CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": August 18, 2020 for Board Meeting on: September 10, 2020

Project Name, County:	Beacon Villa, Contra Costa County	
Address:	505 W. 10th Street, Pittsburg, CA 94565	
CalHFA Project Number:	19-074 A/X/N	
Requested Financing by Loan Program:	**$19,000,000**	**Tax Exempt Bond – Conduit Issuance Amount**
	$13,400,000	**Taxable Bond – Conduit Issuance Amount**
	$13,300,000	**CalHFA Permanent Tax-Exempt Loan without HUD Risk Share**
	$6,350,000	**CalHFA Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Meta Housing Corp	**Borrower:**	Beacon Villa, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America
Equity Investor:	Bank of America	**Management Company:**	Cambridge Real Estate Services
Contractor:	West+Creek Builders, LLC	**Architect:**	SDG Architects, Inc.
Loan Officer:	Ruth Vakili	**Loan Specialist:**	Lorrie Blevins
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Marc Victor	**Legal (External):**	N/A
Concept Meeting Date:	6/18/2020	**Approval Expiration Date:**	6 months from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE / CONSTRUCTION LOAN	PERMANENT LOAN	MIP (GAP) LOAN
	Total Loan Amount	$19,000,000 (T/E) $13,400,000 (Taxable)	$13,300,000	$6,350,000
	Loan Term & Lien Position	30 months- interest only; 1st and 2nd Lien Position during construction. One 6-month extension available	40-Year Amortization, due in 17 years. 1st Lien Position after permanent conversion	17 year - Residual Receipts; 2nd Lien Position after permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	3.4% (T/E and Taxable)	15-year MMD + 2.85% spread (tax-exempt) Underwritten at 4.29% that includes a .25% cushion Estimated rate based on a 36 month forward commitment.	2.75% Simple Interest

	Loan to Value (LTV)	Not to exceed 80%	LTV is 79% of restricted value	N/A
	Loan to Cost	60%	37%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/12/2020	Est. Construction Loan Closing:	10/1/2020
	Estimated Construction Start:	10/15/2020	Est. Construction Completion:	10/15/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		3/1/2023	

SOURCES OF FUNDS

3.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
Construction Loan- Tax Exempt (BoA)	$19,000,000	1st	3.4%	Interest Only
Construction Loan- Taxable (BoA)	$13,400,000	1st	3.4%	Interest Only
Tax Credit Equity	$155,771	N/A	N/A	N/A
TOTAL	**$32,555,771**	**$602,885**	**Per Unit**	

Permanent Financing			
SOURCE	**AMOUNT**	**LIEN POSITION**	**DEBT TYPE**
Permanent Loan (CalHFA)	$13,300,000	1st	Balloon 40/17
CalHFA MIP Loan	$6,350,000	2nd	Residual Receipt Loan
Deferred Developer Fee	$ 1,044,894	N/A	N/A
Tax Credit Equity	$15,577,118	N/A	N/A
TOTAL DEVELOPMENT COST:	**$ 36,272,012**	**$ 671,704**	**Per Unit**

Subsidy Efficiency: CalHFA MIP $6,350,000 ($119,811 per MIP restricted units between 50% and 120% AMI).

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

- 4% Federal Tax Credits: $12,704,013 assuming estimated pricing of $1.00 ($235,260 per total units).
- 4% State Tax Credits: $3,053,413 assuming estimated pricing of $0.80 ($56,545 per total units).

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

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: The Developer will competitively bid all trades, obtaining a minimum of 3 bids, and implement design standards that facilitate efficiency in cost and construction scheduling. Prior to construction loan closing, CalHFA will require the Developer to certify that cost containment measures have been implemented.

	High Cost Explanation: The total development cost, at $671,704per unit, is high. The reasons for this are as follows: 1) the project is located in a High Cost Area, as defined by HUD, 2) this is a small project and the cost per unit is higher than larger projects, 3) site work totals $1,546,520 due to site conditions and 4) the permit and impact fees are over $2,000,000. Site work and impact fees alone total 12% of the total development costs.
4.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	11th Mark DeSaulnier	**Assembly:**	14th Timothy S Grayson	**State Senate:**	7th Steven M Glazer
	Brief Project Description	Beacon Villa (the "Project") is a family, mixed-income, new construction Project that consists of 5 three-story, wood framed buildings with painted stucco and cement plaster exterior walls. There will be 54 total units, 53 of which will be restricted between 50% and 70% AMI and one 2-bedroom manager's unit which will be market rate. Restricted units include eight 1-bedrooms (490 sq ft), two 2-bedroom (823 sq ft), eight 3-bedrooms (980 sq ft), twenty-eight 4-bedrooms (1580 sq ft) and eight 4-bedrooms (1610 sq ft). The project includes 2,840 sq ft of commercial space, which will be master leased by an affiliate of the Developer and will be subleased to a community-oriented tenant. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% tax credits, 4% state tax credits a CalHFA permanent tax-exempt loan, and a MIP loan. The project qualifies as Mixed-Income with income averaging, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% tax credits on April 14th, 2020. **Ground Lease:** Not applicable. **Project Amenities:** The Project includes a community room with elevator, fitness room, laundry room, bike storage, garage, and a tot lot with outdoor seating. Unit amenities will include a full appliance package and LED lighting with energy efficient fixtures. **Local Resources and Services:** The Project is located in a low resource area, per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 2.2 miles • Schools - 0.5-3.3 miles • Public Library – 1.1 miles • Public transit – 1.2 miles from BART; adjacent to bus stop • Retail – .5 to 2 miles • Park and recreation – 3 blocks • Police Department – 1.1 miles **Non-displacement <u>and</u> No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.					

		Commercial Space: The Project consists of 2,840 sq ft of commercial space. The commercial lease is structured as a master lease between the Partnership and a separate entity and the operating expense and revenue is not part of the Project's underwriting. Potential tenants to be determined, however, is anticipated to be a community-oriented tenant.

