CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": July 7, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	The Atchison, Contra Costa County	
Address:	2575 Railroad Ave., Pittsburg, 94565	
CalHFA Project Number:	19-065-A/X/N	
Requested Financing by Loan Program:	$47,100,000	**Tax-Exempt Bond – Conduit Issuance Amount (Pacific Western Bank)**
	$25,850,000	**Taxable Bond – Conduit Issuance Amount (Pacific Western Bank)**
	$10,000,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Corporation for Better Housing (CBH)	**Borrower:**	2575 Railroad Ave., L.P.
Construction and Permanent Lender:	Pacific Western Bank ("PWB")	**Equity Investor:**	Alliant Capital
Loan Officer:	Steve Beckman	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Torin Heenan	**Legal (External):**	Orrick Herrington Sutcliffe
Concept Meeting Date:	TBD	**Approval Expiration Date:**	6 months from Approval

CALHFA LOAN TERMS

1.		CONDUIT ISSUANCE Pacific Western Bank	PERMANENT LOAN Pacific Western Bank	MIP (GAP) LOAN
	Total Loan Amount	$47,100,000 (T/E) $25,850,000 (Tax)	$32,647,000 (T/E)	$10,000,000
	Loan Term & Lien Position	36 months- interest only; 1st & 2nd Lien Position during construction. 1 six-month extension available.	40-year AM, due in 17 1st Lien Position	17- year - Residual Receipts; 2nd Lien Position during permanent
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 3.50% (T/E) fixed and 4.00% (Taxable) fixed.	Underwritten at 3.75% fixed	2.75% Simple Interest
	Loan to Value (LTV)	78% of investment value	72% of stabilized restricted value	N/A
	Loan to Cost	60%	41%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/12/2020	Est. Construction Loan Closing:	9/2020
	Estimated Construction Start:	9/2020	Est. Construction Completion:	9/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		7/2023	

SOURCES OF FUNDS

3.

Construction Period Financing			
SOURCE	**AMOUNT**	**LIEN POSITION**	**DEBT TYPE**
PWB Construction Loan (T/E)	$47,100,000	1	Interest Only
PWB Construction Loan (Taxable)	$25,850,000	1	Interest Only
Tax Credit Equity	$7,648,926	N/A	N/A
TOTAL	**$72,950,000**	**$399,005**	**Per Unit**

Permanent Financing			
SOURCE	**AMOUNT**	**LIEN POSITION**	**DEBT TYPE**
PWB Permanent Loan	$32,647,000	1	Balloon 40/17
CalHFA MIP Loan	$10,000,000	2	Residual Receipt Loan
Solar Equity	$722,495	N/A	N/A
Tax Credit Equity	$39,279,135	N/A	N/A
Estimated Deferred Developer Fee	$7,657,681	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$90,306,311**	**$447,060**	**Per Unit**

Subsidy Efficiency: CalHFA MIP $10,000,000 ($50,000 per unit MIP restricted between 50% and 120% AMI.)

Tax Credit Type(s), Amount(s), Pricing(s), and per TCAC restricted units:

- 4% Federal Tax Credits: $32,440,980 assuming estimated pricing of $0.875 ($160,599 per TCAC restricted units).
- 4% State Tax Credits: $14,927,646 assuming estimated pricing of $0.73 ($73,899 per TCAC restricted units).
- Solar Tax Credits: $825,708, assuming estimated pricing of $0.875 ($4,088 per TCAC restricted units).

Rental Subsidies: The Project will not include any operating or rental subsidies.

Other State Subsidies: The Project will not be funded by other state funds.

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy:
Corporation for Better Housing (CBH), a 501 (c) (3) affordable housing developer, and its selected construction contractor certifies it subscribes to acceptable industry standards for construction cost containment and review and will continue to implement these standards in future developments. Typical cost review and minimization measures used during construction are:

1). Competitive bid process and, if necessary, self-performing trades
2). Three bid review
3). Value engineering

	<u>Competitive Bidding</u> BLH is familiar with both design and energy efficiency requirements required by TCAC, CDLAC, CalHFA, USDA and other affordable housing agencies. BLH has developed eight (8) Net Zero Energy (NZE) California multi-housing communities utilizing on-site solar PV, high efficiency mechanical systems and energy efficient construction techniques. Further, BLH utilizes "Planwell" during its bidding process. "PlanWell" is an online depository of building plans to allow all trades in the region the opportunity to review and bid on a proposed project. **Securing Bids** By utilizing "PlanWell" during the bidding process, BLH is able to secure bids for all major trades from subcontractors in the region. The collection of this data provides a benchmark for the various trades and provides scalabilty regarding costs in the local market and greater regional market. **Value Engineering** CBH's team of architects and engineers have all worked closely with one another for nearly 15 years allowing plans to be designed and developed in an efficient, cost effective and timely manner. This structure allows CBH to better forecast its future construction costs and monitor on-going costs at any single development.
4.	Equity – Cash Out (estimate): N/A

TRANSACTION FACTS

5.	**Legislative Districts**	**Congress:**	#11 Mark DeSaulnier	**Assembly:**	#11 Jim Frazier	**State Senate:**	#7 Steven Glazer
	Brief Project Description	**The Atchison** (the "Project") is a family, mixed-use, mixed-income new construction project consisting of two 5-story elevator served buildings. There will be 202 total units, 200 of which will be restricted between 50% and 70% AMI. Units include 20 studio units (575 SF), 122 1-bedroom units (625 SF), and 60 2-bedroom units (925 SF). Two 1-bedroom units will be reserved for onsite managers. This project is not in a disaster area. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% federal tax credits and 4% state tax credits, CalHFA permanent financing, and MIP financing. The project qualifies as Mixed-Income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer applied for bonds and tax credits in January 2020 and received an award on April 14, 2020. **Ground Lease:** Not applicable. **Commercial Space:** A triple net master lease will be executed for the approximate 14,000 SF of commercial and retail space that will be on the ground floor of the five-story building facing Railroad Avenue. The master lessee will be responsible for all expenses related to the space. The developer sees demand for retail, restaurant, commercial and possibly small office use in the area and has stated that the use will complement the residential building. No commercial lease revenue was used to underwrite the residential cash flow. **Amenities:** The Project amenities include a community room, exercise facilities, swimming pool and jacuzzi, playground, central laundry facilities, and a computer room. Unit amenities will include central heating and air conditioning, blinds, dishwasher, garbage disposal, and patios/balconies.					

TRANSACTION OVERVIEW

6.	**Proposal and Project Strengths**

- The Project has secured 4% tax credits, CA tax credits and solar ITC tax credits. These sources are projected to generate equity representing 44% of total financing sources.
- The Project includes approximately 14,000 SF of commercial space for office and retail, but no lease revenue was included in the underwriting of residential cash flow.
- The Project will serve low-income families ranging between 50% to 70% of AMI.
- The Project will include a photovoltaic solar installation which will provide electrical cost savings to the tenants, and to the project for common areas.
- The Project's rents are priced at least 15% below comparable properties weighted average market rents.
- There is strong demand for the project as vacancy in the PMA is 2.5%, and the population in the PMA has increased every year from 2000 to 2018.

