Executive Summary	
CalHFA Project Number	25011
Project Name	Francis Avenue Apartments
Type of Development	New Construction
Type of Project	Family
Total Units (MIP Restricted Units)]	232 (230 MIP Restricted Units)
Street Address	2859 Francis Avenue
City, County, Zip Code	Los Angeles, Los Angeles County, 90005
Borrower (Legal entity name)	Francis Venture LP
Developer(s)	MRK PARTNERS INC.
Co-Developer	Six Peak Capital, LP (“SPC”)
Approved Conduit Issuances	
Conduit T/E Bond Issuance	\$25,000,000 (assuming current need is \$22,400,000) Includes 10% cushion and rounded up to nearest \$1m
Conduit Taxable Bond Issuance	\$38,000,000 (assuming current need is \$34,313,153) Includes 10% cushion and rounded up to nearest \$1m
Conduit T/E Recycled Bond Volume Cap	\$4,000,000 (assuming current need is \$2,739,968) Includes 10% cushion and rounded up to nearest \$1m
Requested CalHFA Financing for Approval	
CalHFA Tax-Exempt Permanent Loan Amount	\$22,400,000 UW Rate and Loan Term: 6.71%; fixed- compounding; 1st lien; 40-year amortization due in 17 years
CalHFA Taxable Permanent Loan Amount (if any)	\$16,500,000 UW Rate and Loan Term: 6.71%; fixed- simple; 1st lien; 40-year amortization due in 17 years
HUD Risk Sharing Requirement (1st lien loan)	Yes
CalHFA Subordinate/Subsidy Financing Type	\$4,000,000 Mixed-Income Program (MIP) 2025 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	6/23/2026
Est. Construction Loan Closing Date	6/11/2026
Est. CalHFA Loan Closing (perm conversion) Date	10/1/2029
Federal Tax Credits (LIHTC) Requested	Federal LIHTC Amount: \$36,226,370
State Tax Credits Requested	State Tax Credit Amount: \$0

1	Project Summary
	Project Description

Francis Avenue Apartments (the "Project") is a new construction, family, mixed-income Project. The total development site area is 0.62 acres and is located in Los Angeles, Los Angeles County. The Project will consist of 1, 8-story elevator serviced building. The Project will have total 232 residential units, of which 230 units will be restricted between 30% and 70% of the Los Angeles County Area Median Income (AMI). There will be 101 SRO/studio units (340 sq. ft.), 36 one-bedroom units (453 sq. ft.), 95 two-bedroom units (574 sq. ft.). In addition, 2 of the two-bedroom units will serve as the manager's unit(s). The Project will have 0 spaces for residential parking. Per the City of Los Angeles Letter of Compliance Ministerial on-menu and off-menu Standard Density Bonus dated November 8, 2024, no parking requirements apply for 100% affordable projects with public transit located within one-half mile of the Project. There is public transit located within 0.1 mile of the project.

The project is hybrid podium construction consisting of 5 floors type IA (fire-resistive) that will be concrete/steel podium over 3 floors type IIIA (protected combustible) wood-frame over podium construction. In addition, the project includes CDLAC minimum design standards which include some sustainable building requirements like the use of EnergyStar appliances, central electric water heating system, passive bathroom ventilation, low-flow plumbing, and no onsite parking which reduces embodied carbon.

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, Lease Up Income, CalHFA Tax-Exempt Permanent Loan, CalHFA Taxable Permanent Loan, CalHFA Subordinate financing through Mixed-Income (MIP) Subsidy Loan, a General Partner Loan, and an Equity Bridge Loan.

Notes:

1. The Project is located in Los Angeles, Los Angeles County. The city's Rental Covenant Agreement running with the land will be subordinate to CalHFA's permanent and MIP restrictions.

Inside Principal City?	Yes	Underserved or Distressed Tract?	No
Census Tract (CT)	06-037-2122.02	% Population Below Poverty Line	32.31%
CT Minority Population %	95.07%	Rural Area?	No
CT Income Level	Low	2025 Est. CT Median Family Income	$42,907
CDLAC/TCAC Opportunity Area Category		Low Resource	
CDLAC/TCAC Geographic Region		City of Los Angeles	
Project is located in DDA?		No	
Project is located in Federally-designated Qualified Census Tract (QCT) for LIHTC purposes?		Yes	

Legislative Districts:

- Congress: 34, Jimmy Gomez
- State Assembly: 54, Mark Gonzalez
- State Senate: 26, Maria Elena Durazo

Local Support: The City of Los Angeles provided their conditional approval on 03/25/2025 and supports the project. Final approval is met by the recording of the Cities Accessibility Covenants.