TRANSACTION OVERVIEW

6. Proposal and Project Strengths

- The Project received a reservation of 4% federal and state tax credits on April 14, 2020 which are collectively expected to generate $15,732,889 in equity representing 44% of total financing sources.
- The developer/sponsor and property management company, Cambridge Real Estate Services, have extensive experience in developing similar affordable housing projects and/or have experience with CalHFA.
- The Project will serve low-income families ranging between 50% to 70% of AMI.
- The Loan-to-Value will be 77%, which meets the Agency's minimum requirements, providing less risk to the Agency.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,805,585, which could be available to cover cost overruns and/or unforeseen issues during construction.

7. Project Weaknesses with Mitigants:

- The exit analysis assumes 6.85% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $856,577, leaving an outstanding balance of $6,884,473. 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.
- Project is located in a 1% annual-chance floodplain that will require the developer to elevate the residential site 1 foot above flood level (12 feet total). Once grading and elevation measures are complete, developer will submit map for revision to have site plain removed from flood plain. Developer is looking to do this prior to construction loan closing (10/1/2020). A condition of approval requiring the Letter of Map Revision prior to permanent loan closing has been included.

8. Underwriting Standards or Term Sheet Variations

- The MIP loan per unit is $119,811 which exceeds the term sheet maximum of $50,000 for a project with affordability levels between 60% and 80% AMI. This is an exception to Policy and is recommended by Multi-Family Underwriting and Credit Staff subject to CalHFA being the permanent lender and based on the following: approval facilitates the progression of a shovel ready project without delay; the project was ready to submit for a CDLAC Bond Allocation application in January; the higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $7,500,000 ($138,889/unit) to $3,023,698 ($55,994/unit)resulting in a much more efficient use of the limited resources of State Tax Credits.
- The developer is deferring 27% of the developer fee, which impacts repayment of the MIP loan. The investor's letter of interest requires repayment of the developer fee within 13 years after construction loan closing. Therefore, the proposed repayment restructure is as follows: 75% of net cash flow paid towards deferred developer fee until 15 years, or until the fee is paid in full (subject to investor's approval) whichever is earlier, and 25% to the MIP loan. After the earlier of year 15 or when the deferred developer fee is paid in full, 50% of net cash flow is paid to the developer and 50% is paid to the MIP loan.

9.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Receipt of LOI from construction lender for amount that is consistent with developer proforma.
- Lender(s), equity investor, and borrower shall permit CalHFA to recycle all or a portion of Project's tax-exempt bonds, as applicable.
- 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.
- 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.
- CalHFA requires that MIP affordability covenants be recorded in first position.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The 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.
- Closing on construction financing will be subject to final LPA being substantially consistent to the assumptions made at time of final commitment and that it is acceptable to CalHFA.
- Development costs for the commercial space are to be paid by non-bond funds. A master lease for this space will be required prior to permanent loan closing.
- Prior to permanent loan closing, a Letter of Map Revision removing the buildings out of the current flood zone is required.
- The final non-deferred developer's fee will be subject to CalHFA and TCAC approval prior to permanent loan conversion.

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 53 units of affordable housing with a range of restricted rents between 50% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

12.	**CalHFA Affordability & Occupancy Restrictions**

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI with10% of these units at 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (6 units) at or below 50% of AMI and 10% of total units (6 units) between 60% and 80% of AMI with a minimum average of 70% AMI. The remaining 41 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 an appraisal dated 8/3/20 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.

TCAC Regulatory Agreement will restrict a total of 53 units between 50% and 70% AMI for a 55-years term.

Rent Limit Summary Table

Restrictions @ AMI	Total	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
50%	6	2	-	4	-	11.11%
60%	41	5	-	-	36	75.93%
70%	6	1	1	4	-	11.11%
Manager's Unit	1	-	1	-	-	1.90%
Total	54	8	2	8	36	100%

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category						
			50%	60%	70% *(60% to 80% Tranche)	<= 120%	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Perm Loan	1st	55	6	16			1	22	40.7%
*CalHFA MIP	2nd	55	6		6	41	1	53	98.1%
Tax Credits	3rd	55	6	41	6		1	53	98.1%

*Note: For MIP purposes, 10% (6 units) will be restricted at or below 50% of AMI, 10% (6 units) will be restricted between 60% to 80% of AMI, and the remaining 41 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:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	22.12%
Minority Census Tract:	90.63%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	N/A
Operating Expense Reserve (OER):	$284,382 OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this 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:	1.59	**Annual Replacement Reserve Per Unit:**	$250/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:	5% (Other Income) 100% (Commercial Income)	**Project Expenses Inflation Rate: Property Tax Inflation Rate:**	3.50% 1.25%

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 2% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $856,577 leaving an outstanding balance of $6,884,473. 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 August 3, 2020, prepared by CBRE, Inc., values the land at $2,000,000.
- The capitalization rate of 4.85% and projected NOI of $819,039 was used to determine the appraised value of the subject site.
- The capture rate of 1% (53 units / 4,400 qualifying households) provides evidence that there is sufficient demand to mitigate any risk related to leasing up.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The as-restricted stabilized value is $16,900,000, which results in the Agency's loan(s) to value of 77%.

	Market Study:	Colliers International	Dated: January 13, 2020

<u>Regional Market Overview</u>

- The subject is located in the San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area (population of 4,679,805).
- The general population in the Area is anticipated to increase by 0.8% per year through 2024.
- Unemployment in the Area is 4.3%, which evidences a strong employment area.
- Median home value in the PMA is $327,752. The median home value in the SMA is $405,615. Median home values in the PMA are about 20% lower than in the SMA.

<u>Local Market Area Analysis</u>

- **Supply:**
  - There are currently 10,075 multifamily rental units in Northeast Contra Costa Country, and during the past 5 years that number has decreased by 200 units with no additions. There are currently no units under construction.
  - There is a strong rental demand – the 3 comparable LIHTC properties within the PMA have vacancies of less than 1%.

