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:	One Lake Family Apartments, Fairfield, Solano County	
Address:	NW Corner Vanden Rd. & One Lake Dr., Fairfield, 94533	
CalHFA Project Number:	19-077-A/X/N	
Requested Financing by Loan Program:	$45,500,000	**Tax Exempt Bond – Conduit Issuance Amount**
	$27,400,000	**Taxable Bond – Conduit Issuance Amount**
	$25,780,000	**Tax Exempt Permanent Loan without HUD Risk Share**
	$14,255,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Meta Housing Corporation	**Borrower:**	One Lake Meta, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Chase Bank
Equity Investor:	Red Stone Equity Partners	**Management Company:**	WSH Management, Inc
Contractor:	West+Creek Builders, LLC	**Architect**	Dahlin Group
Loan Officer:	Ruth Vakili	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Marc Victor	**Legal (External):**	
Concept Meeting Date:	6/18/20	**Approval Expiration Date:**	6 months from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE / CONSTUCTION LOAN**	**PERMANENT LOAN**	**MIP (GAP) LOAN**
	Total Loan Amount	$45,500,000 (T/E) $27,400,000 (Tax)	$25,780,000	$14,255,000
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction	40 year – partially amortizing due in year 17; 1st Lien Position at permanent conversion	17 year - Residual Receipts; 2nd Lien Position during permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to loan closing)	LIBOR + 1.45% - variable Underwritten at 3.15% (T/E) LIBOR + 2.05% - variable Underwritten at 3.70% (Tax)	MMD + 2.91% Spread (tax exempt) Underwritten at 4.05% that includes a .25% cushion.	2.75% Simple Interest

			Estimated rate based on a 36-month forward commitment.	
	Loan to Value (LTV)	TBD	90% of restricted value	N/A
	Loan to Cost	85%	30%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	10/12/2020	Est. Construction Loan Closing:	11/20/2020
	Estimated Construction Start:	11/20/2020	Est. Construction Completion:	11/20/2022
	Estimated Stabilization and Conversion to Perm Loan(s):		10/01/2023	

SOURCES OF FUNDS

3.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
Chase Tax Exempt Const. Loan	$45,500,000	1	3.15%	Interest Only
Chase Taxable Const. Loan	$27,400,000	1	3.70%	Interest Only
Tax Credit Equity	$4,007,200	N/A	N/A	N/A
TOTAL	**$76,907,200**	**$404,775**	**Per Unit**	
Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
CalHFA Permanent Loan (T/E)	$25,780,000	1	4.13%	Balloon 40/17
CalHFA MIP Loan	$14,255,000	2	2.75%	Residual Receipt
Tax Credit Equity	$40,071,998	N/A	N/A	N/A
Deferred Developer Fee	$5,703,437	N/A	N/A	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$85,810,435**	**$451,634**	**Per Unit**	

Subsidy Efficiency: CalHFA MIP $14,255,000/$75,026 per MIP unit restricted between 50% and 120% AMI.

Tax Credit Type(s), Amount(s), Pricing(s), and per total units:
- 4% Federal Tax Credits: $30,545,650 assuming estimated pricing of $0.92 ($160,767 per TCAC total units).
- 4% State Tax Credits: $13,300,000 assuming estimated pricing of $0.90 ($70,000 per TCAC 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 certify in a letter that they are implementing cost containment measures 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.

4.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress:**	#3 John Garamendi	**Assembly:**	#11 Jim Frazier	**State Senate:**	#3 Bill Dodd
	Brief Project Description	**One Lake Family Apartments** (the "Project") is a large family, mixed-income new construction project consisting of one 4-story mid-rise, elevator served building. There will be 190 total units, 188 of which will be restricted between 50% and 70% AMI. Units include 23 1-bedroom units (550 SF), 78 2-bedroom units (850 SF), and 89 3-bedroom units (1,050 SF). Two 2-bedroom units will be reserved for onsite managers and will be restricted at or below 120% of AMI. The Project is located in the northeastern portion of Fairfield, California, in a primarily undeveloped neighborhood that will be transformed into a 390-acre planned unit development (PUD) called One Lake. The PUD that was adopted in 2014. The project is not in a disaster area and not part of locality's disaster recovery strategy/plan. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% federal tax credits, state tax credits, CalHFA permanent tax-exempt loan and MIP financing. 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 14, 2020. **Ground Lease**: Not applicable. **Rental Subsidies**: The Project will not include any operating or rental subsidies. **Project Amenities:** The Project includes a community room, exercise room, picnic area, tot lot, central laundry facilities, and computer room. Unit amenities will include dishwasher and garbage disposal. **Local Resources and Services:** The Project is located in a <u>Moderate Resource (Rapidly Changing)</u> area per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 6 miles • Schools - 3 miles • Public Library – 2 miles • Public transit – .4 miles • Retail - 6 miles • Park and recreation – 1.5 miles • Hospitals - 8 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 does not include commercial space.					

