Executive Summary	
CalHFA Project Number	25010
Project Name	960 Howard Street
Type of Development	New Construction
Type of Project	Family
Total Units (MIP Restricted Units)]	202 (200 restricted)
Street Address	960 Howard Street
City, County, Zip Code	San Francisco, San Francisco County, 94103
Borrower (Legal entity name)	Howard Street Housing Partners, LP
Developer(s)	oWow LLC
Co-Developer	Community HousingWorks (CHW)
Approved Conduit Issuances	
Conduit T/E Bond Issuance [CDLAC Meeting: August 5, 2025]	$52,000,000 (Assumes $47,265,334 need; includes 10% cushion and rounded up to nearest $1m)
Conduit Taxable Bond Issuance	$24,000,000 (Assumes $21,524,729 need; includes 10% cushion and rounded up to nearest $1m)
Conduit T/E Recycled Bond Volume Cap	$5,000,000 (Assumes $3,412,361 need; includes 10% cushion and rounded up to nearest $1m)
Requested CalHFA Financing for Approval	
CalHFA Tax-Exempt Permanent Loan Amount	$38,530,000 UW Rate and Loan Term: 6.61%; 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) 2025 $1,000,000 UW Rate and Loan Term: 3.00%, fixed-simple; 2nd lien; residual receipts; due in 17 years
Key Dates and Approvals	
CDLAC Volume Cap Award Date	8/5/2025
CTCAC Tax Credit Award Date	8/5/2025
CDLAC Closing Deadline	5/3/2026
Est. Construction Loan Closing Date	4/29/2026
Est. CalHFA Loan Closing (perm conversion) Date	6/1/2028
Federal Tax Credits (LIHTC) Requested	$33,959,910
State Tax Credits Requested	$25,393,178
Notes: The applicant made an election to sell (Certificate) all or any portion of the state credits.	

1	Project Summary
	Project Description

960 Howard Street (the "Project") is an adaptive reuse, new construction, family, mixed-income, mixed-use apartment community consisting of a partially constructed three-story commercial structure that will be converted into affordable housing with 12 stories of new construction added. The total development site area is 0.29 acres and is in San Francisco, San Francisco County. The Project will consist of one, 15-story residential elevator serviced building. The non-residential or commercial area will be master leased to a Sponsor / third-party affiliate entity and is part of the subject financing. The Project will have total 202 residential units, of which, 200 units will be restricted between 30% and 70% of the San Francisco County Area Median Income (AMI). There will be 34 studio units (366 sq. ft.), 79 one-bedroom units (500 to 545 sq. ft.), and 89 two-bedroom units (500 to 650 sq. ft.). Two of the one-bedroom units will serve as the manager's units. The project will use a 50% Density Bonus and will meet Housing Sustainability District minimum requirements, housing inclusionary requirements, and State Density Bonus requirements.

The Project is an adaptive reuse 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. The Project will include ground level and second floor commercial and Personal Development and Recreation space, per San Francisco zoning code requirements. The commercial has no assigned parking. The building will be serviced by two elevators providing access to all residential floors. The commercial portion is excluded from basis. The income is also not included in the underwriting of the Project.

The project is designed as a mid-rise fifteen-story podium-style building, consisting of 12 stories of residential mass timber above an existing 3 story concrete podium building. In addition to CDLAC minimum design standards, which include some sustainable building requirements like the use of EnergyStar appliances and installation of water efficient landscaping, the Project will meet Green Point Rating but will not pursue certifications.

The Project's financing structure includes financing from: Tax-exempt (T/E) bonds, Taxable loan, T/E Recycled bonds, 4% Federal Low Income Housing Tax Credit (LIHTC) equity, CalHFA Tax-Exempt Permanent Loan, CalHFA Subordinate financing through Mixed-Income (MIP) Subsidy Loan, and Michael Chang Family Heritage Trust (deferred interest loan).