7.	**Project Weaknesses with Mitigants:**

- The Project is located on an infill site that was formerly an auto dealership with a repair facility.
- Based on findings from two Phase I reports (dated June 12, 2019 by Krazan & Associates and dated May 14, 2020 by Frey Environmental, Inc.) and a Phase II report dated August 8, 2019 by FREY Environmental, the project will consist of building placement upon a vapor barrier and gravel mat to mitigate the intrusion of soil vapor containing VOCs. See Section 22 for more details on environmental conditions of the site.
- The developer voluntarily requested agency oversight of the subject site, which qualifies as a brownfield site. The developer will be enrolling in the San Francisco Bay Regional Water Quality Control Board's Site Cleanup Program to facilitate necessary remediation of the site.
- The Project budget has $600,000 for demolition and environmental remediation; CalHFA will verify with the developer that this amount is sufficient for demolition and remediation of the site. The Water Board is providing oversight of the remediation. The anticipated remediation will include demolition, asbestos/lead removal, soil removal/disposal and follow up testing as recommended in the Phase I and II reports. Oversight will include review of work at the site and any periodic testing outlined in the Phase I and II reports. The scope of remediation work is anticipated to cost approximately $500,000. The budget includes a 20% contingency resulting in $600,000 for this work. This estimate is based on conversations with a remediation company which works extensively in the Bay Area. The O&M Plan will be available prior to construction closing.
- The exit analysis assumes 6.75% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $6,283,912, leaving an outstanding balance of $6,283,912. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

8.	**Underwriting Standards or Term Sheet Variations**

- The developer will install a photovoltaic solar system that will provide saving in electrical cost to the tenants and save common area electrical cost to the Project. The proposed (reduced) Utility Allowance ("UA") of $10 is being used for underwriting, which is consistent with the California Utility Allowance Calculator ("CUAC") report that is generally acceptable by TCAC. The final UA will be subject to TCAC and CalHFA approval.
- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of net cash flow and 50% to the Developer. This would result in $4.3M in developer fee unpaid in Year 15. As a condition to investor's pricing and estimated equity referenced on the letter of interest, the equity investor requires that the deferred developer's fee be substantially repaid by year 13 and fully repaid by year 15. The Developer has requested and the Multifamily Lending Division recommends 100% of net cash flow paid towards deferred developer fee until the deferred developer fee is

fully paid off or year 15. Once either the deferred developer fee is paid off or year 15, whichever is soonest, net cash flow distribution will be split 50% to the Developer and 50% to the MIP loan.

9.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Evidence that transfer of site ownership has been fully executed from the current fee owners to the MGP and ALP of the developer team.
- Subject to receipt of final contract budget of remediation scope of work acceptable to CalHFA.
- Evidence of all environmental remediation prior to Perm Loan conversion.
- The Project must meet the readiness requirements within 180 days from TCAC/CDLAC allocation.
- CalHFA will require the developer to provide a cost containment certification that is acceptable to the Agency.
- The deferred developer fee of $7.6M will be repaid in year 15 per project cashflow. Therefore, the owner must provide evidence of investor approval of the total deferred developer's fee structure in case the GP (as negotiated with the ILP) will need to make a capital contribution to pay off the remaining DDF. This will be documented in the LPA with the Tax Credit Investor to ensure that the DDF will be fully repaid by year 15 and in line with the investor's position in Section 8.
- Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- CalHFA requires that MIP affordability covenants be recorded in first position.
- 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.
- Closing on construction financing will be subject to final LPA being substantially consistent with the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, or project rents increase, then the subsidy may be reduced due to additional debt generated by the lower interest rate or higher rents. The initial debt service coverage ratio ("***DSCR***") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.

10.	**Staff Conclusion/Recommendation:**

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

MISSION & AFFORDABILITY

11.	**CalHFA Mission/Goals**

This Project and financing proposal provide 200 units of affordable housing with a range of restricted rents between 50% AMI and 120% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12.	**CalHFA Affordability & Occupancy Restrictions**

- The CalHFA Bond and Permanent Financing Regulatory Agreements will restrict a minimum of 40% of the total units at or below 60% AMI with 10% of these units at 50% of AMI for 55 year(s).
- The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (21) units at or below 50% of AMI and 10% of total units (21 units) between 60% to 80% of AMI with a minimum average of 70% of AMI. The remaining 158 of restricted units will be restricted at or below 120% of AMI. The affordability restrictions for the

Mixed Income Program require at least 10% of the units be restricted to 81% to 120% of AMI, with an average of 100% of AMI, if supported by a market study. However, per a market study dated December 3, 2019 the Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market. Therefore, this project will comply with affordability requirement of 60% to 80% of AMI with an average of 70% of AMI.

- There will be 2 unrestricted manager's units.
- Any rent restrictions on units pursuant to a density bonus or conditional use permit shall not impact MIP affordability restrictions.

RENT LIMIT SUMMARY TABLE					
Restrictions @ AMI	**Total**	**Studio**	**1-bdrm**	**2-bdrm**	**% of Total**
50%	100	10	60	30	49.50%
70%	100	10	60	30	49.50%
Manager's Unit	2		2		1.00%
Total	**202**	**20**	**122**	**60**	**99.00%**

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY							
Regulatory Source	**Lien Priority if Recorded Document**	**Term of Agrmt (years)**	**Number of Units Restricted for Each AMI Category**				
			50%	**60%**	**70%**	**80%**	**<=120%**
CalHFA Bond		**55**	21	60			
CalHFA MIP	1st	**55**	21		21*		158
Tax Credits		**55**	100		100		
Density Bonus[1] or CUP		**55**	23				

[1] The partnership will enter into a 55-year regulatory agreement as a condition of approval for a 28% density bonus. The agreement restricts at least 11% of total units at VLI (23 units at 50 AMI), 20% at LI (41 units at 80 AMI) or 40% of the units at moderate income (81 units at 80-120 AMI).

*Note: For MIP purposes, 10% (8 units) will be restricted at or below 50% of AMI, 10% (8 units) will be restricted between 60% to 80% of AMI, and the remaining 55 restricted units will be restricted at or below 120% of AMI. The rents for the 60% to 80% tranche will be determined by the minimum income restriction of 70% of AMI.