- **Demand/Absorption:**
  - The affordable units are anticipated to lease up at a rate of 14 units per month and reach stabilized occupancy within 4 months of opening.
  - The project will need to capture 1% of the total qualifying households within a 3-mile radius.
  - Due to the strong demand for affordable housing in the area, units are expected to pre-lease during construction.

DEVELOPMENT SUMMARY

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

- The property is located on the south side of West 10th Street and the west side of Beacon Street, in the City of Pittsburgh, Contra Costa County.
- The site is currently vacant, with level topography at street grade, measuring approximately 2.36 acres and is generally irregular in shape.
- The site consists of 5 contiguous parcels that will be merged prior to start of construction.
- The site is zoned Mixed Use, with permitted multifamily residential use.
- The subject is not located in Flood Zone X or C (area of minimum flood hazard). 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 be subject to flood insurance.
- The site is located in flood Zone A99 which is defined by FEMA as an area within the 1% annual-chance floodplain. Mandatory flood insurance applies until the site is elevated to 12 ft (1 ft above flood level). Once grading and elevation measures are complete, developer will submit map for revision to have site plain removed from flood plain. Developer is looking to do this prior to construction loan closing (10/1/2020).

20. Form of Site Control & Expiration Date

The prior owner, Amerasia Real Estate Fund, LLC, an unrelated entity, of the site and the Project owner, Meta Housing Corporation, entered into a Purchase and Sale Agreement dated January 14, 2020 for an amount of $1,300,000. The purchase price was reduced to $1,225,000 per the 4th Amendment of the PSA dated April 19th, 2020.

The sale transaction has occurred and the title report dated June 19, 2020 indicates Beacon Villa, L.P. as the fee owner.

21. Current Ownership Entity of Record

Title is currently vested in Beacon Villa, L.P. as the fee owner.

22. Environmental Review Findings

A Phase I Environmental Site Assessment performed by Partner Engineering and Science, Inc., dated July 15, 2020 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.

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

This new Project will be built to State and City of Pittsburgh Building Codes so no seismic review is required.

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:	70,683	**Residential Units per Acre:**	22.9
Community Area Sq. Ftg:	1,228	**Total Parking Spaces:**	114
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	128,018

26.	**Mixed-Use Project:** ☒ **Yes** ☐ **No**				
		Non-Residential Sq. Footage:	2,840	**Number of Lease Spaces:**	1
		Master Lease:	☒ **Yes** ☐ **No**	**Number of Parking Spaces:**	7
27.	**Construction Type:**	The construction will consist of wood frame and engineered lumber apartment buildings (multi-family garden).			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			

- The subject site is new construction.
- There will be 2,840 sq ft of commercial space, the partnership will enter into a master lease with a separate entity and no commercial rent or operating expenses are part of the project underwriting.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: FFAH V Beacon Villa, LLC, a California limited liability company; 0.0049% interest
  - Sole Member: Foundation for Affordable Housing V, Inc., a 501(c)(3) non-profit organization ("FFAH")
- Administrative General Partner: Beacon Villa, LLC, a California limited liability company; 0.0051% interest
  - Sole Member: JMH Investments, LLC, a California limited liability company
    - John M. Huskey, sole member and manager of JMH Investments, LLC, and CEO/Chairman of Meta Housing Corporation, the project Developer.
- Investor Limited Partner: Bank of America; 99.99% interest

31. Developer/Sponsor

- Meta Housing Corporation is a California S-Corporation wholly owned by John M. Huskey. Meta has 76 additional housing projects (66 completed and 10 which are under construction), including 12 completed projects in CalHFA's portfolio. Prior projects include over 6,000 units of senior or family housing. While it is unknown what substantive financial changes may have occurred more recently, according to audited financial statements dated 12/31/2016 the Company's assets greatly exceeded its liabilities, both with respect to current and total assets versus liabilities. In addition, while the Company had provided roughly $462M in project-level guarantees and other contingent liabilities, the auditors noted Management's belief of no material exposure under these guarantees and concluded to no provision for such liabilities. Meta Housing Corporation is named as the sole project Guarantor per the Investor LOI.
- FFAH is a 501(c)(3) nonprofit focused on creating affordable housing. FFAH has been involved in the creation and/or management of 18,945 units nationally including 16,838 LIHTC units. They have been involved in 127 projects in California. While financial statements were not provided for FFAH, it is not named as a Guarantor in the Investor LOI.

32. Management Agent

The Project will be managed by Cambridge Real Estate Services, Inc, which has extensive experience in managing similar affordable housing projects in the area and manages 3 other projects in CalHFA's portfolio – Cedar Park (Grass Valley, 81 units), Kennedy Meadows Apartments (Jackson, 56 units), and the Aspens at South Lake MHSA (South Lake Tahoe, 48 units).

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 is West+Creek Builders, LLC is a newly formed, joint venture comprised of Westport Construction, Inc. and Creekside Commercial Builders, Inc. Meta Housing has extensive experience with Westport and confirmed that all on-site staff for this project will be comprised of Creekside personnel. As a collective entity West+Creek has not completed any projects but has 3 projects under contract/in progress – one is expected to be complete in October 2020 and the remaining 2 have completion dates in April and May 2021. As individual entities Westport and Creekside have completed over 16,200 units in affordable and multifamily projects (over $1.5 billion).

35.	Architect Experienced with CalHFA? ☐ Yes ☒ No

- SDG Architects is a California licensed firm with a portfolio that includes production residential single family detached, production residential multi-family attached, custom homes, senior housing, live/work, office, retail, restaurants, tenant improvement, land planning, and master planning. They have prior experience working with the developer.
- SDG has designed residential projects including workforce, senior, podium, townhouse, assisted living housing projects, as well as commercial/civic and retail developments.
- SDG's services include entitlements, community design and land use development, site modeling and visualization, sustainable and LEED design, and graphic and color design.