Notes:
1. The developer plans to offer on-site storage for a fee, as such the area should not be included in basis.
2. Per the San Francisco Planning Department notice of approval, the Project will include ground level and second floor commercial (Office and Retail) and Personal Development and Recreation space, in line with San Francisco zoning code requirements. The Project includes 51 Class 1 and 8 Class 2 bicycle parking spaces, one off-street loading space, and no off-street vehicular parking spaces.
3. 960 Howard originated with oWOW LLC, the joint-venture partner. oWOW constructed the concrete podium during the pandemic for commercial use, but paused due to stalling market conditions. oWow turned the project over to their lender until a time when the Project would become feasible. After many restructuring attempts, the project succeeded in 2025 MIP as an affordable housing project. The option agreement between the bank's ownership affiliate and oWow affiliate contemplates total cost of $22,493,751 for the existing improvements, which are allowed to be included in basis as the original construction was never completed.
4. Due to the commercial master lease structure, any surplus commercial income (after expenses) may be required to reduce MIP loan principal and interest.

Inside Principal City?	Yes	Underserved or Distressed Tract?	No
Census Tract (CT)	41884-06-075-0176.02	% Population Below Poverty Line	19.46%
CT Minority Population %	73.42%	Rural Area?	No
CT Income Level	Unknown	2025 Est. CT Median Family Income	$185,000
CDLAC/TCAC Opportunity Area Category		Low Resource	
CDLAC/TCAC Geographic Region		San Francisco County	
Project is located in DDA?		No	
Project is located in federally-designated Qualified Census Tract (QCT) for LIHTC purposes?		No	

Legislative Districts:

- Congress: 11, Nancy Pelosi
- State Assembly: 17, Matt Haney
- State Senate: 11, Scott D. Wiener

Local Support: The City of San Francisco sent a locality contribution email dated June 2, 2025 stating locality awareness and approval of the project.

2	Development and Financing Team

Developer (Sponsor): **Emerging:** oWOW LLC (100% developer fee)		**Co-developer:** **Qualifying:** Community HousingWorks (0% developer fee)	
New to CalHFA?	Yes	New to CalHFA?	No
Affordable Housing/LIHTC experience?	Yes	Affordable Housing/LIHTC experience?	Yes
Has Projects in California?	Yes	Has Projects in California?	Yes
Borrower (Legal entity): Howard Street Housing Partners, L.P.		**Co-Borrower (if any):** N/A	
Construction (Senior) Lender: 1) U.S. Bank National Association		**Construction Subordinate Lender(s):**	
Permanent 1st lien Lender: 1) CalHFA		**Permanent Subordinate Lender(s):** 1) CalHFA (2nd lien)	
Federal LIHTC Investor: U.S. Bancorp Community Development Corporation		**State LIHTC Investor:** U.S. Bancorp Community Development Corporation	
Tax Credit Amount	$33,959,910	Tax Credit Amount	$25,393,178
Solar Tax Credit Investor: N/A			
Tax Credit Amount	N/A		
General Contractor: oWow Construction Inc.		**Management Company (Property Manager):** Aperto Property Management	
Is an affiliate of Developer?	Yes	Is an affiliate of Developer?	No
Experience with CalHFA?	No	Total number of properties managed	125
Architect: Inflection Platform, Inc		**Service Provider:** Community HousingWorks	
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 years
				Support Services Cost (per Operating budget)	$22,500/year
	Has housing projects in CA?	Yes		Per unit cost of services meets CDLAC req.?	Yes
Financial Advisor: Bernard E. REA, CPA			**Project Consultant:** Zen Development Consultants LLC		

Notes:

1. oWow LLC is an emerging developer. Community HousingWorks ("CHW") is the experienced co-developer and meets CalHFA's experience requirements. CHW has four projects in CalHFA's portfolio that are performing as expected.
2. Aperto Property Management, Inc. is the property manager for at least 23 CalHFA portfolio projects. Aperto generally performs as expected, however they can require multiple follow-ups on requests.
3. Zen Development Consultants LLC ("ZDC") has also been engaged as development consultant. ZDC is serving as the project manager and providing comprehensive development oversight. Responsibilities include seller negotiations, entitlements process, community engagement, assistance in obtaining financing, co-supervising design/construction, and other development-related tasks. ZDC is not part of the project ownership. Services will continue through financial closing and into the construction period.