2	Development and Financing Team		
Developer (Sponsor): MRK Partners, Inc.		**Co-developer (if any):** Six Peak Capital LP ("SPC")	
New to CalHFA?	No	New to CalHFA?	Yes
Affordable Housing/LIHTC experience?	Yes	Affordable Housing/LIHTC experience?	No
Has Projects in California?	Yes	Has Projects in California?	Yes
Borrower (Legal entity): Francis Venture LP		**Co-Borrower (if any):** N/A	
Construction (Senior) Lender: 1) Citibank, N.A.		**Construction Subordinate Lender(s):** 1) Sterling Bank	
Permanent 1st lien Lender: 1) CalHFA		**Permanent Subordinate Lender(s):** 1) CalHFA MIP (2nd lien)	
Federal LIHTC Investor: R4 Capital LLC		**State LIHTC Investor:** N/A	
Tax Credit Amount	$36,226,370	Tax Credit Amount	$0
Solar Tax Credit Investor: N/A			
Tax Credit Amount	$0		
General Contractor: LV Affordable Construction LP		**Management Company (Property Manager):** WinnResidential California L.P.	
Is an affiliate of Developer?	Yes	Is an affiliate of Developer?	No
Experience with CalHFA?	No	Total number of properties managed	80
Architect: Albert Group Architects		**Service Provider:** All Things Are Possible After School & Family Resource Centers (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, 15 Years
		Support Services Cost (per Operating budget)	$16,948/year
Has housing projects in CA?	Yes	Per unit cost of services meets CDLAC/CTCAC req.?	Yes
Financial Advisor: N/A		**Project Consultant:** N/A	
Notes: Six Peak Capital LP ("SPC") serves as co-developer on the project. SPC has provided the land and is a 50/50 partner in the joint venture with MRK Partners.			

3	Requested CalHFA Financing for Approval		
	CalHFA Financing Terms		
	CalHFA 1st Lien Perm Loan	**CalHFA Subordinate Loan (MIP Subsidy Loan)**	**Total CalHFA Financing**
Loan Amount ($)	**$38,900,000 Combined** $22,400,000 (T/E) $16,500,000 (Tax)	$4,000,000	$42,900,000
Loan Term (Year)	17	17	
Amort. Term (Year)	40		
Amort. Type	Partially Amortizing	Non-amortizing	
Lien Position	1st	2nd	
UW Interest Rate %	6.71% (Blended) 6.39% (T/E) 7.25% (Tax)	3.00%	
Loan to Value (%)	60.21%	6.81%	
Combined LTV (CLTV) (%)			66.40%
Loan to Cost (%)	46.61%	4.79%	51.4%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

4	Project Budget & Total Development Cost
4a	Construction Financing

Construction Lender	Citibank, N.A. ("CITI")
CDLAC/CTCAC Construction Closing Deadline	June 23, 2026

	Bond Issuance Amount	Type of Issuance
Construction Conduit Issuance Amount	$22,400,000	Tax-Exempt
Construction Conduit Issuance Amount	$34,313,153	Taxable
Construction Conduit Issuance Amount	$2,739,968	T/E Recycled
Total	$59,453,121	

	Loan Amount	UW Rate	Loan Term
Construction Loan (T/E) (Interest-only, 1st lien during construction)	$22,400,000	3.00%, Variable	36 Months
Construction Loan (Taxable) (Interest-only, 1st lien during construction)	$34,313,153	3.50%, Variable	36 Months
Construction Loan (Recycled T/E) (Interest-only, 1st lien during construction)	$2,739,968	3.00%, Variable	36 Months

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.