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	28.26%
Minority Census Tract:	76.58%	Rural Area:	No
TCAC Opportunity Area:	Low Resource		

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A.
	Operating Expense Reserve (OER):	$802,000 OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits pursuant to Alliant Capital; Alliant Capital or Borrower will hold reserve.
	Transitional Operating Reserve (TOR):	N/A.
15.	**Cash Flow Analysis**	

1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
End Year DSCR (Y17):	1.56	**Annual Replacement Reserve Per Unit:**	$300/unit
Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
Non-residential Vacancy Rate:	0% **	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

**The non-residential income and operating expense are not included in the underwriting for this project. The space will be controlled by a long-term triple net Master Lease which provides sufficient risk mitigation to justify the use of a vacancy rate.

16. Loan Security

- The CalHFA loan(s) will be secured against the above described Project site.

17. Balloon Exit Analysis **Applicable:** ☒ **Yes** ☐ **No**

The exit analysis assumes 6.75% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $6,283,912, leaving an outstanding balance of $7,695,482. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review

- The Appraisal dated May 22, 2020, prepared by CBRE Valuation & Advisory Services, values the land at $5,250,000. The Restricted Value is $45,300,000 resulting in an LTV of 72%.
- The capitalization rate of 4.75% was used to determine the appraised value of the subject site.
- The project's projected operating expenses was determined overall to be in line with operating expenses of comparable sites.

Market Study:	Novogradac	Dated: December 3, 2019 Effective Date: October 7, 2019

<u>Regional Market Overview</u>

- The Primary Market Area is the city of Pittsburg, Bay Point and the western portion of the City of Antioch (population of 40,537) and the Secondary Market Area ("SMA") is San Francisco-Oakland-Hayward (population of 1,748,006)
- The general population in the PMA is anticipated to increase by 1.1% per year.
- Unemployment in Contra Costa County was 3% according to the Report's economic analysis. However, the data was collected prior to the onset of the COVID-19 pandemic that has significantly increased unemployment in the State and nationally.
- The Project can only support rents at a maximum of 70% AMI and still comply with the requirement that rents be 10% below market.

<u>Local Market Area Analysis</u> Supply:

- There are currently 8 LIHTC comparable family project(s) in the PMA. All were constructed or last renovated between 2000 and 2019. 6 were 100% occupied and have waitlists. The remaining 2 were over 95% occupied.

- There are 3 affordable projects (2 family and 1 veteran) proposed in the PMA. No affordable projects are under construction, though there is one market-rate family building in construction at the time of the report.
- There have been 9 LIHTC projects awarded in the PMA since 2015, of which 2 were new construction. The remaining were Acquisition/Rehab projects.

- **Demand/Absorption:**
  - The project will need to capture 19.1% of the total demand for family units in the PMA.
  - The affordable units are anticipated to lease up at a rate of 28 to 33 units per month and reach stabilized occupancy within 6-7 months of opening.

There is one project (Bay Point Family Apartments) that was allocated LIHTC in 2018 that involved new construction of a 193-unit building restricted to households at or below 50 and 60 AMI. This property may be competitive with Atchison depending on the projects' construction timeline.

DEVELOPMENT SUMMARY

19. Site Description **Requires Flood Insurance:** ☐ Yes ☒ No

- The property is located on the east side of Railroad Avenue approximately 0.1 mile south of the intersection with Leland Road, in the City of Pittsburg, Contra Costa County.
- The site is occupied with a commercial building, with level topography at street grade, measuring approximately 3.94 acres and is generally rectangular in shape.
- The site is zoned Community Commercial (CC), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.
- The site consists of an existing commercial structure that is vacant and a surface parking lot. Both structures will be razed to allow for construction of the project
- The developer has engaged third-party oversight of the subject site, which qualifies as a brownfield site, and reports will be shared with the Agency. The developer will be enrolling in the San Francisco Bay Regional Water Quality Control Board's Site Cleanup Program to facilitate necessary remediation of the site as described in Section 22.

20. Form of Site Control & Expiration Date

The current owners, Brenda M. White and Pamela Kay Moore, of the site and the Project owner, Integrated Community Development, LLC (ICD), entered into a Purchase and Sale Agreement dated 5/21/2019 which expired on 4/23/2020 for an amount of $4,200,000. An amendment was executed on 03/23/2020 that extends Close of Escrow pursuant to the terms of the Agreement for up to 3 consecutive 30-day extensions by depositing an additional $10,000 into escrow for each extension period. The Project owner anticipates to close on the site prior to construction loan closing.

21. Current Ownership Entity of Record

Title is currently vested in Brenda M. White and Pamela Kay Moore as the fee owner.

22. <u>Environmental Review Findings</u>

- The existing structures onsite to be demolished contain asbestos, lead-based paint, and mold.
  - A Phase I Environmental Site Assessment performed by Frey Environmental, Inc., dated May 14, 2020 restated general findings from the Phase I ESA completed by Krazan & Associates and dated June 12, 2019. The reports revealed various environmental conditions. Specifically, Recognized Environmental Conditions (RECs) and Vapor Encroachment Conditions (VECs) include two underground storage tanks (USTs) that contained waste oil and fuel, potential subsurface impacts from former in-ground hydraulic hoists, potential oil/water separator and surface drains, floor drains in the Site building, a storm water drain, and a leaking UST property located 620 feet south of the site, though it was not considered to be a REC.

- Frey conducted a Phase II ESA dated August 8, 2019 and set forth results from soil borings and samples taken on the site to address the RECs and VECs presented in Krazan's Phase I ESA.
  - The Phase II report recommends an M&O plan that: 1) Contaminated soil from grading and waste from the demolition of the existing buildings should be transported to a proper facility; 2) Additional soil vapor surveys should be performed and analyzed after grading to be sure that be sure that contaminated soil was remediated; 3) A vapor barrier should be installed under the footprint of the building prior to construction; and 4) A follow-up soil vapor survey should be performed after the vapor barrier is installed to be sure it is working.
- The proposed development plans for the Site consist of building placement upon a vapor barrier and gravel mat which will mitigate the intrusion of soil vapor containing VOCs.
  - The developer has requested agency oversight of the subject site, which qualifies as a brownfield site. The developer will be enrolling in the San Francisco Bay Regional Water Quality Control Board's Site Cleanup Program to facilitate necessary remediation of the site as described above. As of this writing, an Operations and Maintenance Plan is underway and a requirement of the program, and the O&M Plan will be available prior to Board approval.
  - The Project budget has $600,000 for demolition and environmental remediation.

23. Seismic **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

This new Project will be built to State and City of Pittsburg Building Codes so no seismic review is required. Subject to receipt of a certification acceptable to CalHFA from the engineer on record that project was built to current seismic code prior to permanent loan closing.

24. Relocation **Requires Relocation:** ☐ **Yes** ☒ **Not Applicable**

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

PROJECT DETAILS

25. Residential Areas:

	Residential Square Footage:	143,250	**Residential Units per Acre:**	51
	Community Area Sq. Ftg:	7,000	**Total Parking Spaces:**	134
	Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	164,250

26. Mixed-Use Project: ☒ **Yes** ☐ **No** A triple net master lease with a term of at least 17 years is anticipated for the commercial space. Any commercial revenue generated and operating expenses are not part of the underwriting. Possible uses for the space include retail, restaurant, other commercial and small office. The applicant will ensure the use is compatible with the residential nature of the development.