3	**Requested CalHFA Financing for Approval**		
	CalHFA 1st Lien Perm Loan	**CalHFA Subordinate Loan (MIP Subsidy Loan)**	**Total CalHFA Financing**
Loan Amount ($)	$38,530,000	$1,000,000	$39,530,000
Loan Term (Year)	17	17	
Amort. Term (Year)	40		
Amort. Type	Fully Amortizing	Non-amortizing	
Lien Position	1st	2nd	
UW Interest Rate %	6.61%	3.00%	
Loan to Value (%)	64.08%	1.66%	
Combined LTV (CLTV) (%)			65.74%
Loan to Cost (%)	38.04%	0.99%	39.03%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

4	Project Budget & Total Development Cost
	Construction Financing

Construction Lender	U.S. Bank National Association
CDLAC/CTCAC Construction Closing Deadline	5/3/2026

	Bond Issuance Amount		Type of Issuance
Construction Conduit Issuance Amount	$47,265,334		Tax-Exempt
Construction Conduit Issuance Amount	$21,524,729		Taxable
Construction Conduit Issuance Amount	$3,412,361		T/E Recycled
Total	$72,202,424		
	Loan Amount	UW Rate	Loan Term
Construction Loan (T/E) (Interest-only, 1st lien during construction)	$47,265,334	6.17%, Variable (See Note 1)	28 months + two 6mo. extensions
Construction Loan (Taxable) (Interest-only, 1st lien during construction)	$21,524,729	6.67%, Variable (See Note 2)	28 months + two 6mo. extensions
Construction Loan (T/E Recycled) (Interest-only, 1st lien during construction)	$3,412,361	6.17%, Variable (See Note 3)	28 months + two 6mo. extensions

Notes:
1. 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.

Construction Sources		
Construction Sources:	Amount ($)	% of Total
U.S. Bancorp Community Investment Corporation (T/E)	47,265,334	48%
U.S. Bancorp Community Investment Corporation (T/E Recycled)	3,412,361	3%
U.S. Bancorp Community Investment Corporation (Tax)	21,524,729	22%
U.S. Bancorp Community Investment Corporation (LIHTC Investor)	15,038,503	15%
Deferred Costs (Cost Deferral)	5,247,805	5%
Howard Street Housing Partners LP (Developer Fee, Deferral)	7,038,377	7%
Total Construction Sources	**$99,527,109**	**100%**

Construction Uses		
Construction Uses:	Amount ($)	% of Total
Land and Improvement Value	$3,750,000	3.77%
Other Acquisition Costs	$2,495,868	2.51%
Construction/Rehab Costs	$54,074,549	54.33%
Soft Costs (A&E, Legal, Title, and Other Soft Cost)	$19,087,484	19.18%
Hard Cost contingency (5.12% of Hard Cost)	$2,300,000	2.31%
Soft Cost contingency (2.03% of Soft Cost)	$800,000	0.80%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	$14,122,828	14.19%
Local Impact Fees and Permit Fees	$1,786,084	1.79%
Cash Portion Developer Fee	300,000	.30%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	$810,296	0.81%
Operating Reserves	$0	0.00%
Total Construction Uses	$99,527,109	100%
Total Construction Cost per unit (202)	$492,708	
Total Construction Cost per CalHFA MIP Regulated Unit (200)	$497,636	

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. Acquisition Costs included in the budget are $6,245,868 which is in compliance with Agency's underwriting (USRM) standards. The total Acquisition costs include as-is land cost, per appraisal dated February 3, 2026, of $3,750,000. The acquisition costs also include carrying costs of $440,172 and other costs of $2,055,696 which are attributed to interest and fees associated with predevelopment costs.
3. The total hard cost contingency in the project is 5.12% 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.
4. The total soft cost contingency in the project is 2.03% 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.