36.	Local Review via Locality Contribution Letter

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

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 19-074 A/X/N**

Project Full Name	Beacon Villa	**Borrower Name:**	Beacon Villa, L.P.
Project Address	505 W. 10th Street	**Managing GP:**	Beacon Villa LLC
Project City	Pittsburg	**Developer Name:**	Meta Housing Corporation
Project County	Contra Costa	**Investor Name:**	Bank of America
Project Zip Code	94565	**Prop Management:**	Cambridge Real Estate Services
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.36
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	70,683
Total Residential Units:	54	**Residential Units Per Acre:**	22.88
Total Number of Buildings:	5		
Number of Stories:	3	**Covered Parking Spaces:**	54
Unit Style:	Flat	**Total Parking Spaces:**	114
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Conduit / BoA T/E	19,000,000	0.750%	30	--	3.400%
CalHFA Conduit / BoA Taxable	13,400,000	0.750%	30	--	3.400%
--	--	--	--	--	--
Investor Equity Contribution	155,771	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	13,300,000	1.000%	17	40	4.290%
MIP	6,350,000	1.000%	17	--	2.750%
--	--	--	--		--
--	--	--	--	--	--
Deferred Developer Fees	1,044,894	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Investor Equity Contributions	15,577,118	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	7/8/20	**Capitalization Rate:**	4.85%
Investment Value ($)	TBD	**Restricted Value ($)**	16,900,000
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	37%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	79%
		Combined CalHFA Perm Loan to Value	116%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Waived	
Completion Guarantee Letter of Credit	Waived	

Permanent Loan

Operating Expense Reserve Deposit	$284,382	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$250	Cash

Date Prepared: 8/13/20 — Senior Staff Date: 8/18/20

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%	80%	120%
CalHFA Bond/RiskShare			6	16	0	0	0
CalHFA MIP			6	0	6	0	41
Tax Credit			6	41	6	0	0
-			0	0	0	0	0
-			0	0	0	0	0
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Average Restricted Rents Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
1 Bedroom	**CTCAC**	**50%**	2	$1,155	$1,800	$645	64%
	CTCAC	**60%**	5	$1,400		$400	78%
	CTCAC	**70%**	1	$1,620		$180	90%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
2 Bedrooms	**CTCAC**	**50%**	-	-	$2,100	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	1	$1,890		$210	90%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**50%**	4	$1,590	$2,475	$885	64%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	4	$2,228		$247	90%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
4 Bedrooms	**CTCAC**	**50%**	-	-	$2,890	-	-
	CTCAC	**60%**	36	$2,141		$749	74%
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
5 Bedrooms	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**90%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
Date Prepared:	8/13/20					Senior Staff Date:	8/18/20

SOURCES & USES OF FUNDS					Final Commitment
Beacon Villa			Project Number	19-074 A/X/N	
SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
CalHFA Conduit / BoA T/E	19,000,000				0.0%
CalHFA Conduit / BoA Taxable	13,400,000				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	155,771				0.0%
Perm		13,300,000	13,300,000	246,296	36.7%
MIP		6,350,000	6,350,000	117,593	17.5%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		1,044,894	1,044,894	19,350	2.9%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		15,577,118	15,577,118	288,465	42.9%
TOTAL SOURCES OF FUNDS	**32,555,771**	**36,272,012**	**36,272,012**	**671,704**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**32,555,771**	**36,272,012**	**36,272,012**	**671,704**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**32,555,771**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	1,225,000	-	1,225,000	22,685	3.4%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	700,000	-	700,000	12,963	1.9%
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	**1,925,000**	**-**	**1,925,000**	**35,648**	**5.3%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	1,546,520	-	1,546,520	28,639	4.3%
Structures (Hard Cost)	15,439,980	-	15,439,980	285,926	42.6%
General Requirements	1,575,875	-	1,575,875	29,183	4.3%
Contractor Overhead	413,335	-	413,335	7,654	1.1%
Contractor Profit	413,335	-	413,335	7,654	1.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	289,210	-	289,210	5,356	0.8%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**19,678,255**	**-**	**19,678,255**	**364,412**	**54.3%**

SOURCES & USES OF FUNDS					Final Commitment
Beacon Villa			Project Number	19-074 A/X/N	
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	464,350	-	464,350	8,599	1.3%
Supervision	203,000	-	203,000	3,759	0.6%
TOTAL ARCHITECTURAL FEES	**667,350**	**-**	**667,350**	**12,358**	**1.8%**
SURVEY & ENGINEERING FEES					
Engineering	306,800	-	306,800	5,681	0.8%
Supervision	505,866	-	505,866	9,368	1.4%
ALTA Land Survey	20,750	-	20,750	384	0.1%
TOTAL SURVEY & ENGINEERING FEES	833,416	-	833,416	15,434	2.3%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	1,753,043	-	1,753,043	32,464	4.8%
Soft Cost Contingency Reserve	401,190	-	401,190	7,429	1.1%
TOTAL CONTINGENCY RESERVES	2,154,233	-	2,154,233	39,893	5.9%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Conduit / BoA T/E	1,577,571	-	1,577,571	29,214	4.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Conduit / BoA T/E	142,500	-	142,500	2,639	0.4%
CalHFA Conduit / BoA Taxable	100,500	-	100,500	1,861	0.3%
-	-	-	-	-	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	57,000	-	57,000	1,056	0.2%
Owner Paid Bonds/Insurance	21,000	-	21,000	389	0.1%
CalHFA Inspection Fees	9,000	-	9,000	167	0.0%
Real Estate Taxes During Rehab	19,044	-	19,044	353	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	435,200	-	435,200	8,059	1.2%
Title & Recording Fees	60,000	-	60,000	1,111	0.2%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	208,130	-	208,130	3,854	0.6%
Bond Issuer Fee	52,400	-	52,400	970	0.1%
Misc. Bond Costs/Deposits	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**2,682,345**	**-**	**2,682,345**	**49,673**	**7.4%**