	Non-Residential Sq. Footage:	14,000 SF	**Number of Lease Spaces:**	4
	Master Lease:	☒ **Yes** ☐ **No**	**Number of Parking Spaces:**	61

27. Construction Type: Project consists of 2 separate buildings with surface parking. Building #1 is a type-V residential building over a one-story commercial space. Altogether, Building #1 is a 5-story structure. Building #2 is a 5-story type III residential building.

28. Construction/Rehab Scope **Requires Demolition:** ☒ **Yes** ☐ **No**

- The subject site is new construction.
- Environmental remediation of contaminants outlined in section 22 above is included in the development budget in the estimated amount of $600,000.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: Corporation for Better Housing (CBH), a California nonprofit public benefit corporation; 0.05% interest
- Administrative Limited Partner: Integrated Community Development, LLC (ICD), a California limited liability company; 0.05% interest; Investor Limited Partner: Alliant Capital; 99.99% interest

31. Developer/Sponsor

CBH has nearly 25 years of experience building affordable housing developments in California. TCAC's mapping database of multi-family projects indicates that CBH has been involved in 66 tax credit projects (4,097 restricted units), of which 26 projects (1,953 restricted units) involved 4% tax credits. CBH currently has 3 projects (173 units) under construction, 2 projects (32 units and 36 Single Family Residences) to start construction in 2020 and 6 projects (432 units and 79 single family residences) in the pipeline. As of June 11, 2020, CBH has 2 stabilized projects and 2 under construction in the CalHFA portfolio. CalHFA staff notes on one of the stabilized projects that it is in compliance except for monthly report submissions.

CBH and ICD have a longstanding relationship with the Investor. Audited 2018 financials of CBH were reviewed and indicated assets in excess of debt for both parties; contingent liabilities did not exceed the entity's real estate assets.

Risk: CBH has had one highly troubled project in its recent history in California, arising from a deeply affordable property that was purchased one year after CBH was formed, and built with an inexperienced local partner. While having a troubled asset is not uncommon among its peers, this particular situation appears to have resulted in significant financial losses for CBH.
Mitigant: Since this project, CBH does not appear to have had any substantively similar troubled projects. In addition, CalHFA's direct experience with CBH has been positive.

32. Management Agent

The Project will be managed by WinnResidential, which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio. WinnResidential has reviewed the projected operating budget and confirms that the "numbers are sufficient for Winn Residential to manage the proposed site."

33. Service Provider **Required by TCAC or other funding source?** ☐ **Yes** ☒ **No**

Onsite services will not be available to the residents.

34. Contractor **Experienced with CalHFA?** ☒ **Yes** ☐ **No**

The general contractor, BLH Construction, has built over seventy (70) affordable housing communities in California and is familiar with CalHFA. BLH is affiliated with ICD and GMP contracts will be used. While a cost breakdown was not provided, the developer indicated that profit, overhead and general conditions are sized at 14% of total hard costs to be consistent with TCAC requirements.

35. Architect **Experienced with CalHFA?** ☒ **Yes** ☐ **No**

The architect is Y&M 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.

36. Local Review via Locality Contribution Letter

The locality, City of Pittsburg, returned the local contribution letter stating they strongly support the project.

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY	**Final Commitment**
Acquisition, Rehab, Construction & Permanent Loans	**Project Number 19-065-A/X**

Project Full Name	The Atchison	**Borrower Name:**	2575 Railroad Ave., L.P.
Project Address	2575 Railroad Avenue	**Managing GP:**	Corporation for Better Housing
Project City	Pittsburg	**Developer Name:**	Integrated Community Development
Project County	Contra Costa	**Investor Name:**	Alliant Capital, LTD
Project Zip Code	94565	**Prop Management:**	Winn Residential
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	3.94
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	143,250
Total Residential Units:	202	**Residential Units Per Acre:**	51.27
Total Number of Buildings:	2		
Number of Stories:	5	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	195
Elevators:	2		

Acq/Construction/Rehab Financing	**Loan Amount ($)**	**Loan Fees**	**Loan Term (Mo.)**	**Amort. Period (Yr.)**	**Starting Interest Rate**
CalHFA Conduit/Pac West Bank	47,100,000	0.850%	36	--	3.500%
CalHFA Conduit/Pac West Bank - taxable	25,850,000	0.850%	36	--	4.000%
Investor Equity Contribution	7,648,926	--	--	--	--

Permanent Financing	**Loan Amount ($)**	**Loan Fees**	**Loan Term (Yr.)**	**Amort. Period (Yr.)**	**Starting Interest Rate**
PWB First Lien Loan	32,647,000	--	17	40	3.750%
MIP	10,000,000	1.000%	17	55	2.750%
Deferred Developer Fees	7,657,681	NA	NA	NA	NA
Solar Equity	722,495	NA	NA	NA	NA
Investor Equity Contributions	39,279,135	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	6/5/20	**Capitalization Rate:**	4.75%
Investment Value ($)	93,700,000	**Restricted Value ($)**	45,300,000
Construct/Rehab LTC	91%	**Permanent Loan to Cost**	36%
Construct/Rehab LTV	78%	**1st Permanent Loan to Value**	72%
		Combined CalHFA Perm Loan to Value	22%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Waived	
Completion Guarantee Letter of Credit	N/A	

Permanent Loan

Operating Expense Reserve Deposit	$0	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 6/19/20 Senior Staff Date: 7/7/20

UNIT MIX AND RENT SUMMARY	Final Commitment
The Atchison	**Project Number 19-065-A/X**

PROJECT UNIT MIX

Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	-	1	575	20	30
Flat	1	1	625	122	183
Flat	2	1	925	60	180
				202	393

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY

Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	70%	<=120%	Market
CalHFA Bond/RiskShare			21	60			
CalHFA MIP			21		21	158	
Tax Credit			100		100		
Density Bonus			23				

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS

Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	50%	10	$1,132	$1,750	$618	65%
	CTCAC	70%	10	$1,575	$ 1,750	$175	90%
1 Bedroom	CTCAC	50%	60	$1,213	$1,950	$737	62%
	CTCAC	70%	60	$1,703	$ 1,950	$247	87%
2 Bedrooms	CTCAC	50%	30	$1,458	$2,200	$742	66%
	CTCAC	70%	30	$1,980		$220	90%
Date Prepared:	6/19/20					Senior Staff Date:	7/7/20