Permanent Sources and Uses

Permanent Sources:	Amount ($)	% of Total
CalHFA (Permanent Loan)	38,530,000	38%
CalHFA (MIP Loan)	1,000,000	1%
Howard Street Housing Partners LP (Developer Fee, Deferral)	8,804,963	9%
Tax Credit Equity	52,958,732	52%
Total Permanent Sources	$101,293,695	100%

Permanent Uses:	Amount ($)	% of Total
Total Loan Payoffs	$88,136,939	87.0%
Other Acquisition Costs	$0	0.0%
GP Equity	$0	0.0%
Financing costs	$294,725	0.3%
Soft costs	$0	0.0%
Operating Reserves	$1,471,861	1.5%
Cash Developer Fee paid at Perm Conversion	$2,585,207	2.6%
Deferred Developer Fees paid from cashflow	$8,804,963	8.7%
Total Permanent Uses	$101,293,695	100%
Total Development Cost per unit	$501,454	
Total Development Cost per CalHFA MIP Restricted Unit	$506,468	
Notes (if any):		

Developer Fee

Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	4,540,420	2,885,207
Deferred Developer Fee (DDF) paid from project cash-flow (b)		$8,804,963
Total Developer Fee (a) + (b)	$15,495,015	$11,690,170
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		**$0**
Notes (if any):		

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). Any unpaid MIP principal and interest at refinance must be repaid by general partner contribution.
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.

	High-Cost Explanation (TDC exceeds $650,000 per unit)
Total Development Cost (TDC)	$101,293,695
Total Units	202
TDC/Unit	$501,454
High-Cost Explanation provided by Developer per CDLAC Regs Section 5233?	N/A
High-Cost explanation acceptable to CalHFA?	N/A

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 (60 units) at or below 60% AMI and 10% of the total units (21 units) at 50% AMI for 55 years.

The CalHFA Subsidy Regulatory Agreement will restrict 200 units between 30% - 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			21	60					81	41%
CalHFA MIP	3rd	21		41		21		117		200	100%
CTCAC	4th	21		41	73	65				200	100%
City SF Affd Agreement	1st						20	40		60	30%
TOTALS		21	0	41	73	65	0	0		200	100%

Notes (if any):

1. 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 (21 units at 30% AMI and 41 units at 50% AMI). An additional 10% of total units [21 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 [117 units] restricted units will be restricted at or below 120% of AMI.
3. The City of San Francisco will record a Regulatory Agreement and Declaration of Restrictive Covenants for On-Site Affordable Housing Units will restrict 10% if the affordable units (20 units) at 80% or less of AMI and 20% of the affordable units (40 units) at 120% or less of AMI. The agreement should not have foreclosure rights and will be subject to standstill provisions that are in excess of the affordability requirements for any period that the Agency is in possession of the property following a foreclosure or deed in lieu.

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%	4	8	9	0	0	0	21	10%
40%	0	0	0	0	0	0	0	0%
50%	7	16	18	0	0	0	41	20%
60%	23	0	50	0	0	0	73	36%
70%	0	53	12	0	0	0	65	32%
80%	0	0	0	0	0	0	0	0%
120%	0	0	0	0	0	0	0	0%
Manager	1	1	0	0	0	0	2	1%
Market	0	0	0	0	0	0	0	0%
Total	35	78	89	0	0	0	202	
AMI Avg	54.4%	61.7%	56.3%				58.05%	

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.

