied with long wait lists.
  - There is 1 affordable project(s) under construction.
  - There is 1 affordable project with a total of 52 estimated units that has been approved by the locality that has yet to start construction.
- **Demand/Absorption:**
  - The project will need to capture 6% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 32 units per month and reach full occupancy within 4 to 6 months of opening.
- **Summary:**
  - The market absorption and lease-up timelines are more conservative in the Developer’s lease-up plan and operating proforma assumptions than the Market Study, accounting for 9 months for full lease-up, which is 3 months longer than the market study.





7b	Appraisal Summary	
Appraiser firm: Cushman & Wakefield	Appraisal Date: 1/15/2025	
Engaged by: Wells Fargo Bank	Reliance by CalHFA (if co-engaged): Yes	
Appraisal within 180 days of Final Commitment?	Yes	
Appraisal premise	Interest appraised	Valuation
Market Value as-is	Leased Fee	\$11,750,000
Market Value upon completion/stabilization as if unencumbered by restricted rents	Leased Fee	\$38,870,000
Market Value upon completion/stabilization as encumbered by restricted rents	Leased Fee	\$20,630,000
Land Value – net of demolition costs	Leased Fee	\$11,750,000
	<b>Underwritten NOI</b>	<b>Appraisal NOI</b>
Appraiser Firm	Cushman & Wakefield	Cushman & Wakefield
Appraisal Date	1/15/2025	1/15/2025
Appraised As-is Value	\$11,750,000	\$11,750,000
Appraised Land Value	\$11,750,000	\$11,750,000
Appraised As-Completed Value (Restricted)	\$20,630,000	\$20,630,000
Appraisal Investment Value	\$71,860,000	\$71,860,000
Appraisal Cap rate	5.50%	5.50%
NOI (Stabilized Year) (see notes)	\$999,024	\$999,024
Appraisal Cap rate	5.50%	5.50%
As-completed Restricted Value Calculated for UW NOI	\$20,630,000	\$20,630,000
1st Lien Loan	\$12,195,000	\$12,195,000
Does the Perm loan include Cash equity payment?	NO	N/A
LTV	67%	67%
Max LTV allowed	90.00%	90.00%
LTV Check	OK	OK
Total CalHFA loans	\$16,195,000	\$16,195,000
CLTV calculated	89%	89%
Max CLTV allowed	100%	100%
CLTV Check	OK	OK
<b>LTV Stress Test for HUD Risk Share Underwriting Requirements</b>		
Cap Rate Stress %	0.50%	0.50%
Cap Rate for Stress Test 1	6.00%	6.00%
1st Lien Loan	\$ 12,195,000	\$ 12,195,000
Restricted Value	\$ 15,369,606	\$ 15,369,606
LTV (Stress Test 1)	79.34%	79.34%



Total CalHFA loans	\$ 16,195,000	\$ 16,195,000
CLTV (Stress Test 1)	105.37%	105.37%
	OK	OK

Comments:

- The Borrower’s estimated NOI is \$1,006,524 which is approximately \$7,500 (~0.01%) higher than the estimated NOI in the appraisal report of \$999,024. The underwritten operating expenses have been adjusted based on the appraisal report NOI.
- The absorption rate is 30 units per month which slightly less optimistic than the market study which anticipates 36 units per month. Both reports indicate approximately 6 to 9 months for full lease up which is consistent with the developer’s estimates. Cap Rate comments: The cap rate of 5.50% is based on the most recent information on comparable properties, which is 1 month old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (6%), the LTV would be 97%. Stressing the cap further and adding 100 basis-points to the cap rate would result in an LTV of 105%, which is higher than the underwriting requirement of 90% or less.

7c	Project Operating Budget Assumptions		
Total Units	110	Construction Start Date	3/1/2025
Regulated Units	109	Construction Completion Date	11/1/2026
Manager Units (Market Rate)	13	Construction Period (months)	20
Total Residential Square Feet	95,245	Lease-up Commencement Date:	11/1/2026
Avg Sq Ft/Unit	754	Lease-up Completion Date	8/1/2027
Rental Subsidies?	0	Lease-up Period (months)	9
No. of Units with Rental Subsidies	0	Est. Stabilization /Perm Conversion Date	11/1/2027
Rental Subsidy Contract Term (Initial)	0	Lease-up Completion to Stabilization (months)	12