SOURCES & USES OF FUNDS					Final Commitment
Beacon Villa			Project Number	19-074 A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	66,500	66,500	133,000	2,463	0.4%
MIP	31,750	31,750	63,500	1,176	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	2,037	0.3%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	11,000	11,000	204	0.0%
Title & Recording (closing costs)	-	20,000	20,000	370	0.1%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	-	-	-	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (admin fee, tax service, Y1 monitoring fee)	-	10,085	10,085	187	0.0%
TOTAL PERMANENT LOAN COSTS	**153,250**	**194,335**	**347,585**	**6,437**	**1.0%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	50,000	-	50,000	926	0.1%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	648	0.1%
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	150,000	-	150,000	2,778	0.4%
CalHFA Bond Counsel	62,000	-	62,000	1,148	0.2%
TOTAL LEGAL FEES	**262,000**	**35,000**	**297,000**	**5,500**	**0.8%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	284,382	284,382	5,266	0.8%
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	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**284,382**	**284,382**	**5,266**	**0.8%**
REPORTS & STUDIES					
Appraisal Fee	8,100	-	8,100	150	0.0%
Market Study Fee	-	-	-	-	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	3,500	-	3,500	65	0.0%
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 (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**11,600**	**-**	**11,600**	**215**	**0.0%**

SOURCES & USES OF FUNDS					Final Commitment
Beacon Villa			Project Number	19-074 A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	57,448	-	57,448	1,064	0.2%
CDLAC Fees	11,340	-	11,340	210	0.0%
Local Permits & Fees	754,150	-	754,150	13,966	2.1%
Local Impact Fees	2,252,675	-	2,252,675	41,716	6.2%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	183,831	-	183,831	3,404	0.5%
Accounting & Audits	80,000	-	80,000	1,481	0.2%
Advertising & Marketing Expenses	84,523	-	84,523	1,565	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Utilities)	70,000	-	70,000	1,296	0.2%
Other (Franchise tax, org costs, travel, postage/sh	46,400	-	46,400	859	0.1%
TOTAL OTHER COSTS	**3,540,367**	**-**	**3,540,367**	**65,562**	**9.8%**
SUBTOTAL PROJECT COSTS	**31,907,816**	**33,069,488**	**32,421,533**	**600,399**	**89.4%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	647,955	3,202,524	3,850,479	71,305	10.6%
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	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**647,955**	**3,202,524**	**3,850,479**	**71,305**	**10.6%**
TOTAL PROJECT COSTS	**32,555,771**	**36,272,012**	**36,272,012**	**671,704**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Beacon Villa	**Project Number**		**19-074 A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,262,016	$ 23,371	101.66%
Unrestricted Unit Rents	35,232	652	2.84%
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	9,540	177	0.77%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,306,788**	**$ 24,200**	**105.26%**
Less: Vacancy Loss	**$ 65,340**	**$ 1,210**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,241,448**	**$ 25,410**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 95,422	$ 1,767	$ 0
Management Fee	57,870	1,072	4.66%
Social Programs & Services	-	-	0.00%
Utilities	76,125	1,410	6.13%
Operating & Maintenance	93,624	1,734	7.54%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	139	0.60%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	7,500	139	0.60%
Other Taxes & Insurance	89,884	1,665	7.24%
SUBTOTAL OPERATING EXPENSES	**$ 427,925**	**$ 7,925**	**34.47%**
Operating Reserves	$ 13,500	$ 250	1.09%
TOTAL OPERATING EXPENSES	**$ 441,425**	**$ 8,175**	**35.56%**
NET OPERATING INCOME (NOI)	**$ 800,023**	**$ 14,815**	**64.44%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 696,101	$ 12,891	56.07%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 696,101**	**$ 12,891**	**56.07%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 103,922**	**$ 1,924**	**8.37%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 8/13/20		Senior Staff Date:	08/18/20