TRANSACTION OVERVIEW

6. Proposal and Project Strengths

- The developer/sponsor and property management company (WSH Management, Inc.) have extensive experience in developing similar affordable housing projects and have experience with CalHFA.
- The Project has been awarded 4% tax credits which is projected to generate equity representing 47% of total financing sources.
- The Project will serve low-income large families ranging between 50% to 70% of AMI.
- The Loan-to-Value will be 90%, which meets the Agency's minimum requirements
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $1,661,143, which could be available to cover cost overruns and/or unforeseen issues during construction.
- There is a high demand for affordable housing in Fairfield area. All affordable projects are 97.5% to 100% occupied, and 5 of the LIHTC projects maintain extensive waiting lists. Market rate properties are 95%-98% occupied.
- The 50% AMI and 70% AMI unit rents are very affordable at 47% to 69% of market.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $3.4M, which could be available to cover cost overruns and/or unforeseen issues during construction.

7. Project Weaknesses with Mitigants:

The exit analysis assumes 2% increase in the 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 $1,653,705, leaving an outstanding balance of $18,194,528. 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.

8. Underwriting Standards or Term Sheet Variations

- The MIP term sheet requires repayment of the MIP loan to be a pro rata share of 50% of residual receipts between the MIP and other subordinate residual receipts lenders. The Developer has requested, and the Multifamily Lending Division recommends, a deferment of payments to the MIP loan until the earlier of the deferred developer fee is paid off or Year 15.
- The MIP loan amount is more than 50% of the permanent loan amount which is a deviation from the MIP Term Sheet and an exception to policy. Approval of this exception 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 higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $18,779,282 ($98,838/unit) to $13,300,000 ($70,000/unit) resulting in a much more efficient use of the limited resources of State Tax Credits.
- The MIP loan per unit is $75,026 which exceeds the term sheet maximum of $50,000 for units with affordability levels between 60% and 80% AMI and $100,000 for units with affordability levels between 81% to 120% 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 higher amount of MIP/unit allows the Developer to reduce their state tax credit request from $18,779,282 ($98,838/unit) to $13,300,000 ($70,000/unit) resulting in a much more efficient use of the limited resources of State Tax Credits**.**

  . The MIP only allows up to $100K/unit in subsidy financing for units above 80% AMI which produces a financing gap for these units with no identified resource to fill the gap. Approval of this exception 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 is ready to submit for a CDLAC Bond Allocation in January; the affordability restrictions for units between 60% to 80% will allow the Project to qualify for federal 4% tax credits which limits the required per unit MIP subsidy and state tax credits needed and overall improves the project economics.

9.	**Project Specific Conditions of Approval**

Approval is conditioned upon

- Prior to permanent loan conversion, evidence from the City of the Community Facilities District (CFDs) fee requirements that it is substantially consistent with the operating budget.
- Final subdivision map will be subject to Agency's approval.
- CalHFA may require a copy of the construction and/or permanent lenders proforma evidencing consistent underwriting assumptions.
- Lender, 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 stated herein 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.
- Prior to construction loan closing, an extension of the closing date in the Purchase and Sale Agreement to s required.
- Agency review and approval of an updated Phase 1 report.
- Evidence that the onsite construction supervisor has overseen 3 comparable projects built in the past 5 years.

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 190 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 with 10% of these units at 50% of AMI for 55 years.

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of total units (19 units) at or below 50% of AMI and 10% of total units (19 units) between 60% and 80% of AMI with a minimum average of 70%. The remaining 152 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 8/5/2020 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

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
50%	**94**	-	11	40	43	-	**49.5%**
70%	**94**	-	12	36	46	-	**49.5%**
120% - MGR	**2**	-	-	2	-	-	**1.10%**
Total	**190**	**0**	**23**	**78**	**89**	**0**	**100.0%**

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 Bond	1st	**55**	19	57			2	76	40.0%
****CalHFA MIP Subsidy**	2nd	**55**	19		19	*152	2	190	100.0%
Tax Credits		**55**	94		94		2	188	98.9%

* The 2 MGR units are restricted at 120% AMI and included in the 152 count of units below 120% AMI.
**Note: For MIP purposes, 10% (19 units) will be restricted at or below 50% of AMI, 10% (19 units) will be restricted between 60% to 80% of AMI, and the remaining 152 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:	Upper	Below Poverty line:	1.02%
Minority Census Tract:	64.5%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$628,029 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:	1.16	**Project-Based Subsidy Term:**	N/A
	End Year DSCR (Y17):	1.59	**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:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

16. Loan Security

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

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

The exit analysis assumes 5.25% 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 $1,653,705, leaving an outstanding balance of $18,194,528. 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 5, 2020, prepared by Watts, Cohn and Partners, Inc, values the land at $5,700,000.
- The capitalization rate of 5.25% was used to determine the appraised value of the subject site.
- The proposed operating expense is consistent with and is reasonable based on the appraisal report.
- The as-restricted stabilized value is $28,790,000, which results in the Agency's loans to value of 90%.
- There are 2 newly entitled affordable housing projects in Fairfield and 300 multi-family units were entitled previous to 2019. The projects are in different stages of securing building permits.
- An absorption rate of 6 months (36 units per month) is reasonable.