7d	Project Operating Cash-flow Summary				
Operating Budget and Reserve Balances					
	Year 1	Year 5	Year 10	Year 15	Terminal Year
<b>Adjusted Gross Income</b>	<b>2,372,172</b>	<b>2,618,434</b>	<b>2,962,518</b>	<b>3,351,817</b>	<b>6,214,081</b>
Other Income/Subsidies	2,000	2,208	2,498	2,826	5,239
Projected Vacancy and Discount Loss	118,709	131,032	148,251	167,732	310,966
Effective Gross Income (EGI)	2,255,463	2,489,610	2,816,765	3,186,911	5,908,354
Total Operating Expenses	1,256,439	1,429,546	1,681,310	1,979,167	4,521,659
Reserve For Replacement	55,000	57,233	60,153	63,221	81,077
<b>Net Operating Income (NOI)</b>	<b>999,024</b>	<b>1,060,063</b>	<b>1,135,454</b>	<b>1,207,744</b>	<b>1,386,696</b>
Total Debt Service & Other Payments	867,204	867,204	867,204	867,204	867,204
Cash Flow After Debt Service	131,820	192,859	268,250	340,540	519,492
<b>Debt Service Coverage Ratio</b>	<b>1.15</b>	<b>1.22</b>	<b>1.31</b>	<b>1.39</b>	<b>1.60</b>
<b>Income/Expense Ratio</b>	<b>1.80</b>	<b>1.74</b>	<b>1.68</b>	<b>1.61</b>	<b>1.31</b>
<u>Less:</u>					
LP Management Fee*	8,500	9,567	11,091	12,857	0
GP Partnership Management Fee (See Note 2)	25,000	28,138	32,619	37,815	0
Other CalHFA approved Partnership Fee					
<b>Total Fees</b>	<b>\$33,500.00</b>	<b>\$37,705.00</b>	<b>\$43,710.00</b>	<b>\$50,672.00</b>	<b>\$ 0.00</b>
<b>Annual Cap Limit</b>	<b>\$38,000</b>	<b>\$42,769</b>	<b>\$49,581</b>	<b>\$57,478</b>	<b>\$60,979</b>
[*Note: Any Fees above the Annual Cap to be paid from Developer Distribution % below]					
<b>Cashflow for Distribution</b>					
Developer Distribution %	50%	50%	50%	50%	50%
Cumulative Developer Distribution	49,160	316,934	809,453	1,469,884	7,363,662
Residual Receipts %	50%	50%	50%	50%	50%
Cumulative Residual Receipts Repayment	49,160	316,934	809,453	1,469,884	7,363,662
<b>Unpaid/Accrued CalHFA loan Balance</b>					
Perm Loan	12,130,745	11,826,935	11,315,432	10,604,590	0
MIP Loan	4,000,000	4,448,609	4,988,566	5,506,236	7,748,339



<b>Reserves Balances</b>					
Operating Reserve	707,888	707,888	707,888	707,888	707,888
Rent Reserve	-	-	-	-	-
Transition Operating Reserve	-	-	-	-	-
Replacement Reserve	-	-	-	-	-
Other Reserve	-	-	-	-	-

7e	Rental Assistance and Other Subsidy				
<b>N/A</b>					
<b>Type of Rental Subsidy</b>	<b>Subsidy Administrator</b>	<b>Initial Term of Rental Subsidy Contract</b>	<b>Eligible Units</b>	<b>Renewal/Additional Term for Subsidy Contract</b>	
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 (if any):					
<u>Other State and Local Subsidies:</u>					
<b>Other State Subsidies:</b> N/A					
<b>Other Locality Subsidies:</b> The Project will be funded by other local funds which include:					
1. N/A					

7f Reserve Requirements		
Name of Reserve	Amount	Comments
Operating Expense Reserve (OER)	\$707,888	4 months of operating expenses 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 (capitalized)  \$55,000 (annually)	A capitalized RR is not required for new construction projects.  The annual RR amount is sized based on \$500 per unit per year. CalHFA will hold this reserve through the term of the CalHFA loan.
Transitional Operating Reserve (TOR)	N/A	

7g Exit Analysis Requirements			
<b>Exit Year</b>	39	<b>Assumed Refi Year</b>	39
<b>Cap Rate Increase</b>	2.00%	<b>Interest Rate Increase</b>	3.00%
<b>UW Loan Amount</b>	\$12,195,000	<b>Max. Refi Loan Size</b>	\$11,318,626
<b>Appraised Value</b>	\$18,432,011	<b>Max LTV at Refi</b>	59%
<b>Unpaid Principal Balance (1<sup>st</sup> Lien)</b>	\$0	<b>Unpaid Principal Balance (MIP Subsidy Loan)</b>	\$0

Notes:

- The primary source of repayment for both the CalHFA 1<sup>st</sup> lien loan and MIP subsidy loan is refinancing of the Project's first mortgage. The Exit analysis test for refinancing indicates that the Project will have the ability to fully repay the balance of both the Agency's 1<sup>st</sup> lien loan and the MIP Subsidy loan.