4b	Construction Sources

Construction Sources:	Amount ($)	% of Total
Tax-Exempt: Citibank, N.A. (Loan)	$22,400,000	27.42%
Recycled Bonds: Citibank, N.A. (Loan)	$2,739,968	3.35%
Taxable: Citibank, N.A. (Loan)	$34,313,153	42.01%
Tax Credit Equity: R4 Capital (Equity, LIHTC Investor)	$3,016,026	3.69%
Deferred Developer Fee (Developer Fee, Deferral)	$7,618,229	9.33%
Lease Up Income (Net Operating Income)	$1,206,896	1.48%
Costs Deferred to Conversion (Cost Deferral)	$1,663,330	2.04%
General Partner Loan (Loan)	$1,000,000	1.22%
Sterling Bank (Equity Bridge Loan) (Loan)	$7,726,185	9.46%
Total Construction Sources	$81,683,787	100%

4c	Construction Uses	
Construction Uses:	Amount ($)	% of Total
Land and Improvement Value	$7,750,000	9.49%
Other Acquisition Costs	$100,000	0.12%
Construction/Rehab Costs	$43,402,202	53.13%
Soft Costs (A&E, Legal, Title, and Other Soft Cost)	$13,028,544	15.95%
Hard Cost contingency 5.70%	$2,086,644	2.55%
Soft Cost contingency 2.40%	$800,000	0.98%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	$10,567,882	12.94%
Local Impact Fees and Permit Fees	$1,263,000	1.55%
Cash Portion Developer Fee	1,496,569	1.83%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	$1,188,946	1.46%
Total Construction Uses	$81,683,787	100%
Total Construction Cost per unit	$352,085	
Total Construction Cost per CalHFA MIP Regulated Unit	$355,147	

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. Construction Sources include 11 months of Construction Period NOI assuming an average of 39 units absorption per month for the first six months following completion and 95% occupancy after that. This has been confirmed by the lease-up schedule in the Appraisal and/or Market study. The Borrower will be required to cover any shortfalls by contributing a portion of the cash Developer Fee in the event this source of funds does not materialize or if there is a funding gap.
3. 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.
4. Acquisition Costs included in the budget is $7,850,000 which is in compliance with Agency's underwriting (USRM) standards. The total Acquisition costs include as-is land cost (per appraisal dated April 9, 2026) of $7,750,000 and $100,000 in predevelopment legal costs.
5. The total hard cost contingency in the project is 5.70% 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.
6. The total soft cost contingency in the project is 2.40% 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.

4d	Permanent Sources and Uses

Permanent Sources:	Amount ($)	% of Total
CalHFA Tax-Exempt Permanent Loan (Loan)	$22,400,000	26.8%
CalHFA Taxable Permanent Loan (Loan)	$16,500,000	19.8%
CalHFA Mixed-Income Program Loan (Loan)	$4,000,000	4.8%
Lease Up Income (Net Operating Income)	$1,206,896	1.4%
Deferred Developer Fee (Developer Fee, Deferral)	$7,618,229	9.1%
GP Loan (Loan)	$1,574,000	1.9%
Total Permanent Sources	$83,459,382	1%

Permanent Uses:	Amount ($)	% of Total
Total Loan Payoffs	$74,065,558	88.7%
Other Acquisition Costs	$0	0.0%
GP Equity	$0	0.0%
Financing costs	$311,750	0.4%
Soft costs	$0	0.0%
Operating Reserves	$1,463,845	1.8%
Cash Developer Fee paid at Perm Conversion	$0	0.0%
Deferred Developer Fees paid from cashflow	$7,618,229	9.1%
Total Permanent Uses	$83,459,382	100%
Total Development Cost per unit	$359,739	
Total Development Cost per CalHFA MIP Restricted Unit	$362,867	

4e	Developer Fee

Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	$3,726,534	$1,496,569
Deferred Developer Fee (DDF) paid from project cash-flow (b)		$7,618,229
Total Developer Fee (a) + (b)	$9,179,604	$9,114,798
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		**$0**

Notes (if any):

1. 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 11. 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.
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.

4f	High-Cost Explanation (TDC exceeds $650,000 per unit)
Total Development Cost (TDC)	$81,683,787
Total Units	232
TDC/Unit	$359,739
High-Cost Explanation provided by Developer per CDLAC Regs Section 5233?	N/A
High-Cost explanation acceptable to CalHFA?	N/A

5	**Affordability Requirements**
5a	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 (70 units) at or below 60% AMI and 10% of the total units (24 units) at 50% AMI for 55 years.

The CalHFA Subsidy Regulatory Agreement will restrict 230 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	1st			24	70				**94**	40%
CalHFA MIP	2nd	24		46		24		136	**230**	100%
CTCAC	3rd	24		46	46	114			**230**	100%
LAHD	4th			5	2		183	40	**230**	100%
TOTALS		24	0	46	46	114	0	0	**230**	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 (24 units at 30% AMI and 46 units at 50% AMI). An additional 10% of total units (24 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 136 restricted units will be at or below 120% of AMI.
3. In addition, the Project will be restricted by the following jurisdictions described below:
    a. The City of Los Angeles will restrict 5 units at or below 50% of AMI, 2 units at or below 60% AMI, 183 units at or below 80% AMI, and 40 units at or below 120% of AMI for a term of at least 55 years.