	Market Study:	Novogradac	Dated: January 15, 2020

Regional Market Overview –The Primary Market Area (PMA) generally consists of the northern portion of the city of Fairfield, the southern portion of the city of Vacaville, and unincorporated areas of Solano County in between the two cities. General boundaries are North: Elmira Road; West: North Texas Street and Interstation 80; East: Travis Air Force Base and Meridian Road; South: Highway 12 (population of 121,043 in 2019 and projected to be 123,889 at construction completion).

- The Secondary Market Area ("SMA") is Vallejo-Fairfield, California Metropolitan Statistical Area (MSA)(population of 444,730 in 2019 and projected to be 454,773 at construction completion)
- The general population in the PMA and SMA are anticipated to increase by 0.8% per year.
- Unemployment in the SMA was 3.1% in September 2019 and the 2019 YTD average was 4.0%; they were slightly lower than the national average of 3.3% in September and slightly higher than the national 2019 YTD average of 3.7%. All numbers were pre-date the market effects resulting from COVID-19. Unemployment data in the PMA was not available.
- Median home value in the subject neighborhood is $421,164.

Local Market Area Analysis

- **Supply:**
  - There are currently 12 affordable rental housing developments in the PMA of which 8 are family projects and they are 97.5% occupied with long waiting lists.
- **Demand/Absorption:**
  - The project will need to capture 15.4% of the total demand for LIHTC family units in the PMA.

DEVELOPMENT SUMMARY

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

- The property is located on the west side of Vanden Road, in the City of Fairfield, Solano County.
- The site is currently vacant, with level topography at street grade, measuring approximately 5.59 acres and is generally irregular in shape.
- The site will be part of a larger Planned Use Development (PUD). The site is a portion of a larger parcel referred to as "Lot 1" will be subdivided prior to close of escrow under the current Purchase and Sale agreement and prior to the start of construction.
- The site is zoned RVH (Very High Density Residential), 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.

20. Form of Site Control & Expiration Date

The current owner, One Lake Holdings, LLC, of the site and the Project owner, Meta Housing Corporation, entered into a Purchase and Sale Agreement (PSA) dated 12/06/2020 which expires on 09/30/2020 for an amount of $5,700,000. An extension of the PSA is required prior to construction loan closing. Meta Housing Corporation has executed an assignment of the PSA to One Lake Meta, LLC who is the AGP of this project. The transaction of funds will be arms-length between 2 unrelated parties.

21. Current Ownership Entity of Record

Title is currently vested in One Lake Holding, LLC, a Delaware limited liability company as the fee owner.

22. Environmental Review Findings

A Phase I Environmental Site Assessment performed by ENGEO Inc., dated December 9, 2019 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 Fairfield 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:	172,400	**Residential Units per Acre:**	33
		Community Area Sq. Ftg:	7,831	**Total Parking Spaces:**	277
		Supportive Service Areas:	0	**Total Building Sq. Footage:**	280,398
26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ **Yes** ☐ **No**	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	4-story, type-VA residential building built on a slab-on-grade foundation with 2 elevators and surface parking spaces.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☐ **Yes** ☒ **No**			
The subject site is new construction.					
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: FFAH V One Lake, LLC, a California limited liability company; 0.00459% interest
  - Sole Member: Foundation for Affordable Housing V, Inc., a California nonprofit public benefit corporation
- Administrative General Partner: One Lake Meta, LLC, a California limited liability company; 0.00441% interest
  - Sole Member and Manager: JMH Investments, LLC, a California limited liability company, 100% interest
    - Sole Member and Manager: John M. Huskey (CEO/Chairman of Meta Housing Corporation)
- Investor Limited Partner: Red Stone Equity Partners; 99.99% interest
- Special Limited Partner: a to-be-named affiliate of the ILP; 0.001% interest

31. Developer/Sponsor

- Meta Housing Corporation is a California S-Corporation wholly owned by John M. Huskey. Meta has 76 additional housing projects completed or under construction, including 13 projects currently under construction or in the lease-up phase. They have 12 completed projects in CalHFA's portfolio. In addition, they have 10 projects including One Lake in predevelopment with full design; 4 out of the 10 are in partnership with FFAH V. 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 V is a 501(c)(3) nonprofit focused on creating affordable housing. FFAH V 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. They currently have 13 projects in the pipeline including One Lake. While financial statements were not provided for FFAH V, it is not named as a Guarantor in the Investor LOI.