6	**Financial Analysis**
6a	Project Operating Budget Assumptions

Total Units	202	Construction Start Date	5/1/2026
Regulated Units	200	Construction Completion Date	12/1/2027
Manager Units (Market Rate)	2	Construction Period (months)	19
Total Residential Square Feet	118,213	Lease-up Commencement Date:	12/1/2027
Avg Sq Ft/Unit	561	Lease-up Completion Date	8/1/2028
Rental Subsidies?	0	Lease-up Period (months)	8
No. of Units with Rental Subsidies	0	Est. Stabilization /Perm Conversion Date	6/1/2028
Rental Subsidy Contract Term (Initial)	0	Lease-up Completion to Stabilization (months)	6

Notes:

- The overall estimated construction loan term is 27 months from const closing to perm. It *is* short for a 200-unit high-rise structure. There are a few factors below that were taken into consideration when estimating the construction schedule. The project has been underwritten considering a 36-month forward lock period to help account for unexpected delays.
  1. The project is adaptive reuse which includes an existing foundation and outer shell of lower part of building which will help save time in the construction schedule.
  2. The construction type is mass timber which has been shown to reduce construction costs and timing by up to 25% compared to traditional concrete and steel structures. oWow has recently proven this with a recent project built in neighboring Oakland.

6b	Project Operating Cash-flow Summary				
Operating Budget and Reserve Balances					
	Year 1	Year 5	Year 10	Year 15	Terminal Year 17
Adjusted Gross Income	4,921,608	5,432,534	6,146,414	6,954,103	7,306,155
Other Income/Subsidies	140,188	154,741	175,076	198,082	208,110
Projected Vacancy and Discount Loss	246,301	271,870	307,596	348,017	365,636
Effective Gross Income (EGI)	4,815,495	5,315,405	6,013,893	6,804,168	7,148,629
Total Operating Expenses	1,658,766	1,895,196	2,239,912	2,648,786	2,832,919
Reserve For Replacement	60,600	63,061	66,277	69,658	71,058
Net Operating Income (NOI)	3,156,729	3,420,209	3,773,982	4,155,382	4,315,710
Total Debt Service & Other Payments	2,743,232	2,743,232	2,743,232	2,743,232	2,743,232
Cash Flow After Debt Service	413,497	676,978	1,030,750	1,412,150	1,572,478
Debt Service Coverage Ratio	1.15	1.25	1.38	1.51	1.57
Income/Expense Ratio	2.90	2.80	2.68	2.57	2.52
Less:					
LP Management Fee*	10,500	11,818	13,700	15,882	0
GP Partnership Management Fee (See Note 2)	22,000	24,761	28,705	33,277	0
Other CalHFA approved Partnership Fee					
Total Fees	$32,500.00	$36,579.00	$42,405.00	$49,159.00	$ 0.00
Annual Cap Limit	$40,500	$45,583	$52,843	$61,260	$64,991
[*Note: Any Fees above the Annual Cap to be paid from Developer Distribution % below]					
Cashflow for Distribution					
Developer Distribution %	100%	100%	100%	50%	50%
Cumulative Developer Distribution	380,997	2,548,285	6,783,488	10,734,380	12,266,499
Residual Receipts %	0%	0%	0%	50%	50%
Cumulative Residual Receipts Repayment	0	0	0	2,104,065	3,636,184
Unpaid/Accrued CalHFA loan Balance					
Perm Loan	38,327,540	37,370,022	35,757,186	33,514,696	32,389,212
MIP Loan	1,000,000	1,120,000	1,270,000	18,312	16
Reserves Balances					
Operating Reserve	1,471,861	1,471,861	1,471,861	1,471,861	1,471,861

6c	Exit Analysis Requirements		
Exit Year	Year 17	**Assumed Refi Year**	Year 16
Cap Rate Increase	2.00%	**Interest Rate Increase**	3.00%
UW Loan Amount	$38,530,000	**Max. Refi Loan Size**	$34,623,567
Appraised Value	$58,377,909	**Max LTV at Refi**	59%

Unpaid Principal Balance (1st Lien)	($1,653,073)	**Unpaid Principal Balance (MIP Subsidy Loan)**	$0
Notes: • The primary source of repayment for both the CalHFA 1st lien loan and MIP subsidy loan is refinance 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 the Agency's 1st lien loan.			