5b	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%	10	4	10	0	0	0	24	10%
40%	0	0	0	0	0	0	0	0%
50%	20	7	19	0	0	0	46	20%
60%	20	7	19	0	0	0	46	20%
70%	51	18	45	0	0	0	114	49%
80%	0	0	0	0	0	0	0	0%
120%	0	0	0	0	0	0	0	0%
Manager	0	0	2	0	0	0	2	1%
Market	0	0	0	0	0	0	0	0%
Total	101	36	95	0	0	0	232	
AMI Avg	60.1%	59.7%	59.6%				59.83%	

Note (if any):

- 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	232	Construction Start Date	06/12/2026
Regulated Units	230	Construction Completion Date	10/1/2028
Manager Units (Market Rate)	2	Construction Period (months)	30
Total Residential Square Feet	103,994	Lease-up Commencement Date:	11/1/2028
Avg Sq Ft/Unit	453	Lease-up Completion Date	04/1/2029
Rental Subsidies?	0	Lease-up Period (months)	6
No. of Units with Rental Subsidies	0	Est. Stabilization /Perm Conversion Date	10/1/2029
Rental Subsidy Contract Term (Initial)	0	Lease-up Completion to Stabilization (months)	6

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	4,976,892	5,493,558	6,215,456	7,032,218	7,388,224
Other Income/Subsidies	48,859	53,931	61,018	69,036	72,531
Projected Vacancy and Discount Loss	248,835	274,667	310,761	351,597	369,397
Effective Gross Income (EGI)	4,776,916	5,272,822	5,965,714	6,749,658	7,091,359
Total Operating Expenses	1,546,513	1,766,051	2,086,125	2,465,759	2,636,720
Reserve For Replacement	69,600	72,426	76,120	80,003	81,611
Net Operating Income (NOI)	3,230,403	3,506,770	3,879,589	4,283,899	4,454,639
Total Debt Service & Other Payments	2,803,045	2,803,045	2,803,045	2,803,045	2,803,045
Cash Flow After Debt Service	427,358	703,726	1,076,544	1,480,854	1,651,594
Debt Service Coverage Ratio	1.15	1.25	1.38	1.53	1.59
Income/Expense Ratio	3.09	2.99	2.86	2.74	2.69
Less:					
LP Management Fee*	20,000	22,510	26,095	30,252	0
GP Partnership Management Fee (See Note 2)	15,000	16,883	19,572	22,689	0
Other CalHFA approved Partnership Fee					
Total Fees	$35,000.00	$39,393.00	$45,667.00	$52,941.00	$ 0.00
Annual Cap Limit	$40,500	$45,583	$52,843	$61,260	Choose an item.
[*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	392,358	2,635,936	7,045,221	10,230,887	11,839,471
Residual Receipts %	0%	0%	0%	50%	50%
Cumulative Residual Receipts Repayment	0	0	0	3,147,467	4,756,051
Unpaid/Accrued CalHFA loan Balance					
Perm Loan	22,285,468	21,742,401	20,823,516	19,539,528	18,892,934
MIP Loan	4,000,000	4,480,000	5,080,000	3,240,475	1,919,657
Reserves Balances					
Operating Reserve	1,463,845	1,463,845	1,463,845	1,463,845	1,463,845

6c	Exit Analysis Requirements		
Exit Year	17	**Assumed Refi Year**	16
Cap Rate Increase	2.00%	**Interest Rate Increase**	3.00%
UW Loan Amount	$22,400,000	**Max. Refi Loan Size**	$35,411,085
Appraised Value	$62,371,796	**Max LTV at Refi**	57%
Unpaid Principal Balance (1st Lien)	$(16,184,042)	**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 and MIP Subsidy loan.

7 Insurance Requirements

- **Seismic Review and Earthquake Insurance:** This new construction Project will be built to State and City of Los Angeles Building Codes so no seismic review is required, and the project will not be subject to Earthquake Insurance.
- **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 no evidence of Recognized Environmental Conditions (RECs) and did not recommend any additional investigation.
- The site is exposed to a Future Noise Environment of up to 66 dB, which is considered "Normally Unacceptable" by HUD standards. The common outdoor space is exposed to 65 dB or less, which is considered "Acceptable" by HUD Standards. Design mitigation is required to bring interiors to 45 dBA DNL or less.
- HUD NEPA approval has been received.