8 Insurance Requirements	
8a Seismic Review and Earthquake Insurance	
Seismic Review Required?	Y
Earthquake Insurance Required?	N
<ul style="list-style-type: none"> <li>This new construction Project will be built to State and City of Alameda Building Codes. However, the building design required a seismic review which was completed on January 9, 2025, by Partner Engineering and Science, Inc. This report determined SEL/SUL (475) at 13% and 20%, respectively. Therefore, the project will not be subject to Earthquake Insurance. 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 will be required.</li> </ul>	

<b>8b</b>	<b>Flood Designation and Insurance</b>		
Flood Zone Designation:	X	Flood Insurance Required?	N
<p>The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year floodplain, therefore the Project will not be subject to flood insurance.</p>			

<b>8c</b>	<b>Other Insurance Requirements</b>		
None			

<b>9</b>	<b>Third-party reports and diligence</b>		
<b>9a</b>	<b>Environmental Review Summary</b>		
Environmental Phase I Site Assessment Firm:	Environmental Service		
Phase I ESA Report Date:	2/12/2024	Reliance Letter with CalHFA as relying party?	Y
Phase II ESA Report Date:	N/A		
NEPA Review Completed?	No	NEPA review Date of completion:	In process.
<ul style="list-style-type: none"> <li>A Phase I Environmental Site Assessment identified no evidence of Recognized Environmental Conditions (RECs) and did not recommend any additional investigation.</li> <li>The project site is currently occupied by an on-grade parking lot primarily used by the Berkeley Adult School. The parking lot will be removed during the course of construction. To mitigate any environmental concerns, a soils management plan will be in place at construction closing, as recommended by the Phase I report.</li> </ul>			
<u>Other Environmental Reports</u>			
Asbestos-containing Material (ACM) Survey Required?	N/A		
Date of Survey:			
Lead-Based Paint (LBP) Survey Required?	N/A		
Date of Survey:			
Other Environmental Reports /studies completed:	N/A		

<b>10</b>	<b>Risk Identification and Mitigations</b>		
<b>10a</b>	<b>Underwriting and Term Sheet Variations</b>		
<p>Select all that applies <u>AND</u> add any other applicable deviations from USRM or Term Sheet that are not listed</p>			
<input type="checkbox"/>	i. Initial DSCR greater than 1.20x?		
<input type="checkbox"/>	ii. Deviation from LTV and CLTV requirements per Agency’s underwriting standards		
<input type="checkbox"/>	iii. The Project’s proposed operating expenses are below CTCAC minimum		
<input type="checkbox"/>	iv. Utility Allowance less than HUD’s allowance?		
<input type="checkbox"/>	v. Affordability restrictions (rent and income limits) are NOT in compliance with CalHFA Term Sheets and CalHFA Regulatory Agreement		

<input type="checkbox"/>	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?
<input type="checkbox"/>	vii. Maximum allowable rents for all restricted units is NOT in compliance with CalHFA Term Sheets
<input type="checkbox"/>	viii. Variation in CalHFA Loan(s) requirements for lien position recordation per Program Term Sheets
<input type="checkbox"/>	ix. Variation in CalHFA Loan(s) requirement for loan security and repayment per Agency's underwriting standards (USRM) and Program Term Sheets
<input checked="" type="checkbox"/>	<p>x. CalHFA Regulatory Agreements (MIP affordability covenants) are not recorded in senior position to all foreclosable debt.</p> <ul style="list-style-type: none"> <li>The project will be subject to a density bonus agreement ("DBA"), required by the city, at construction closing. The DBA will be recorded in senior priority to CalHFA's regulatory agreements at permanent loan closing and will be subject to a CalHFA standstill agreement. See section 6a for more details.</li> <li>The project will also be subject to a city regulatory agreement at construction closing in connection with the city loan. The city regulatory agreement will be recorded in senior priority to CalHFA's regulatory agreements at permanent loan closing and will be subject to a CalHFA subordination agreement. See section 6a for more details.</li> </ul>
<input type="checkbox"/>	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
<input type="checkbox"/>	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.
<input type="checkbox"/>	xiii. Failure to meet CalHFA Exit Analysis test requirements
<input type="checkbox"/>	xiv. Deviation from the CalHFA Program Term Sheet requirement for surplus cash distribution allowing higher than 50% distribution to the Developer
<input type="checkbox"/>	xv. Project-based rental subsidy contract term is less than Agency's 1 <sup>st</sup> lien perm loan and/or the proposed rental subsidy contract does not contain an automatic renewal provision.
<input type="checkbox"/>	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
<input type="checkbox"/>	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.
<input type="checkbox"/>	xviii. N/A