SOURCES & USES OF FUNDS					Final Commitment
The Atchison			Project Number		19-065-A/X
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
CalHFA Conduit/Pac West Bank	47,100,000				0.0%
CalHFA Conduit/Pac West Bank - taxable	25,850,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	7,648,926				0.0%
-		-	-	-	0.0%
MIP		10,000,000	10,000,000	49,505	11.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
PWB First Lien Loan		32,647,000	32,647,000	161,619	36.2%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Solar Equity		722,495	722,495	3,577	0.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		7,657,681	7,657,681	37,909	8.5%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		39,279,135	39,279,135	194,451	43.5%
TOTAL SOURCES OF FUNDS	**80,598,926**	**90,306,311**	**90,306,311**	**447,061**	**47.2%**
TOTAL USES OF FUNDS (BELOW)	**80,598,926**	**90,306,311**	**90,306,311**	**447,061**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**0**	**-**	**0**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**80,598,926**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	4,200,000	-	4,200,000	20,792	4.7%
Demolition Costs	600,000	-	600,000	2,970	0.7%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**4,800,000**	**-**	**4,800,000**	**23,762**	**5.3%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	-	-	-	-	0.0%
Structures (Hard Cost)	52,996,641	-	52,996,641	262,360	58.7%
General Requirements	-	-	-	-	0.0%
Contractor Overhead	-	-	-	-	0.0%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
Solar Photovoltaic Installation	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**52,996,641**	**-**	**52,996,641**	**262,360**	**58.7%**

SOURCES & USES OF FUNDS					Final Commitment
The Atchison			Project Number	19-065-A/X	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	827,900	-	827,900	4,099	0.9%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**827,900**	**-**	**827,900**	**4,099**	**0.9%**
SURVEY & ENGINEERING FEES					
Engineering	827,900	-	827,900	4,099	0.9%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	827,900	-	827,900	4,099	0.9%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,649,833	-	2,649,833	13,118	2.9%
Soft Cost Contingency Reserve	800,000	-	800,000	3,960	0.9%
TOTAL CONTINGENCY RESERVES	3,449,833	-	3,449,833	17,078	3.8%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit/Pac West Bank	3,503,063	-	3,503,063	17,342	3.9%
CalHFA Conduit/Pac West Bank - taxable	1,990,450	-	1,990,450	9,854	2.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit/Pac West Bank	400,350	-	400,350	1,982	0.4%
CalHFA Conduit/Pac West Bank - taxable	219,725	-	219,725	1,088	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	89	0.0%
Real Estate Taxes During Rehab	30,000	-	30,000	149	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Construction	975,000	-	975,000	4,827	1.1%
Title & Recording Fees	125,000	-	125,000	619	0.1%
Construction Inspections	-	-	-	-	0.0%
Security	150,000	-	150,000	743	0.2%
Bond Issuer Fee	92,950	-	92,950	460	0.1%
Other Costs of Issuance (Bond Transactior	36,336	-	36,336	180	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**7,540,874**	**-**	**7,540,874**	**37,331**	**8.4%**

SOURCES & USES OF FUNDS					Final Commitment
The Atchison			Project Number	19-065-A/X	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	10,000	-	10,000	50	0.0%
-	-	-	-	-	0.0%
MIP	-	100,000	100,000	495	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
PWB First Lien Loan	-	10,000	10,000	50	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	35,000	35,000	173	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	79,300	79,300	393	0.1%
CalHFA Fees	-	2,585	2,585	13	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (CalHFA Misc)	-	38,500	38,500	191	0.0%
TOTAL PERMANENT LOAN COSTS	**10,000**	**265,385**	**275,385**	**1,363**	**0.3%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	65,000	-	65,000	322	0.1%
CalHFA Permanent Loan Legal Fees	-	-	-	-	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	175,000	-	175,000	866	0.2%
CalHFA Bond Counsel	55,000	-	55,000	272	0.1%
TOTAL LEGAL FEES	**295,000**	**-**	**295,000**	**1,460**	**0.3%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	802,000	802,000	3,970	0.9%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**802,000**	**802,000**	**3,970**	**0.9%**
REPORTS & STUDIES					
Appraisal Fee	20,000	-	20,000	99	0.0%
Market Study Fee	20,000	-	20,000	99	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	135,000	-	135,000	668	0.1%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Soils/Field Testing & Inpsections/Survey)	115,000	-	115,000	569	0.1%
TOTAL REPORTS & STUDIES	**290,000**	**-**	**290,000**	**1,436**	**0.3%**

SOURCES & USES OF FUNDS					Final Commitment
The Atchison			Project Number	19-065-A/X	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	130,867	-	130,867	648	0.1%
CDLAC Fees	25,533	-	25,533	126	0.0%
Local Permits & Fees	175,000	-	175,000	866	0.2%
Local Impact Fees	8,198,255	-	8,198,255	40,585	9.1%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	300,000	-	300,000	1,485	0.3%
Accounting & Audits	35,000	-	35,000	173	0.0%
Advertising & Marketing Expenses	202,000	-	202,000	1,000	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees (bank inspectio	31,500	-	31,500	156	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
TOTAL OTHER COSTS	**9,098,154**	**-**	**9,098,154**	**45,040**	**10.1%**
SUBTOTAL PROJECT COSTS	**80,136,302**	**81,666,311**	**81,203,687**	**401,998**	**89.9%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	342,624	8,640,000	8,982,624	44,468	9.9%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees (partnership expenses)	130,000	-	130,000	644	0.1%
Other (Specify) correction to balance	(10,000)	-	(10,000)	(50)	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**462,624**	**8,640,000**	**9,102,624**	**45,062**	**10.1%**
TOTAL PROJECT COSTS	**80,598,926**	**90,306,311**	**90,306,311**	**447,061**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
The Atchison	**Project Number**		**19-065-A/X**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 3,662,040	$ 18,129	104.57%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	24,240	120	0.69%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 3,686,280**	**$ 18,249**	**105.26%**
Less: Vacancy Loss	**$ 184,314**	**$ 912**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 3,501,966**	**$ 19,161**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 450,478	$ 2,230	$ 0
Management Fee	175,098	867	5.00%
Social Programs & Services	-	-	0.00%
Utilities	305,851	1,514	8.73%
Operating & Maintenance	400,744	1,984	11.44%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	37	0.21%
Mixed Income Loan Fee	113,974	564	3.25%
Other Monitoring Fees		-	0.00%
Real Estate Taxes	18,691	93	0.53%
Other Taxes & Insurance	155,244	769	4.43%
SUBTOTAL OPERATING EXPENSES	**$ 1,627,580**	**$ 8,057**	**46.48%**
Replacement Reserves	$ 60,600	$ 300	1.73%
TOTAL OPERATING EXPENSES	**$ 1,688,180**	**$ 8,357**	**48.21%**
NET OPERATING INCOME (NOI)	**$ 1,813,786**	**$ 8,979**	**51.79%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
-	$ -	$ -	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
PWB First Lien Loan	$ 1,576,952	7,807	45.03%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,576,952**	**$ 7,807**	**45.03%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 236,834**	**$ 1,172**	**6.76%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 6/19/20		Senior Staff Date:	07/07/20