7	Insurance Requirements

- **Seismic Review and Earthquake Insurance:** This adaptive reuse new construction Project will be built to State and City of San Francisco Building Codes, so no seismic review is required and the project will not be subject to Earthquake Insurance. According to a third-party seismic report by Partner Engineering and Science, Inc., dated 12/15/2025, the Probable Maximum Loss ("PML") scenario expected loss is 15% within a 475-year period, which meets the Agency's earthquake insurance waiver requirement threshold of 20%.
- **Flood Designation and Insurance:** 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, therefore the Project will not be subject to flood insurance.
- **Other Insurance Requirements:** N/A

8	Environmental Review

- A Phase I Environmental Site Assessment identified evidence of Recognized Environmental Conditions (RECs) listed below. All have been addressed in the Site Mitigation Plan Implementation (SMP) and Vapor Intrusion Mitigation System Installation (VIMS) Report by Cornerstone dated 7/11/2023.
  - Impacted contaminated soils will be mitigated as part of earthwork construction activities on the eastern half of the building footprint to the Howard Street elevation.
  - A remediation mitigation cost analysis (if requested by HUD) as an addendum to the SMP for contract remedial services indicating complete removal of impacted soils as part of construction earthwork activities. The remediation contract shall require cost cap and reopener insurance coverages to be submitted as an addendum (if mandated by HUD).
- Based on the findings of this Phase I ESA:
  - Radon Gas: The subject property is in an EPA Radon Zone 2. Radon mitigation measures are required to be implemented in the project design in accordance with HUD, including a vapor mitigation system that was previously installed as part of the site work for the partially built commercial structure. Post-construction testing will be conducted by a properly certified Radon Professional. If activated mitigation systems are present on the property, a Radon Operations, Maintenance and Monitoring (OM&M) Plan will be developed.
  - Mold/Moisture Intrusion: As there is an existing structure that will be part of the adaptive reuse project, moisture damage is being monitored and mitigated. The source of water intrusion would be identified and eliminated. In addition, all water damaged building materials should be removed to prevent future mold growth. Contract a licensed Mold Remediation professional to inspect the entire property and provide a plan of action to remove and control any mold growth within the subject property structures.
- The development budget includes an estimated amount of $100,000 for the vapor mitigation system that is complete (included in site work) and $20,000 for plumbing risers to be completed (included in structure costs), which is the anticipated costs associated with addressing these environmental issues per the environmental remediation budget provided by their environmental consultant. To the extent the environmental budget is insufficient to address all the remediation or mitigation strategies, the

Developer will be required to fund the expenses from their own sources. The operating budget includes $20,000 annually for monitoring of the vapor mitigation system.

- The final environmental remediation plan will be subject to CalHFA's approval prior to construction loan closing and a certification/documentation that evidence all environmental issues have been addressed during construction will be subject to CalHFA's approval prior to permanent loan closing.
- Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and Subsidy (MIP) loans.
- Final clearance approval of the vapor mitigation system from the San Francisco Department of Public Health prior to permanent loan closing.
- HUD NEPA approval was received on 2/25/2026.