32.	**Management Agent**

The Project will be managed by WSH Management, Inc., which has been in operation for 18 years and has completed lease-up of 32 LIHTC properties. WSH currently has 3,311 units under management, including 2,970 LIHTC units. They currently manage properties in cities throughout California including five projects in CalHFA's portfolio. CalHFA's asset management affirms that they have not had any issues with their management of the projects. An email dated 7/27/2020 from WSH was submitted to CalHFA to confirm that WSH completed an initial review of the operating expenses and find them "reasonable and appropriate for an affordable multi-family apartment community of that large size."

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

- Onsite services will be provided by the Embrace Foundation and will consist of 16 hours/week of after-school programming and health and wellness skill-building classes. Service cost is $25,000 per year with a $2,000 one-time set up fee and paid out of the operating budget (cash flow).
- These social services are required for 15 years per CDLAC.

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

The general contractor is West+Creek Builders, LLC ,which is a newly formed LLC that currently do not have any completed projects. The LLC is comprised of Westport Construction, Inc. and Creekside Commercial Builders, Inc. The members of the team have collectively completed over 16,200 units in affordable and multifamily projects (over $1.5 billion). West+Creek currently have 3 projects under contract/in progress. One project is expected to complete in October 2020 and the remaining 2 have completion dates in April and May 2021.

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

The architect is Dahlin Group, which has extensive experience in designing and managing similar affordable housing projects in California, including the recent Cannery project with Meta Housing Corp. The architect is experienced in navigating locality building permit processes and has designed several projects financed by CalHFA.

36.	**Local Review via Locality Contribution Letter**

The locality, City of Fairfield, returned the local contribution letter on January 14, 2020 stating, "One Lake Family Apartments helps to address a need for affordable housing for families in the City of Fairfield, and we fully support efforts to develop housing to meet this need."

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 19-077-A/X/N**

Project Full Name	One Lake Family Apartments	**Borrower Name:**	Foundation for Affordable Housing V, Inc.
Project Address	NW Corner Vanden Road & One Lake	**Managing GP:**	FFAH V One Lake, LLC
Project City	Fairfield	**Developer Name:**	Meta Housing Corp.
Project County	Solano	**Investor Name:**	Redstone Equity Partners
Project Zip Code	94533	**Prop Management:**	WSH Management Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	5.59
Tenancy/Occupancy:	Fam/Sen	**Residential Square Footage:**	172,400
Total Residential Units:	190	**Residential Units Per Acre:**	33.99
Total Number of Buildings:	1		
Number of Stories:	4	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	277
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Chase Tax Exempt Const. Loan	45,500,000	0.850%	36	--	3.150%
Chase Taxable Const. Loan	27,400,000	0.850%	36	--	3.700%
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Investor Equity Contribution	4,007,200	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	25,780,000	1.000%	17	40	4.050%
MIP	14,255,000	1.000%	17	--	2.750%
--	--	--	--	--	--
Deferred Developer Fees	5,703,437	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Investor Equity Contributions	40,071,998	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	8/5/20	**Capitalization Rate:**	5.25%
Investment Value ($)	71,510,000	**Restricted Value ($)**	28,790,000
Construct/Rehab LTC	85%	**CalHFA Permanent Loan to Cost**	30%
Construct/Rehab LTV	TBD	**CalHFA 1st Permanent Loan to Value**	90%
		Combined CalHFA Perm Loan to Value	139%

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	$628,029	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

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

UNIT MIX AND RENT SUMMARY

Final Commitment

One Lake Family Apartments

Project Number 19-077-A/X/N

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	1	550	23	34.5
Flat	2	2	850	78	234
Flat	3	2	1,050	89	400.5
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				190	669

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%**	**100%**	**120%**
CalHFA Bond/RiskShare			19	57	0	0	0
CalHFA MIP			19	0	19	0	152
Tax Credit			94	0	94	0	0
-							
-							
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
		% of Area	**Average Restricted Rents**		**Average**	**Average**	**% of**
Unit Type	**Restricting Agency**	**Median Income**	**Number of Units**	**Unit Rent**	**Market Rents**	**Monthly Savings**	**Market Rents**
Studios	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
1 Bedroom	**CTCAC**	**50%**	11	$815	$1,700	$885	48%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	12	$1,162		$538	68%
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
2 Bedrooms	**CTCAC**	**50%**	40	$969	$1,950	$981	50%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	36	$1,385		$565	71%
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	2	$1,755		$195	90%
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**50%**	43	$1,111	$2,500	$1,389	44%
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	46	$1,592		$908	64%
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
4 Bedrooms	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
5 Bedrooms	**CTCAC**	**50%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-