PROJECTED PERMANENT LOAN CASH FL0WS										The Atchison		
Final Commitment									Project Number	19-065-A/X		
	YEAR	1	2	3	4	5	6	7	8	9	10	11
RENTAL INCOME	CPI											
Restricted Unit Rents	2.50%	3,662,040	3,753,591	3,847,431	3,943,617	4,042,207	4,143,262	4,246,844	4,353,015	4,461,840	4,573,386	4,687,721
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	24,240	24,846	25,467	26,104	26,757	27,425	28,111	28,814	29,534	30,273	31,029
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,686,280**	**3,778,437**	**3,872,898**	**3,969,720**	**4,068,963**	**4,170,688**	**4,274,955**	**4,381,829**	**4,491,374**	**4,603,659**	**4,718,750**
VACANCY ASSUMPTIONS	Vacancy											
Restricted Unit Rents	5.00%	183,102	187,680	192,372	197,181	202,111	207,164	212,343	217,651	223,092	228,670	234,387
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,212	1,243	1,274	1,305	1,338	1,372	1,406	1,441	1,477	1,514	1,552
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**184,315**	**188,922**	**193,646**	**198,487**	**203,449**	**208,535**	**213,748**	**219,092**	**224,569**	**230,184**	**235,938**
EFFECTIVE GROSS INCOME (EGI)		**3,501,965**	**3,589,515**	**3,679,252**	**3,771,234**	**3,865,515**	**3,962,152**	**4,061,206**	**4,162,736**	**4,266,805**	**4,373,475**	**4,482,812**
OPERATING EXPENSES	CPI / Fee											
Administrative Expenses	3.50%	450,478	466,245	482,563	499,453	516,934	535,027	553,752	573,134	593,194	613,955	635,444
Management Fee	5.00%	175,098	179,476	183,963	188,562	193,276	198,108	203,060	208,137	213,340	218,674	224,141
Utilities	3.50%	305,851	316,556	327,635	339,102	350,971	363,255	375,969	389,128	402,747	416,844	431,433
Operating & Maintenance	3.50%	400,744	414,770	429,287	444,312	459,863	475,958	492,617	509,858	527,703	546,173	565,289
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	113,974	113,326	112,653	111,954	111,229	110,476	109,694	108,882	108,039	107,165	106,256
	0.00%	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	18,691	18,925	19,161	19,401	19,643	19,889	20,137	20,389	20,644	20,902	21,163
Other Taxes & Insurance	3.50%	155,244	160,678	166,301	172,122	178,146	184,381	190,835	197,514	204,427	211,582	218,987
Required Reserve Payments	1.00%	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621	66,277	66,940
TOTAL OPERATING EXPENSES		**1,688,180**	**1,738,680**	**1,790,882**	**1,844,842**	**1,900,622**	**1,958,284**	**2,017,892**	**2,079,513**	**2,143,216**	**2,209,071**	**2,277,153**
NET OPERATING INCOME (NOI)		**1,813,785**	**1,850,834**	**1,888,371**	**1,926,392**	**1,964,892**	**2,003,868**	**2,043,314**	**2,083,223**	**2,123,589**	**2,164,404**	**2,205,659**
DEBT SERVICE PAYMENTS	Lien #											
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
PWB First Lien Loan	1	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**
CASH FLOW AFTER DEBT SERVICE		**236,833**	**273,882**	**311,419**	**349,440**	**387,940**	**426,916**	**466,362**	**506,271**	**546,637**	**587,452**	**628,707**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.20**	**1.22**	**1.25**	**1.27**	**1.30**	**1.32**	**1.35**	**1.37**	**1.40**
Date Prepared:	06/19/20								Senior Staff Date:	7/7/20		

LESS: Asset Management Fee	3%	-	-	-	-	-	-	-	-	-	-	-
LESS: Partnership Management Fee	3%	-	-	-	-	-	-	-	-	-	-	-
net CF available for distribution		**236,833**	**273,882**	**311,419**	**349,440**	**387,940**	**426,916**	**466,362**	**506,271**	**546,637**	**587,452**	**628,707**
Deferred developer fee repayment	7,657,681	7,657,681	7,420,848	7,146,966	6,835,547	6,486,107	6,098,167	5,671,250	5,204,888	4,698,617	4,151,979	3,564,527
	at 100%	236,833	273,882	311,419	349,440	387,940	426,916	466,362	506,271	546,637	587,452	628,707
		7,420,848	7,146,966	6,835,547	6,486,107	6,098,167	5,671,250	5,204,888	4,698,617	4,151,979	3,564,527	2,935,821
Payments for Residual Receipt Payments		*50%*										
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-
MIP	*100.000%*	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	-	-	-	-
Balances for Residual Receipt Payments												
RESIDUAL RECEIPTS LOANS	*Interest Rate*											
MIP---Simple	*2.75%*	10,000,000	10,275,000	10,550,000	10,825,000	11,100,000	11,375,000	11,650,000	11,925,000	12,200,000	12,475,000	12,750,000
Total Residual Receipts Payments		**10,000,000**	10,275,000	10,550,000	10,825,000	11,100,000	11,375,000	11,650,000	11,925,000	12,200,000	12,475,000	12,750,000