<b>11</b>	<b>Supplementary Project Information</b>
11a	Form of Site Control and Expiration
Current Ownership of Entity of Record: Berkeley Unified School District	
<p>The current owner of the site, Berkeley Unified School District, and the Project owner, 1701 San Pablo, L.P., entered into an Option Lease Agreement dated 12/15/2021 and then amended on 4/16/2024. The option agreement shall expire on the earlier of 4/16/2027, the date of construction closing or the occurrence of a default termination event. Upon execution of the agreement, the project owner will enter a ground lease. Please see section 11b for details.</p>	

11b	Ground Lease (if applicable)		
Ground Lessor	Berkeley Unified School District	Ground Lease Payment and Source	\$100 at execution, developer
Ground Lease Term	99 years	On-going Ground Lease Payment and Source	\$1 annually, Cashflow
<p>The owner will enter into a ground lease agreement with Berkeley Unified School District for a term of 99 years; for an amount of \$1 per annual.</p> <p>The CalHFA loan(s) will be secured against the leasehold interest in the land and fee interest in the improvements. All Agency subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval. Lessor must provide approval of CalHFA ground lease rider.</p> <p>Defaults under any loans used to capitalize payments or ongoing residual receipt payments required by the ground lease must not constitute a default under the ground lease.</p> <p>The Ground Lease does not require any specific unit restrictions. However, it will include a preference that the units be available to lease to Berkeley Unified School District employees. This preference is not intended to conflict with fair housing laws.</p>			

11c	Displacement and Relocation of existing tenants
<ul style="list-style-type: none"> <li>The Project is new construction, therefore, relocation is not applicable.</li> </ul>	

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	<input checked="" type="checkbox"/>	Central Heating	<input checked="" type="checkbox"/>
Fitness Room	<input checked="" type="checkbox"/>	Central A/C	<input checked="" type="checkbox"/>
Computer Room	<input checked="" type="checkbox"/>	Microwave	<input type="checkbox"/>
Gym	<input checked="" type="checkbox"/>	Washer/Dryer Hookups	<input type="checkbox"/>
Picnic Area	<input checked="" type="checkbox"/>	Dishwasher	<input checked="" type="checkbox"/>
Playground	<input checked="" type="checkbox"/>	Garbage Disposal	<input type="checkbox"/>
Gated Entrance	<input checked="" type="checkbox"/>	Free Internet Service	<input checked="" type="checkbox"/>
Surveillance Cameras	<input checked="" type="checkbox"/>	<Other>	<input type="checkbox"/>
<Other>	<input type="checkbox"/>	<Other>	<input type="checkbox"/>
<Other>	<input type="checkbox"/>	<Other>	<input type="checkbox"/>
<Other>	<input type="checkbox"/>	<Other>	<input type="checkbox"/>
Notes (if any):			

11f Legislative Districts & Local Support	
Congress:	#12 Lateefah Simon
Assembly:	#14 Buffy Wicks
State Senate	#7 Jesse Arreguin
Local Support: The City of Berkeley responded to a locality contribution letter dated 4/4/2024 stating they strongly support the project.	