9 Underwriting and Term Sheet Variations

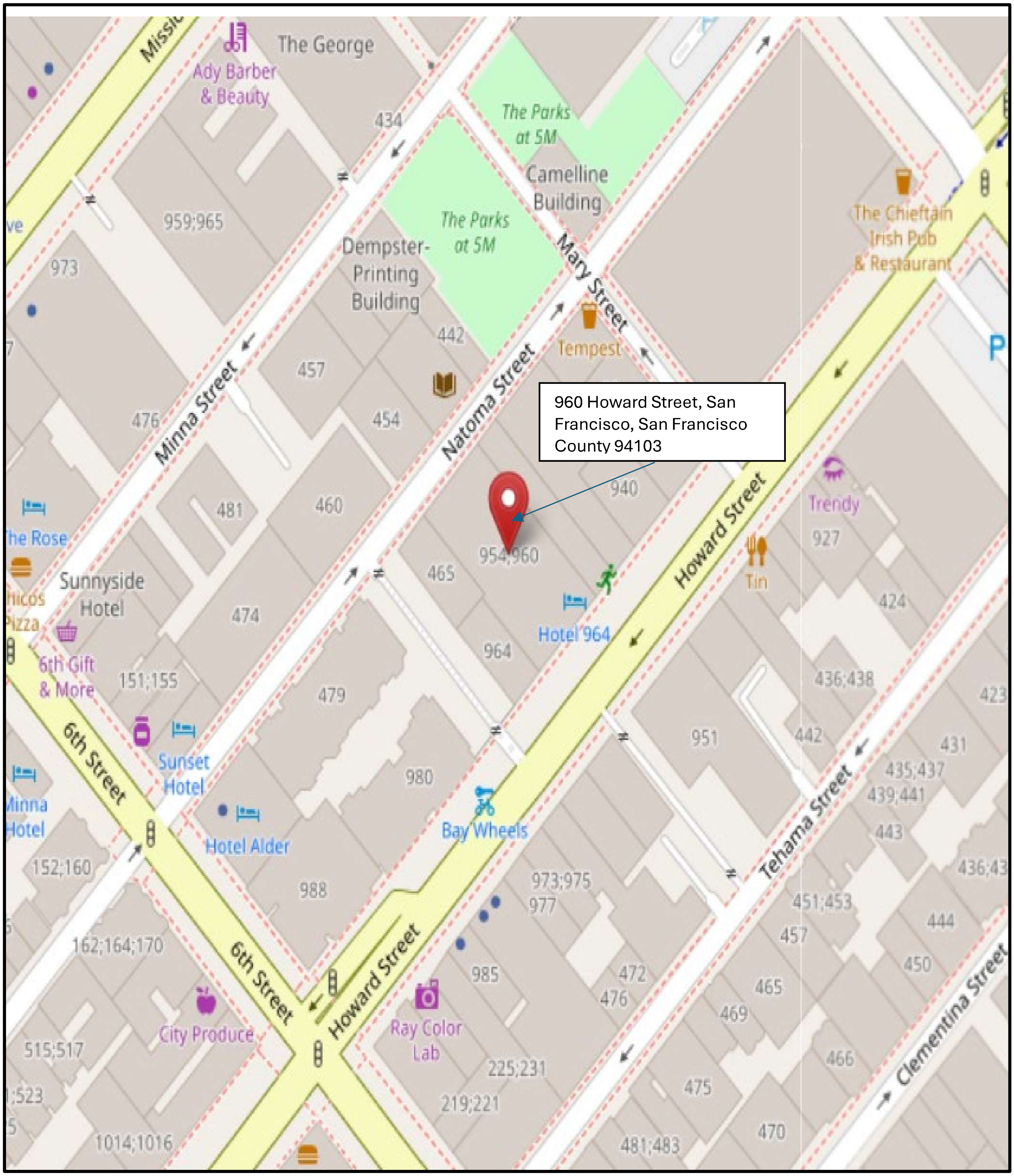
1. The City of San Francisco is requiring a Locality Regulatory Agreement to be recorded in senior position to the CalHFA Deeds of Trust. The Locality Regulatory Agreement should not have foreclosure rights and will be subject to standstill provisions that are in excess of the affordability requirements for any period that the Agency is in possession of the property following a foreclosure or deed in lieu.
2. To ensure the deferred developer fee is repaid by year 15, the surplus cash distribution is underwritten showing 100% being applied to reducing the deferred developer fee until full repayment which is currently projected in year 12. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower `must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.

10 Approval Recommendation and Action

The Multifamily Programs 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.

960 Howard Street- Near



960 Howard Street- Far