SOURCES & USES OF FUNDS					Final Commitment
One Lake Family Apartments			Project Number	19-077-A/X/N	
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
Chase Tax Exempt Const. Loan	45,500,000				0.0%
Chase Taxable Const. Loan	27,400,000				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	4,007,200				0.0%
Perm		25,780,000	25,780,000	135,684	30.0%
MIP		14,255,000	14,255,000	75,026	16.6%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		5,703,437	5,703,437	30,018	6.6%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		40,071,998	40,071,998	210,905	46.7%
TOTAL SOURCES OF FUNDS	**76,907,200**	**85,810,435**	**85,810,435**	**451,634**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**76,907,201**	**85,810,435**	**85,810,435**	**451,634**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**(1)**	**1**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**76,907,200**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	5,700,000	-	5,700,000	30,000	6.6%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	15,500	-	15,500	82	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 (Predev.Holding Costs)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**5,715,500**	**-**	**5,715,500**	**30,082**	**6.7%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	1,200,000	-	1,200,000	6,316	1.4%
Structures (Hard Cost)	44,868,719	-	44,868,719	236,151	52.3%
General Requirements	1,842,749	-	1,842,749	9,699	2.1%
Contractor Overhead	958,229	-	958,229	5,043	1.1%
Contractor Profit	958,229	-	958,229	5,043	1.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	624,095	-	624,095	3,285	0.7%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**50,452,021**	**-**	**50,452,021**	**265,537**	**58.8%**

SOURCES & USES OF FUNDS					Final Commitment
One Lake Family Apartments			Project Number	19-077-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	837,600	-	837,600	4,408	1.0%
Supervision	267,400	-	267,400	1,407	0.3%
TOTAL ARCHITECTURAL FEES	**1,105,000**	**-**	**1,105,000**	**5,816**	**1.3%**
SURVEY & ENGINEERING FEES					
Engineering	955,766	-	955,766	5,030	1.1%
Supervision	239,750	-	239,750	1,262	0.3%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	1,195,516	-	1,195,516	6,292	1.4%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	5,080,202	-	5,080,202	26,738	5.9%
Soft Cost Contingency Reserve	706,100	-	706,100	3,716	0.8%
TOTAL CONTINGENCY RESERVES	5,786,302	-	5,786,302	30,454	6.7%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Chase Tax Exempt Const. Loan	3,774,288	-	3,774,288	19,865	4.4%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Chase Tax Exempt Const. Loan	386,750	-	386,750	2,036	0.5%
Chase Taxable Const. Loan	232,900	-	232,900	1,226	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	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	95	0.0%
Real Estate Taxes During Rehab	125,000	-	125,000	658	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	350,000	-	350,000	1,842	0.4%
Title & Recording Fees	60,000	-	60,000	316	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	90,000	-	90,000	474	0.1%
Bond Issuer Fee	92,900	-	92,900	489	0.1%
Bond Cost & Credit Enhancement Fees	9,100	-	9,100	48	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**5,138,938**	**-**	**5,138,938**	**27,047**	**6.0%**

SOURCES & USES OF FUNDS					Final Commitment
One Lake Family Apartments			Project Number	19-077-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	-	257,800	257,800	1,357	0.3%
MIP	-	142,550	142,550	750	0.2%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	579	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	25,000	25,000	132	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	105,530	105,530	555	0.1%
CalHFA Fees	-	10,085	10,085	53	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Bond Council Fees)	-	62,000	62,000	326	0.1%
TOTAL PERMANENT LOAN COSTS	**-**	**712,965**	**712,965**	**3,752**	**0.8%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	90,000	-	90,000	474	0.1%
CalHFA Permanent Loan Legal Fees	-	35,000	35,000	184	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	200,000	-	200,000	1,053	0.2%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	**290,000**	**35,000**	**325,000**	**1,711**	**0.4%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	628,029	628,029	3,305	0.7%
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	-	5,348	5,348	28	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**633,377**	**633,377**	**3,334**	**0.7%**
REPORTS & STUDIES					
Appraisal Fee	8,800	-	8,800	46	0.0%
Market Study Fee	9,000	-	9,000	47	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	5,800	-	5,800	31	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 (franchise tax, org cost, bus license, postage	66,500	-	66,500	350	0.1%
TOTAL REPORTS & STUDIES	**90,100**	**-**	**90,100**	**474**	**0.1%**