PROJECTED PERMANENT LOAN CASH FL0WS											Beacon Villa		
Final Commitment		1,297,248								**Project Number**	**19-074 A/X/N**		
	YEAR	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
RENTAL INCOME	**CPI**												
Restricted Unit Rents	2.50%	1,262,016	1,293,566	1,325,906	1,359,053	1,393,030	1,427,855	1,463,552	1,500,140	1,537,644	1,576,085	1,615,487	1,655,874
Unrestricted Unit Rents	2.50%	35,232	36,113	37,016	37,941	38,890	39,862	40,858	41,880	42,927	44,000	45,100	46,227
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	9,540	9,779	10,023	10,274	10,530	10,794	11,063	11,340	11,624	11,914	12,212	12,517
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,306,788**	**1,339,458**	**1,372,944**	**1,407,268**	**1,442,449**	**1,478,511**	**1,515,473**	**1,553,360**	**1,592,194**	**1,631,999**	**1,672,799**	**1,714,619**
VACANCY ASSUMPTIONS	**Vacancy**												
Restricted Unit Rents	5.00%	63,101	64,678	66,295	67,953	69,651	71,393	73,178	75,007	76,882	78,804	80,774	82,794
Unrestricted Unit Rents	5.00%	1,762	1,806	1,851	1,897	1,944	1,993	2,043	2,094	2,146	2,200	2,255	2,311
Laundry Income	5.00%	477	489	501	514	527	540	553	567	581	596	611	626
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**65,339**	**66,973**	**68,647**	**70,363**	**72,122**	**73,926**	**75,774**	**77,668**	**79,610**	**81,600**	**83,640**	**85,731**
EFFECTIVE GROSS INCOME (EGI)		**1,241,449**	**1,272,485**	**1,304,297**	**1,336,904**	**1,370,327**	**1,404,585**	**1,439,700**	**1,475,692**	**1,512,585**	**1,550,399**	**1,589,159**	**1,628,888**
OPERATING EXPENSES	**CPI / Fee**												
Administrative Expenses	3.50%	95,422	98,762	102,218	105,796	109,499	113,331	117,298	121,403	125,653	130,050	134,602	139,313
Management Fee	4.66%	57,870	59,317	60,800	62,320	63,878	65,475	67,111	68,789	70,509	72,272	74,078	75,930
Utilities	3.50%	76,125	78,789	81,547	84,401	87,355	90,413	93,577	96,852	100,242	103,751	107,382	111,140
Operating & Maintenance	3.50%	93,624	96,901	100,292	103,803	107,436	111,196	115,088	119,116	123,285	127,600	132,066	136,688
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	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	7,500	7,594	7,689	7,785	7,882	7,981	8,080	8,181	8,284	8,387	8,492	8,598
Other Taxes & Insurance	3.50%	89,884	93,030	96,286	99,656	103,144	106,754	110,490	114,358	118,360	122,503	126,790	131,228
Required Reserve Payments	1.00%	13,500	13,635	13,771	13,909	14,048	14,189	14,331	14,474	14,619	14,765	14,912	15,062
TOTAL OPERATING EXPENSES		**441,425**	**455,527**	**470,103**	**485,169**	**500,742**	**516,838**	**533,476**	**550,674**	**568,451**	**586,827**	**605,823**	**625,460**
NET OPERATING INCOME (NOI)		**800,024**	**816,957**	**834,193**	**851,735**	**869,585**	**887,747**	**906,224**	**925,019**	**944,134**	**963,572**	**983,336**	**1,003,428**
DEBT SERVICE PAYMENTS	**Lien #**												
Perm	1	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101	696,101
-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**	**696,101**
CASH FLOW AFTER DEBT SERVICE		**103,922**	**120,856**	**138,092**	**155,634**	**173,484**	**191,646**	**210,123**	**228,917**	**248,032**	**267,471**	**287,235**	**307,327**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.20**	**1.22**	**1.25**	**1.28**	**1.30**	**1.33**	**1.36**	**1.38**	**1.41**	**1.44**
Date Prepared:	08/13/20									Senior Staff Date:	8/18/20		
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
LESS: Asset Management Fee	3%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842
S: Partnership Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382
net CF available for distribution		**86,422**	**102,831**	**119,526**	**136,511**	**153,788**	**171,359**	**189,227**	**207,395**	**225,864**	**244,637**	**263,716**	**283,103**
		75%									**50%**		
Developer Net Cash Flow Distribution		64,817	77,123	89,645	102,383	115,341	128,519	141,920	155,546	169,398	122,319	131,858	141,552
Deferred developer fee repayme	1,044,894	1,044,894	980,077	902,954	813,309	710,926	595,585	467,066	325,146	169,600	202	-	-
		64,817	77,123	89,645	102,383	115,341	128,519	141,920	155,546	169,398	202	-	-
		980,077	902,954	813,309	710,926	595,585	467,066	325,146	169,600	202	-	-	-
Payments for Residual Receipt Payments		***25%***									**50.0%**		
RESIDUAL RECEIPTS LOANS	*Payment %*	21,606	25,708	29,882	34,128	38,447	42,840	47,307	51,849	56,466	122,319	131,858	141,552
MIP	*100.00%*	21,606	25,708	29,882	34,128	38,447	42,840	47,307	51,849	56,466	122,319	131,858	141,552
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payme	**100.00%**	21,606	25,708	29,882	34,128	38,447	42,840	47,307	51,849	56,466	122,319	131,858	141,552
Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
MIP---Simple	*2.75%*	6,350,000	6,503,019	6,651,937	6,796,680	6,937,177	7,073,355	7,205,141	7,332,459	7,455,235	7,573,394	7,625,701	7,668,468
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**6,350,000**	6,503,019	6,651,937	6,796,680	6,937,177	7,073,355	7,205,141	7,332,459	7,455,235	7,573,394	7,625,701	7,668,468

PROJECTED PERMANENT LOAN CASH FLOW						
Final Commitment						
	YEAR	**13**	**14**	**15**	**16**	**17**
RENTAL INCOME	**CPI**					
Restricted Unit Rents	2.50%	1,697,271	1,739,703	1,783,196	1,827,775	1,873,470
Unrestricted Unit Rents	2.50%	47,383	48,568	49,782	51,026	52,302
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	2.50%	12,830	13,151	13,480	13,817	14,162
Miscellaneous Income	2.50%	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,757,485**	**1,801,422**	**1,846,457**	**1,892,619**	**1,939,934**
VACANCY ASSUMPTIONS	**Vacancy**					
Restricted Unit Rents	5.00%	84,864	86,985	89,160	91,389	93,673
Unrestricted Unit Rents	5.00%	2,369	2,428	2,489	2,551	2,615
Laundry Income	5.00%	642	658	674	691	708
Miscellaneous Income	50.00%	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**87,874**	**90,071**	**92,323**	**94,631**	**96,997**
EFFECTIVE GROSS INCOME (EGI)		**1,669,610**	**1,711,351**	**1,754,134**	**1,797,988**	**1,842,937**
OPERATING EXPENSES	**CPI / Fee**					
Administrative Expenses	3.50%	144,189	149,236	154,459	159,865	165,460
Management Fee	4.66%	77,829	79,774	81,769	83,813	85,908
Utilities	3.50%	115,030	119,056	123,223	127,536	132,000
Operating & Maintenance	3.50%	141,472	146,424	151,549	156,853	162,343
Ground Lease Payments	3.50%	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-
Real Estate Taxes	1.25%	8,706	8,814	8,925	9,036	9,149
Other Taxes & Insurance	3.50%	135,821	140,575	145,495	150,587	155,858
Required Reserve Payments	1.00%	15,212	15,364	15,518	15,673	15,830
TOTAL OPERATING EXPENSES		**645,759**	**666,744**	**688,437**	**710,863**	**734,048**
NET OPERATING INCOME (NOI)		**1,023,851**	**1,044,607**	**1,065,697**	**1,087,124**	**1,108,890**
DEBT SERVICE PAYMENTS	**Lien #**					
Perm	1	696,101	696,101	696,101	696,101	696,101
-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**696,101**	**696,101**	**696,101**	**696,101**	**696,101**
CASH FLOW AFTER DEBT SERVICE		**327,750**	**348,506**	**369,596**	**391,023**	**412,788**
DEBT SERVICE COVERAGE RATIO		**1.47**	**1.50**	**1.53**	**1.56**	**1.59**
Date Prepared:	08/13/20					