9 Underwriting and Term Sheet Variations

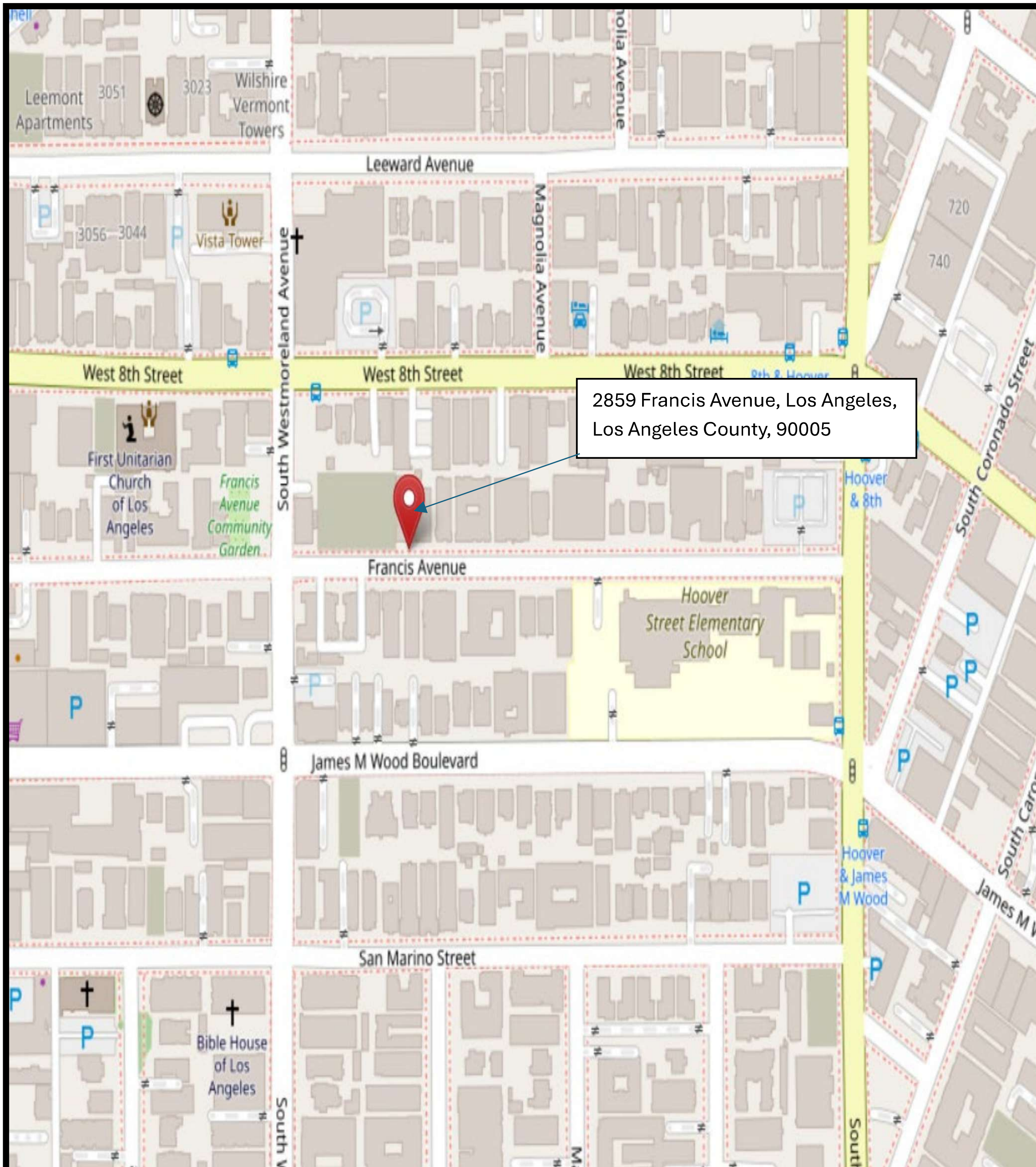
1. To ensure the deferred developer fee is repaid by year 15, the surplus cash distribution is underwritten showing 100% being applied to reducing the deferred developer fee until full repayment which is currently projected in year 11. Thereafter, the surplus cash split shall be 50% to Borrower and 50% 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 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.

Francis Avenue Apartments - Near



Francis Avenue Apartments - Far