SOURCES & USES OF FUNDS					Final Commitment
One Lake Family Apartments			Project Number	19-077-A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS		
			USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	98,700	-	98,700	519	0.1%
CDLAC Fees	25,515	-	25,515	134	0.0%
Local Permits & Fees	300,000	-	300,000	1,579	0.3%
Local Impact Fees	4,440,913	-	4,440,913	23,373	5.2%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	400,000	-	400,000	2,105	0.5%
Accounting & Audits	70,000	-	70,000	368	0.1%
Advertising & Marketing Expenses	142,152	-	142,152	748	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Utilities)	75,000	-	75,000	395	0.1%
Other (CDLAC Deposit)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**5,552,280**	**-**	**5,552,280**	**29,223**	**6.5%**
SUBTOTAL PROJECT COSTS	**75,325,657**	**78,288,542**	**76,706,998**	**403,721**	**89.4%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	1,581,544	7,521,893	9,103,437	47,913	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	**1,581,544**	**7,521,893**	**9,103,437**	**47,913**	**10.6%**
TOTAL PROJECT COSTS	**76,907,201**	**85,810,435**	**85,810,435**	**451,634**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
One Lake Family Apartments	**Project Number**		**19-077-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,832,562	$ 14,908	104.01%
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	34,200	180	1.26%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,866,761**	**$ 15,088**	**105.26%**
Less: Vacancy Loss	**$ 143,338**	**$ 754**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,723,423**	**$ 15,843**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 222,577	$ 1,171	$ 0
Management Fee	108,937	573	4.00%
Social Programs & Services	25,000	132	0.92%
Utilities	194,300	1,023	7.13%
Operating & Maintenance	301,541	1,587	11.07%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	39	0.28%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	121,291	638	4.45%
Other Taxes & Insurance	171,398	902	6.29%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 1,152,544**	**$ 6,066**	**42.32%**
Operating Reserves	$ 57,000	$ 300	2.09%
TOTAL OPERATING EXPENSES	**$ 1,209,544**	**$ 6,366**	**44.41%**
NET OPERATING INCOME (NOI)	**$ 1,513,879**	**$ 7,968**	**55.59%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 1,302,571	$ 6,856	47.83%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,302,571**	**$ 6,856**	**47.83%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 211,308**	**$ 1,112**	**7.76%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1**	**to 1**	
Date: 8/13/20		Senior Staff Date:	08/18/20

PROJECTED PERMANENT LOAN CASH FL0WS										One Lake Famil
Final Commitment										Project Number
	YEAR	1	2	3	4	5	6	7	8	9
RENTAL INCOME	**CPI**									
Restricted Unit Rents	2.50%	2,832,562	2,903,376	2,975,960	3,050,359	3,126,618	3,204,783	3,284,903	3,367,026	3,451,201
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)	2.50%	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	34,200	35,055	35,931	36,829	37,750	38,694	39,661	40,653	41,669
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,866,761**	**2,938,430**	**3,011,891**	**3,087,188**	**3,164,368**	**3,243,477**	**3,324,564**	**3,407,678**	**3,492,870**
VACANCY ASSUMPTIONS	**Vacancy**									
Restricted Unit Rents	5.00%	141,628	145,169	148,798	152,518	156,331	160,239	164,245	168,351	172,560
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%	1,710	1,753	1,797	1,841	1,887	1,935	1,983	2,033	2,083
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**143,338**	**146,922**	**150,595**	**154,359**	**158,218**	**162,174**	**166,228**	**170,384**	**174,644**
EFFECTIVE GROSS INCOME (EGI)		**2,723,423**	**2,791,509**	**2,861,296**	**2,932,829**	**3,006,150**	**3,081,303**	**3,158,336**	**3,237,294**	**3,318,227**
OPERATING EXPENSES	**CPI / Fee**									
Administrative Expenses	3.50%	247,577	256,242	265,211	274,493	284,100	294,044	304,335	314,987	326,012
Management Fee	4.00%	108,937	111,660	114,452	117,313	120,246	123,252	126,333	129,492	132,729
Utilities	3.50%	194,300	201,101	208,139	215,424	222,964	230,767	238,844	247,204	255,856
Operating & Maintenance	3.50%	301,541	312,095	323,018	334,324	346,025	358,136	370,671	383,644	397,072
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate Taxes	1.25%	121,291	122,807	124,342	125,897	127,470	129,064	130,677	132,310	133,964
Other Taxes & Insurance	3.50%	171,398	177,397	183,606	190,032	196,683	203,567	210,692	218,066	225,698
Required Reserve Payments	1.00%	57,000	57,570	58,146	58,727	59,314	59,908	60,507	61,112	61,723
TOTAL OPERATING EXPENSES		**1,209,544**	**1,246,372**	**1,284,414**	**1,323,710**	**1,364,303**	**1,406,238**	**1,449,559**	**1,494,315**	**1,540,554**
NET OPERATING INCOME (NOI)		**1,513,879**	**1,545,137**	**1,576,883**	**1,609,119**	**1,641,847**	**1,675,066**	**1,708,777**	**1,742,979**	**1,777,673**
DEBT SERVICE PAYMENTS	**Lien #**									
Perm	1	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**
CASH FLOW AFTER DEBT SERVICE		**211,308**	**242,565**	**274,312**	**306,548**	**339,275**	**372,494**	**406,205**	**440,408**	**475,101**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.19**	**1.21**	**1.24**	**1.26**	**1.29**	**1.31**	**1.34**	**1.36**
Date Prepared:	08/13/20									Senior Staff Date:
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
LESS: Asset Management Fee	3%	7,500	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224
LESS: Partnership Management Fee	3%	15,000	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448
net CF available for distribution		**188,808**	**220,065**	**251,137**	**282,678**	**314,689**	**347,170**	**380,122**	**413,542**	**447,429**
		100%								
Developer Distribution of net cash flow		**188,808**	**220,065**	**251,137**	**282,678**	**314,689**	**347,170**	**380,122**	**413,542**	**447,429**
Deferred developer fee repayment	5,703,437	5,703,437	5,514,629	5,294,564	5,043,427	4,760,749	4,446,060	4,098,890	3,718,768	3,305,226
		188,808	220,065	251,137	282,678	314,689	347,170	380,122	413,542	447,429
		5,514,629	5,294,564	5,043,427	4,760,749	4,446,060	4,098,890	3,718,768	3,305,226	2,857,797
Payments for Residual Receipt Payments		***0%***								
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-
MIP	*100.00%*	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	-	-
Balances for Residual Receipt Payments										
RESIDUAL RECEIPTS LOANS	*Interest Rate*									
MIP---Simple	*2.75%*	14,255,000	14,647,013	15,039,025	15,431,038	15,823,050	16,215,063	16,607,075	16,999,088	17,391,100
Total Residual Receipts Payments		**14,255,000**	14,647,013	15,039,025	15,431,038	15,823,050	16,215,063	16,607,075	16,999,088	17,391,100