		13	**14**	**15**	**16**	**17**
LESS: Asset Management Fee	3%	14,258	14,685	15,126	15,580	16,047
S: Partnership Management Fee	3%	10,693	11,014	11,344	11,685	12,035
net CF available for distribution		**302,799**	**322,806**	**343,126**	**363,759**	**384,706**
Developer Net Cash Flow Distribution		151,400	161,403	171,563	181,879	192,353
Deferred developer fee repayme	1,044,894	-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-

Payments for Residual Receipt Payments		151,400	161,403	171,563	181,879	192,353
RESIDUAL RECEIPTS LOANS	*Payment %*					
MIP	*100.00%*	151,400	161,403	171,563	181,879	192,353
0	*0.00%*	-	-	-	-	-
Total Residual Receipts Payme	**100.00%**	151,400	161,403	171,563	181,879	192,353

Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Interest Rate*					
MIP---Simple	*2.75%*	7,701,541	7,724,767	7,737,988	7,741,050	7,733,796
0---Compounding	*0.00%*	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments		7,701,541	7,724,767	7,737,988	7,741,050	7,733,796

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for debt service coverage ratio (include any financing with amortizing debt). • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Loan Fee. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Administrative Fee:: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 - $1,000 per month (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000 due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee See Conduit Issuer Program Term Sheet for information on conduit issuance fees.

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TAX-EXEMPT PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	Interest Rate: • 17 Year Balloon: 15 Year "AAA" MMD (Municipal Market Data) plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 30 Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 2.50% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 35 Year Amortization[1] • Term: Fully Amortizing, and 17 or 30 Year Balloons available[2] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Breakage Fee (if applicable): between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing.

TAX-EXEMPT PERMANENT LOAN PROGRAM

Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 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 ("10% @ 50% AMI"). CalHFA's regulated units must represent a pro-rata share of the available unit sizes (by bedroom count and square feet), and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense: • Appraisal (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • Market Study satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports by licensed company. • Seismic review and other studies may be required at CalHFA's discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects, with annual deposits between • $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve: 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with rental subsidy contracts with contract terms that are less than 20 years. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