PROJECTED PERMANENT LOAN CASH FL0WS							
Final Commitment							
	YEAR	12	13	14	15	16	17
RENTAL INCOME	CPI						
Restricted Unit Rents	2.50%	4,804,914	4,925,037	5,048,163	5,174,367	5,303,726	5,436,319
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-
Laundry Income	2.50%	31,805	32,600	33,415	34,251	35,107	35,985
Parking & Storage Income	2.50%	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**4,836,719**	**4,957,637**	**5,081,578**	**5,208,617**	**5,338,833**	**5,472,303**
VACANCY ASSUMPTIONS	Vacancy						
Restricted Unit Rents	5.00%	240,246	246,252	252,409	258,719	265,187	271,816
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-
Laundry Income	5.00%	1,591	1,630	1,671	1,713	1,756	1,800
Parking & Storage Income	50.00%	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**241,837**	**247,883**	**254,080**	**260,432**	**266,943**	**273,616**
EFFECTIVE GROSS INCOME (EGI)		**4,594,882**	**4,709,754**	**4,827,498**	**4,948,186**	**5,071,890**	**5,198,687**
OPERATING EXPENSES	CPI / Fee						
Administrative Expenses	3.50%	657,684	680,703	704,528	729,186	754,708	781,123
Management Fee	5.00%	229,744	235,488	241,375	247,409	253,595	259,934
Utilities	3.50%	446,533	462,162	478,338	495,079	512,407	530,341
Operating & Maintenance	3.50%	585,074	605,552	626,746	648,682	671,386	694,885
Ground Lease Payments	3.50%	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	105,314	104,335	103,319	102,264	101,169	100,032
	0.00%	-	-	-	-	-	-
Real Estate Taxes	1.25%	21,428	21,696	21,967	22,241	22,519	22,801
Other Taxes & Insurance	3.50%	226,652	234,584	242,795	251,293	260,088	269,191
Required Reserve Payments	1.00%	67,610	68,286	68,968	69,658	70,355	71,058
TOTAL OPERATING EXPENSES		**2,347,538**	**2,420,305**	**2,495,535**	**2,573,313**	**2,653,726**	**2,736,865**
NET OPERATING INCOME (NOI)		**2,247,344**	**2,289,449**	**2,331,963**	**2,374,873**	**2,418,164**	**2,461,823**
DEBT SERVICE PAYMENTS	Lien #						
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
PWB First Lien Loan	1	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952	1,576,952
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**	**1,576,952**
CASH FLOW AFTER DEBT SERVICE		**670,392**	**712,497**	**755,011**	**797,921**	**841,212**	**884,871**
DEBT SERVICE COVERAGE RATIO		**1.43**	**1.45**	**1.48**	**1.51**	**1.53**	**1.56**
Date Prepared:	06/19/20						
LESS: Asset Management Fee	3%	-	-	-	-	-	-
LESS: Partnership Management Fee	3%	-	-	-	-	-	-
net CF available for distribution		**670,392**	**712,497**	**755,011**	**797,921**	**841,212**	**884,871**
Deferred developer fee repayment	7,657,681	2,935,821	2,265,429	1,552,931	797,920	-	-
	at 100%	670,392	712,497	755,011	797,920	-	-
		2,265,429	1,552,931	797,920	-	-	-
Payments for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	0	420,606	442,435
MIP	*100.000%*	-	-	-	0	420,606	442,435
Total Residual Receipts Payments	**100.00%**	-	-	-	0	420,606	442,435
Balances for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	*Interest Rate*						
MIP---Simple	*2.75%*	13,025,000	13,300,000	13,575,000	13,850,000	14,125,000	13,979,394
Total Residual Receipts Payments		13,025,000	13,300,000	13,575,000	13,850,000	14,125,000	13,979,394

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The CalHFA Mixed-Income Program ("MIP") provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Qualified Permanent Lender (defined below). The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Qualified Permanent Lender. CalHFA Mixed-Income Qualified Construction and Qualified Permanent Lenders are defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:

Projects accessing the MIP Subsidy Loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in each project must be tax credit financed, OR
2. Qualified mixed-income project under the California Debt Limit Allocation Committee's (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) utilizing an allocation of private activity bonds to finance the project, OR
3. Qualified mixed-income project through income averaging.

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in CDLAC Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include but not be limited to receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews.
2. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation. Within the 180-day period the following items must be submitted to CalHFA in their final form:
    a. A complete updated application (inclusive of all CalHFA Addendum Items) form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
    h. Copy of the notice to proceed delivered to the contractor,
    i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
    j. Other documentation and information necessary to close construction financing required by CalHFA.

MIP ALLOCATION LIMITS:

1. **10% Project Cap:** No project may receive more than 10% of the total MIP allocation for the respective year.
2. **33% Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 33% of MIP funds for the respective year.
3. **33% County Cap:** No one county may receive more than 33% of MIP funds for the respective year.
4. **25% Age-Restricted Cap:** No more than 25% of MIP funds for the respective year may be received by age-restricted projects.

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Analysis will be completed by CalHFA at the time of the Construction Loan Closing. The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures may include but are not limited to 1) competitively bidding out all major subcontractor and self-performing trades 2) obtain 3 bids for all major trades and 3) engage value engineer/consultant during the design process.

Qualifications (continued)	EVIDENCE OF SUBSIDY EFFICIENCY:
	
	A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be adjusted based on the final analysis. Parameters of the analysis may include but are not limited to the following:
	
	• A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary;
	• A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio;
	• A separate project cash flow that supports any commercial component of the project;
	• A cashflow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation;
	• Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards and Reference Manual ("USRM");
	• Developer Fee requirements will match those required under the 4% federal and/or state tax credit reservation.
	• Capitalized reserves shall be subject to approval by Agency for reasonableness consistent with the USRM and the Investor Limited Partnership Agreement (ILPA);
	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following:
	    · An increase in tax credit equity;
	    · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions;
	• Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders.

CalHFA Mixed-Income Qualified Lender Qualifications	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least 5 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application. A CalHFA Qualified Permanent Lender is defined as a Permanent Lender that has closed at least 5 Permanent loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last 3 years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer must have developed at least three (3) comparable projects within the past five (5) years. The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past 5 years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion. **Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units.
Permanent First Lien Loan	Provided by CalHFA or a CalHFA Mixed-Income Qualified Permanent Lender. The permanent loan must meet an initial DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan. CalHFA may require an initial DSCR higher than 1.15 on a case by case basis, if deemed necessary.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender.
Limitations	1. MIP cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits). Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from TCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	FEDERAL BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI"). MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS): Affordability Requirements: 1. To qualify, a project must have at least 10% of the total units restricted as follows*: a. 81% to 120% of AMI with an average of 100% of AMI or greater OR if the market study does not support restrictions at these levels,

Mixed-Income Project Occupancy Requirements (Continued)	b. 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below. *(Deviations from the average unit affordability levels of 70% AMI or 100% AMI outlined above will only be considered if market study supports such deviations.) 2. **AND** either a. Tax credit transactions that are income-averaged must not exceed an average affordability of 60% AMI across all restricted units, **OR** b. Mixed income per CDLAC definitions, a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units (as restricted by a Bond or TCAC Regulatory Agreement at 60% AMI or lower-CDLAC Regulations Article 1, Section 5000). Note: These restrictions will remain in effect for 55 years. MIP regulatory agreement will restrict 10% of the total units at or below 80% of AMI, another 10% of the total units at or below 50% of AMI (or 80% AMI if there is an exception pursuant to Health and Safety Code Section 51335), and in addition to these restrictions, a minimum of 10% of the total units between 81% up to 120% of AMI OR (subject to the requirements identified above) 10%-29% of the total units between 60% up to 80% AMI, and the remaining units restricted at or below 120% of AMI, except for the designated manager's unit(s). MAXIMUM ALLOWABLE RENTS: Rents for units restricted at 80% AMI and below must be at least 10% below market rents as evidenced by a current Market Study. Rents for units restricted between 81%-120% AMI must be at least 10% below market as evidenced by a current Market Study.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed 10% of total MIP allocation for the respective year. a. Maximum loan per restricted (tax credit or CalHFA) units between 50%-80% AMI shall be $50,000. b. Maximum loan per MIP restricted units between 81%-120% AMI shall be $100,000. c. Projects located within the Highest or High Resource areas designated on the TCAC/HCD Opportunity Area Map shall be eligible for an additional 5% of the project eligible basis per 4% federal and state tax credit program. Opportunity Map Home Page 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.
Mixed-Income Subordinate Loan Rates & Terms	1. Interest Rate: 2.75% simple interest. 2. Loan Term: The MIP loan term shall be coterminous with the permanent first lien loan. 3. Loan Payment: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. 4. Affordability Term: Up to 55 years. 5. Assignability: Consent will be considered. 6. Prepayment: May be prepaid at any time without penalty.