PROJECTED PERMANENT LOAN CASH FL0WS		Apartments							
Final Commitment		19-077-A/X/N							
	YEAR	10	11	12	13	14	15	16	17
RENTAL INCOME	CPI								
Restricted Unit Rents	2.50%	3,537,481	3,625,918	3,716,566	3,809,480	3,904,717	4,002,335	4,102,394	4,204,954
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)	2.50%	-	-	-	-	-	-	-	-
Laundry Income	2.50%	42,711	43,778	44,873	45,995	47,145	48,323	49,531	50,770
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,580,192**	**3,669,697**	**3,761,439**	**3,855,475**	**3,951,862**	**4,050,659**	**4,151,925**	**4,255,723**
VACANCY ASSUMPTIONS	Vacancy								
Restricted Unit Rents	5.00%	176,874	181,296	185,828	190,474	195,236	200,117	205,120	210,248
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%	2,136	2,189	2,244	2,300	2,357	2,416	2,477	2,538
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**179,010**	**183,485**	**188,072**	**192,774**	**197,593**	**202,533**	**207,596**	**212,786**
EFFECTIVE GROSS INCOME (EGI)		**3,401,182**	**3,486,212**	**3,573,367**	**3,662,701**	**3,754,269**	**3,848,126**	**3,944,329**	**4,042,937**
OPERATING EXPENSES	CPI / Fee								
Administrative Expenses	3.50%	337,422	349,232	361,455	374,106	387,200	400,752	414,778	429,295
Management Fee	4.00%	136,047	139,448	142,935	146,508	150,171	153,925	157,773	161,717
Utilities	3.50%	264,811	274,079	283,672	293,601	303,877	314,512	325,520	336,913
Operating & Maintenance	3.50%	410,969	425,353	440,241	455,649	471,597	488,103	505,186	522,868
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate Taxes	1.25%	135,639	137,334	139,051	140,789	142,549	144,331	146,135	147,962
Other Taxes & Insurance	3.50%	233,598	241,774	250,236	258,994	268,059	277,441	287,151	297,202
Required Reserve Payments	1.00%	62,340	62,963	63,593	64,229	64,871	65,520	66,175	66,837
TOTAL OPERATING EXPENSES		**1,588,326**	**1,637,685**	**1,688,682**	**1,741,376**	**1,795,823**	**1,852,084**	**1,910,219**	**1,970,294**
NET OPERATING INCOME (NOI)		**1,812,856**	**1,848,527**	**1,884,685**	**1,921,325**	**1,958,446**	**1,996,042**	**2,034,110**	**2,072,643**
DEBT SERVICE PAYMENTS	Lien #								
Perm	1	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571	1,302,571
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**	**1,302,571**
CASH FLOW AFTER DEBT SERVICE		**510,285**	**545,956**	**582,114**	**618,754**	**655,875**	**693,471**	**731,538**	**770,072**
DEBT SERVICE COVERAGE RATIO		**1.39**	**1.42**	**1.45**	**1.48**	**1.50**	**1.53**	**1.56**	**1.59**
Date Prepared:	08/13/20	8/18/20							
		10	**11**	**12**	**13**	**14**	**15**	**16**	**17**
LESS: Asset Management Fee	3%	9,501	9,786	10,079	10,382	10,693	11,014	11,344	11,685
LESS: Partnership Management Fee	3%	19,002	19,572	20,159	20,764	21,386	22,028	22,689	23,370
net CF available for distribution		**481,782**	**516,599**	**551,875**	**587,609**	**623,795**	**660,429**	**697,505**	**735,017**
							50%		
Developer Distribution of net cash flow		**481,782**	**516,599**	**551,875**	**587,609**	**623,795**	**330,214**	**348,753**	**367,509**
Deferred developer fee repayment	5,703,437	2,857,797	2,376,015	1,859,416	1,307,541	719,932	96,137	-	-
		481,782	516,599	551,875	587,609	623,795	96,137	-	-
		2,376,015	1,859,416	1,307,541	719,932	96,137	-	-	-
Payments for Residual Receipt Payments							**50%**		
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	330,214	348,753	367,509
MIP	*100.00%*	-	-	-	-	-	330,214	348,753	367,509
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	330,214	348,753	367,509
Balances for Residual Receipt Payments									
RESIDUAL RECEIPTS LOANS	*Interest Rate*								
MIP---Simple	*2.75%*	17,783,113	18,175,125	18,567,138	18,959,150	19,351,163	19,743,175	19,804,973	19,848,233
Total Residual Receipts Payments		17,783,113	18,175,125	18,567,138	18,959,150	19,351,163	19,743,175	19,804,973	19,848,233