12 Development Team Experience		
12a Developer / Project Sponsor		
Name	Experience with CalHFA	If new, describe if minimum development experience requirements are met per USRM
Satellite Affordable Housing Associates (51% share of Developer fee)	Projects in pipeline - None Projects completed - 11	
Abode Communities (49% share of Developer fee)	N/A N/A	Abode property manages one property in the CalHFA portfolio. The property is operating as expected.
Notes (if any)		



Developer Relationship Summary – Satellite Affordable Housing Associates [Portfolio]								
Project Name	Project Status	Loan Origination Date	Loan Maturity Date	Loan Amount	UPB as of 12/20/2024	Most Recent DSCR	Most Recent Occ. (%)	Most Recent Risk Rating
Arboleda Apartments MHA	Active	3/17/2016	3/1/2071	\$1,361,078	\$1,361,078	N/A	97%	
Fairmount MHA	Active	11/25/2009	1/1/2065	\$600,000	\$583,915	N/A	92%	
Fremont Oak Gardens	Active	12/20/2005	1/1/2036	\$2,700,000	\$1,286,649	1.12	96%	
Harmon Gardens MHA (City)	Active	5/24/2012	5/1/2067	\$500,000	\$500,000	N/A	85%	
Harmon Gardens MHA (County)	Active	5/24/2012	5/1/2067	\$500,000	\$500,000	N/A	85%	
Hookston Senior (1)	Active	10/31/2018	7/1/2060	\$23,090,000	\$9,288,319	1.08	93%	
Merritt Crossing (6th and Oak)	Active	12/20/2012	12/1/2067	\$300,000	\$300,000	N/A	97%	
Robin Lane MHA	Active	3/19/2013	3/1/2068	\$560,000	\$560,000	N/A	94%	
Tabora Gardens Senior Apartments	Active	PRA 811 Only						
The Savoy MHA	Active	12/1/2010	12/1/2065	\$1,500,000	\$1,500,000	N/A	96%	
University Neighborhood Apartments (UNA) (2)	Active	10/11/2005	11/1/2035	\$1,940,000	\$912,731	0.91	98%	
			<b>Total</b>	<b>\$33,051,078</b>	<b>\$16,792,693</b>			

Notes:

1. Hookston Senior - The low DSCR was due to the resident relocation cost due to a fire in late 2022.
2. UNA - The low DSCR in 2023 was due to many one-time expenses. Salaries increased by 40% from 2022, partly due to employee overtime which was caused by issues such as water leaks, mold, and tenant behavioral problems throughout the year. Contract expenses also doubled due to bedbug abatement, mold, and new security needs arising from tenant behavioral issues.



12b General Contractor	
General Contractor name:	James E. Roberts-Obayashi Corp.
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	Yes
<p>The general contractor (GC) is James E. Roberts-Obayashi Corp. which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the developer (SAHA) have worked on 6 projects that have been completed and are working on 2 projects that are in development stage (including the subject project, BUSD).</p>	

12c Architect and Engineering (A&E) firm	
Architect name:	Pyatok Architects
Affiliated entity of the GC?	No
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	Yes
<p>The architect is Pyatok Architects, which has extensive experience in designing and managing similar affordable housing projects in California through the locality’s building permit process and is familiar with CalHFA.</p> <p>The architect and the developer have worked on 5 projects that have been completed and are working on 2 projects that are in development stage (including the subject project, BUSD).</p>	

12d Management Agent (Property Manager)	
Name of the Firm	Satellite Affordable Housing Associates Property Management
Third-party or Borrower Affiliate?	Borrower Affiliate
Management Fee (Annual fee %)	6.1% of OPEX
Management Fee (Other incentives)	GP Partner fee of \$25K (year 1)
Total number of properties managed by the Property Manager (PM)	<p>Total of 77 properties managed</p> <ul style="list-style-type: none"> <li>• 71 (excluding this project) for SAHA/SAHA affiliates</li> <li>• 6 properties owned by various third parties</li> <li>• Zero properties for Abode Communities</li> </ul>
Total number of properties managed for the Developer	<p>71 (excluding this project) for SAHA/SAHA affiliates</p> <p>Zero properties for Abode Communities</p>
Total number of properties the PM has in CalHFA portfolio	11
Any property management issues for CalHFA portfolio projects under the management of the Property Manager?	<ul style="list-style-type: none"> <li>• Hookston Senior - The low DSCR was due to the resident relocation cost due to a fire in late 2022.</li> <li>• UNA - The low DSCR in 2023 was due to many one-time expenses. Salaries increased by 40% from 2022, partly due to employee overtime which was caused by issues such as water leaks, mold, and tenant behavioral problems throughout the year. Contract expenses also doubled due to bedbug abatement, mold, and new security needs arising from tenant behavioral issues.</li> </ul>
Notes (if any):	