Mixed-Income Subordinate Loan Rates & Terms (Continued)	7. Subordination: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s), the original MIP annual fee schedule will remain in place until the earlier of MIP regulatory restriction expiration, including any extensions, or repayment of the MIP loan. If the outstanding MIP loan is subordinated at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 8. Funded: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	1. Program Application Fee: $10,000 non-refundable, due at time of CalHFA MIP application submittal. The application fee shall be credited towards Loan Fee at time of MIP permanent loan closing. 2. Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). 3. Legal Fee: $15,000, due at loan closing (applicable if CalHFA is not providing permanent financing). 4. Ongoing Annual MIP Fee Payable in the event that CalHFA is not the Permanent Lender: 0.35% of the Permanent Loan Amount commencing at CalHFA MIP loan closing, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55 year amortization; ii) start date, interest rate and the loan amount consistent with permanent first lien loan (this fee is applicable if CalHFA is not providing permanent financing and will remain in place until the repayment of the MIP loan). 5. Annual Administrative Fee: $7,500 per year (subject to change). Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf CDLAC Fees: Refer to CDLAC regulations for all applicable fees. If CalHFA is selected as the permanent lender, please refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 11/2019

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications	• Available to for-profit, non-profit or public agency sponsors. • Non-profit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • Public Sale: additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing, and is payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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Sacramento, CA 95814
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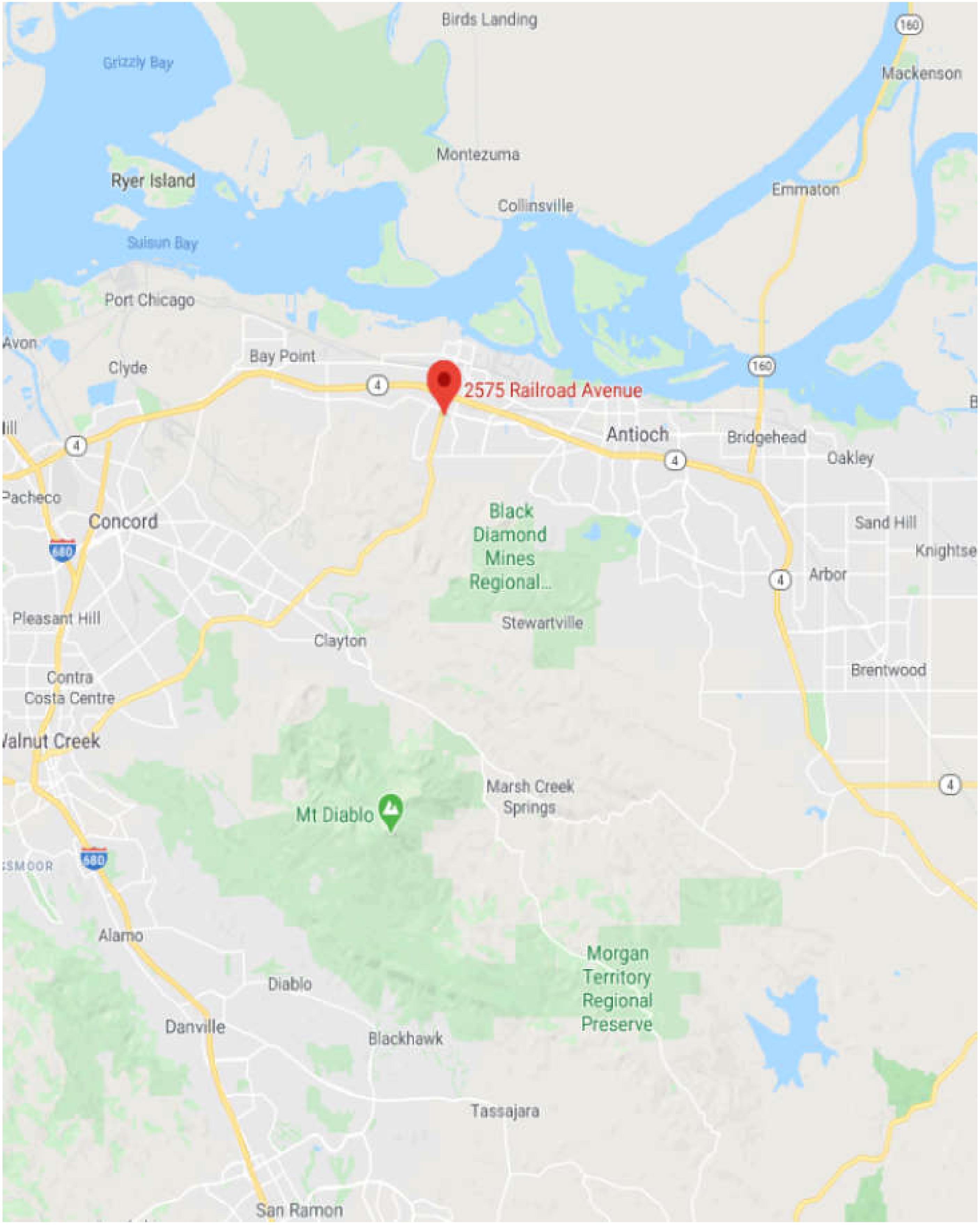
Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019



Birds Landing
Grizzly Bay
Mackenson
Montezuma
Ryer Island
Emmaton
Collinsville
Suisun Bay
Port Chicago
Avon
Bay Point
Clyde
2575 Railroad Avenue
Antioch
Bridgehead
Oakley
Pacheco
Concord
Black Diamond Mines Regional...
Sand Hill
Knightse
Arbor
Pleasant Hill
Stewartville
Clayton
Contra Costa Centre
Brentwood
Walnut Creek
Marsh Creek Springs
Mt Diablo
Alamo
Morgan Territory Regional Preserve
Diablo
Danville
Blackhawk
Tassajara
San Ramon


OLD TOWN
Willow Pass Rd
W 10th St
Pittsburg
Harbor St
N Parkside Dr
Solari St
Pittsburg High School
E 14th St
Pittsburg-Antioch Hwy
California Delta Hwy
4
2575 Railroad Avenue
Walmart
E Leland Rd
Railroad Ave
Crestview Dr
Loveridge Rd
Harbor St
Department of
Motor Vehicles
Buchanan Rd
Buchanan Rd
Kirker Creek Apartments