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

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

CalHFA
California Housing Finance Agency

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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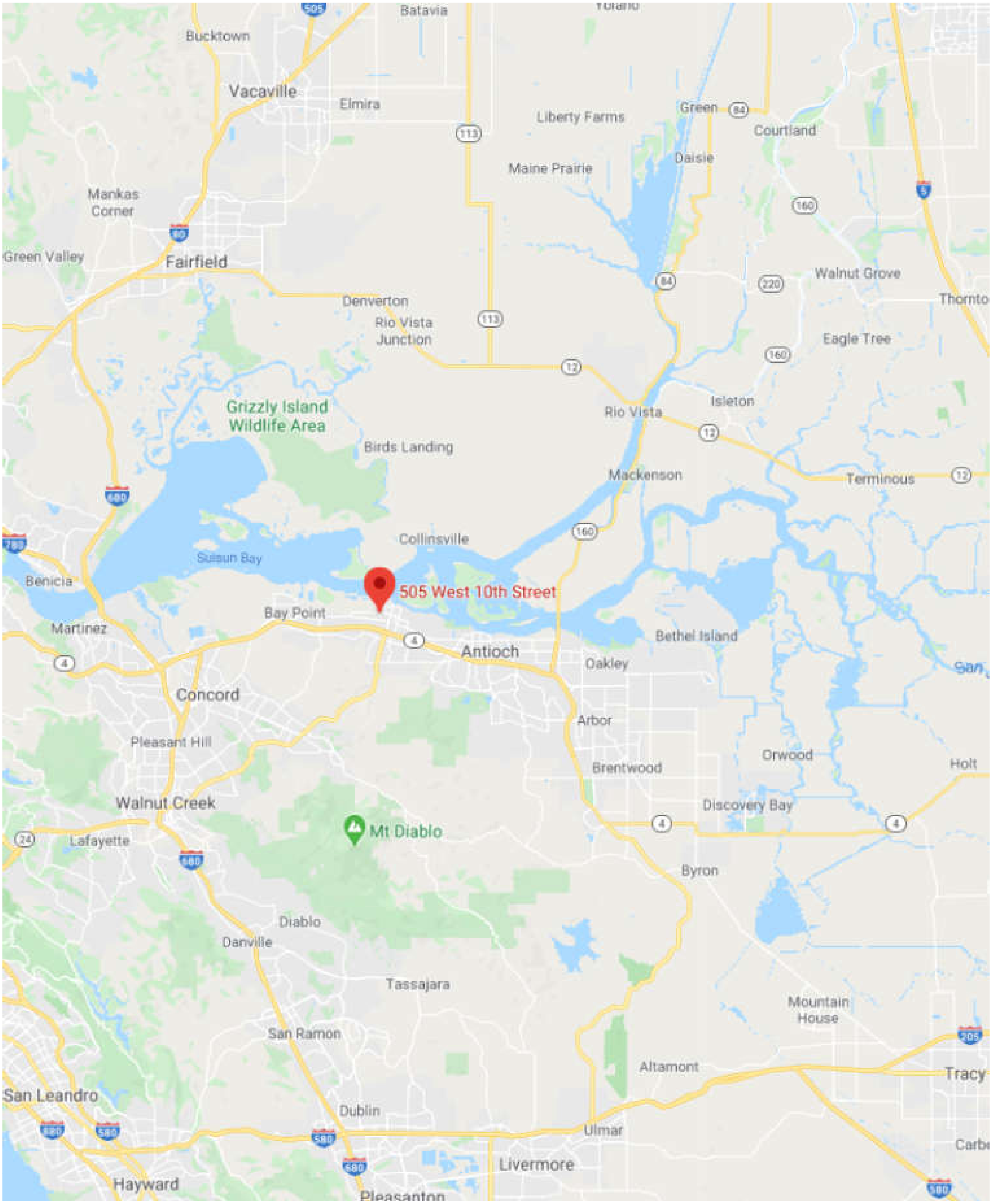
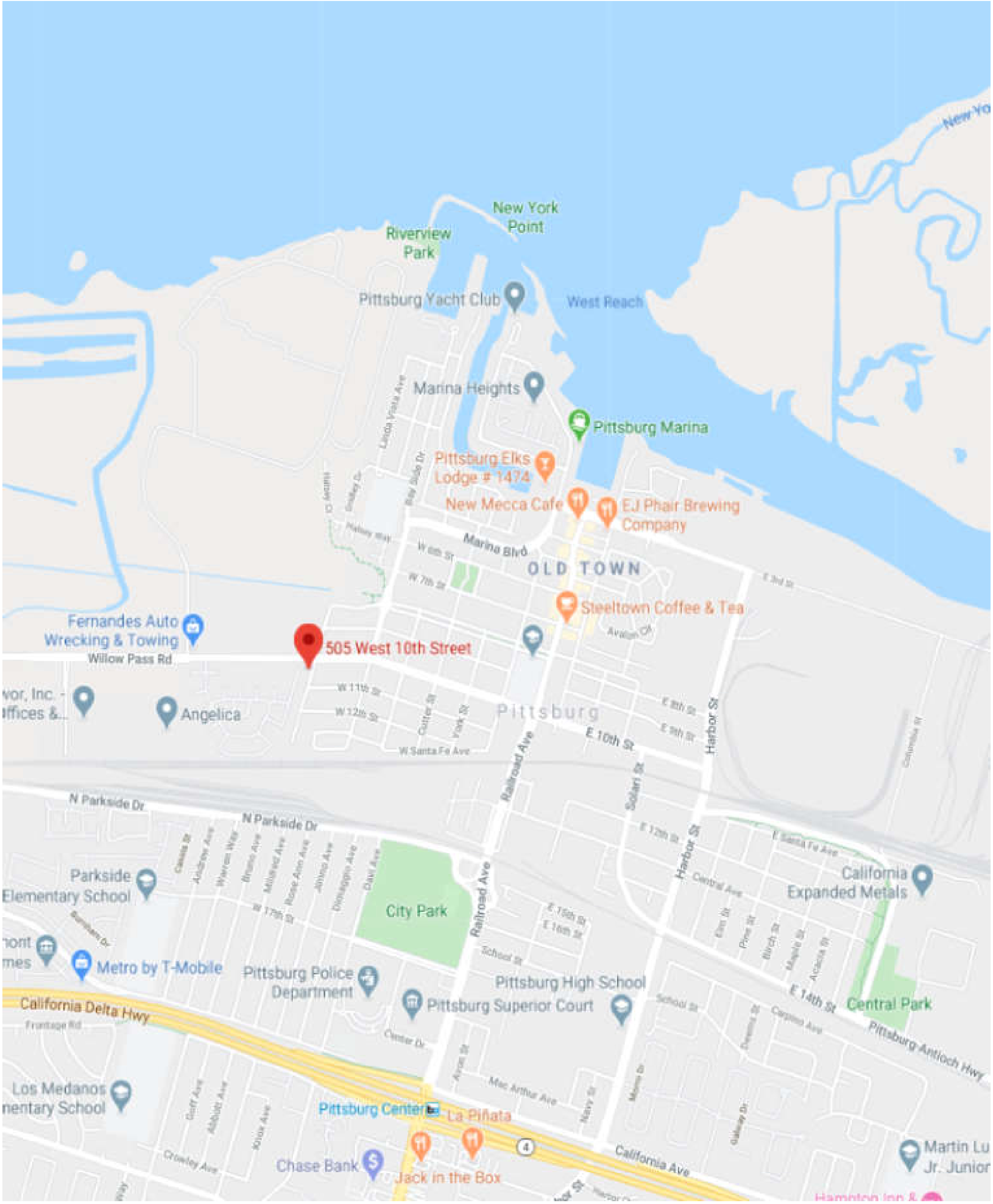
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

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



Batavia
Bucktown
Vacaville
Elmira
Liberty Farms
Green
Courtland
Maine Prairie
Daisie
Mankas Corner
Fairfield
Green Valley
Walnut Grove
Denverton
Rio Vista Junction
Thornto
Eagle Tree
Isleton
Rio Vista
Grizzly Island Wildlife Area
Birds Landing
Mackenson
Terminous
Collinsville
Suisun Bay
Benicia
505 West 10th Street
Bay Point
Martinez
Bethel Island
Antioch
Oakley
Concord
Arbor
Pleasant Hill
Orwood
Brentwood
Holt
Walnut Creek
Discovery Bay
Lafayette
Mt Diablo
Byron
Diablo
Danville
Tassajara
Mountain House
San Ramon
Altamont
Tracy
San Leandro
Dublin
Ulmar
Livermore
Hayward
Pleasanton



New York Point
Riverview Park
Pittsburg Yacht Club
West Reach
Marina Heights
Pittsburg Marina
Pittsburg Elks Lodge # 1474
New Mecca Cafe
EJ Phair Brewing Company
Marina Blvd
OLD TOWN
Steeltown Coffee & Tea
Fernandes Auto Wrecking & Towing
505 West 10th Street
Willow Pass Rd
Angelica
Pittsburg
E 10th St
Harbor St
Railroad Ave
N Parkside Dr
Parkside Elementary School
City Park
California Expanded Metals
Metro by T-Mobile
Pittsburg Police Department
Pittsburg High School
Pittsburg Superior Court
Central Park
E 14th St
Pittsburg-Antioch Hwy
California Delta Hwy
Los Medanos
Pittsburg Center
La Piñata
Chase Bank
Jack in the Box
California Ave