12e		Borrower Affiliated Entities	
<b>Borrower Legal Entity</b>	<b>1701 San Pablo, L.P.</b>		
Borrower Entity Type	A California limited liability Company		
<b>Member</b>	<b>% interest</b>	<b>Legal Entity Name:</b>	
Managing General Partner	0.0051%	1701 San Pablo, LLC	
Administrative General Partner	0.0049%	San Pablo GP, LLC	
Investor Limited Partner	99.99%	Wells Fargo Bank. N.A.	
	100.00%		
<b>Managing General Partner</b>	1701 San Pablo, LLC		
Type of Legal Entity	A California limited liability Company		
Ownership			% interest
Satellite Affordable Housing Associates, a 501(c)3 Public Benefit Corporation			100%
			0%
<b>Administrative General Partner</b>	San Pablo GP, LLC		
Type of Legal Entity	A California limited liability Company		
Ownership			% interest
Abode Communities, a 501(c)3 Public Benefit Corporation			100%
			0%
<b>Investor Limited Partner</b>	Wells Fargo Bank, N.A.		
Comments on Tax Credit Investor:			
Comments on LPA nuances/concerns:			
Notes (if any):			

12f		Support Service Provider(s)	
Name of Service Provider	Satellite Affordable Housing Associates		
Required by TCAC or other funding sources?	Yes		
Term of Services (on-site, number of years)	On-site, 12 hours per week for 15 years		
Support Services Budget included in the Operating Budget	Yes (\$70,082 first year)		
Per unit cost of support services meets USRM thresholds?	Yes		
Service Provider 2	N/A		
<p>The Borrower has elected to provide supportive services to the residents through Satellite Affordable Housing Associates, an affiliate of the property management company and developer. The service provider will provide its services for all tenants. Services will include 12 hours/week of after-school programming and health and wellness skill-building classes as well as transportation services to medical appointments. CTCAC requires site services for 15 years, however, the supportive services MOU commits the provider to 20 years of services.</p>			

<b>12g</b>	<b>Other Development Team Members (if applicable)</b>	
Name of Firm:	N/A	
Role:	N/A	
Experience		

<b>13</b>	<b>Conditions for Approval</b>	
<p>Approval is conditioned upon:</p> <ol style="list-style-type: none"> <li>1. Subject to all MIP program requirements pursuant to applicable term sheets.</li> <li>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.</li> <li>3. All MIP Loan principal and interest will be due and payable at maturity.</li> <li>4. No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter, per the HUD Risk Sharing program requirements.</li> <li>5. The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement and regulatory agreement. CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the DBA and regulatory agreement will be recorded in senior priority to CalHFA’s regulatory agreements and deeds of trust at permanent loan closing and will be subject to a CalHFA subordination or standstill agreement.</li> <li>6. Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the parking spaces, offsite improvements, construction costs, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project.</li> <li>7. The CalHFA loan(s) will be secured against the leasehold interest in the land and fee interest in the improvements. All subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval. Lessor must provide approval of CalHFA ground lease rider.</li> <li>8. Receipt of property management plan and ground lease acceptable to CalHFA prior to construction loan closing. The school district employee preference must comply with fair housing laws.</li> <li>9. Defaults under any loans used to capitalize payments or ongoing residual receipt payments required by the ground lease must not constitute a default under the ground lease.</li> <li>10. Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.</li> <li>11. Final soil management plan must be provided and approved by CalHFA prior to construction loan closing. In addition, evidence of environmental clearance must be provided and approved by CalHFA prior to permanent loan closing.</li> <li>12. Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.</li> </ol>		

<b>14</b>	<b>Approval Recommendation and Action</b>
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<b>14a</b>	<b>Staff Recommendation and Approval Authorizing the Issuance of a Final Commitment</b>
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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.

<b>14b</b>	<b>Senior Loan Committee Action</b>
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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.



Date: 2/24/2025

Erwin Tam

Director of Financing & Senior Loan Committee Chairperson

**Rebecca  
Franklin**

Approved by:  
Digitally signed by Rebecca Franklin  
DN: OU=Executive Office, O=California  
Housing Finance Agency, CN=Rebecca  
Franklin, E=rfranklin@calhfa.ca.gov  
Reason: I am the author of this  
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Date: 2025.02.25 12:20:43-08'00'  
Foxit PDF Editor Version: 2024.4.1

Date: 2/25/2025

Rebecca Franklin  
Acting Executive Director  
CalHFA