California Housing Finance Agency

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.

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

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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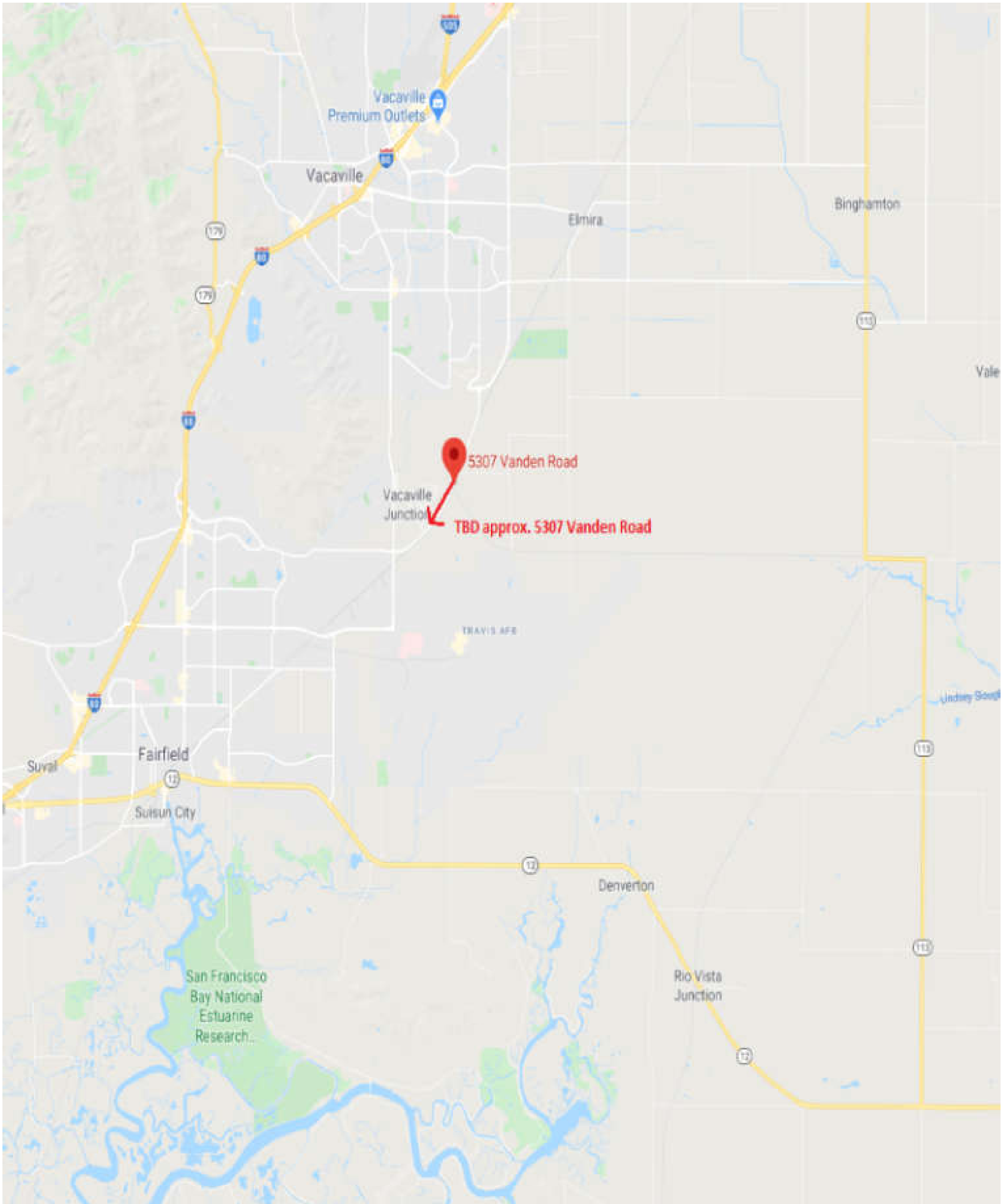
Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be both rent restricted 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



Vacaville Premium Outlets
Vacaville
Elmira
Binghamton
Vale
5307 Vanden Road
Vacaville Junction
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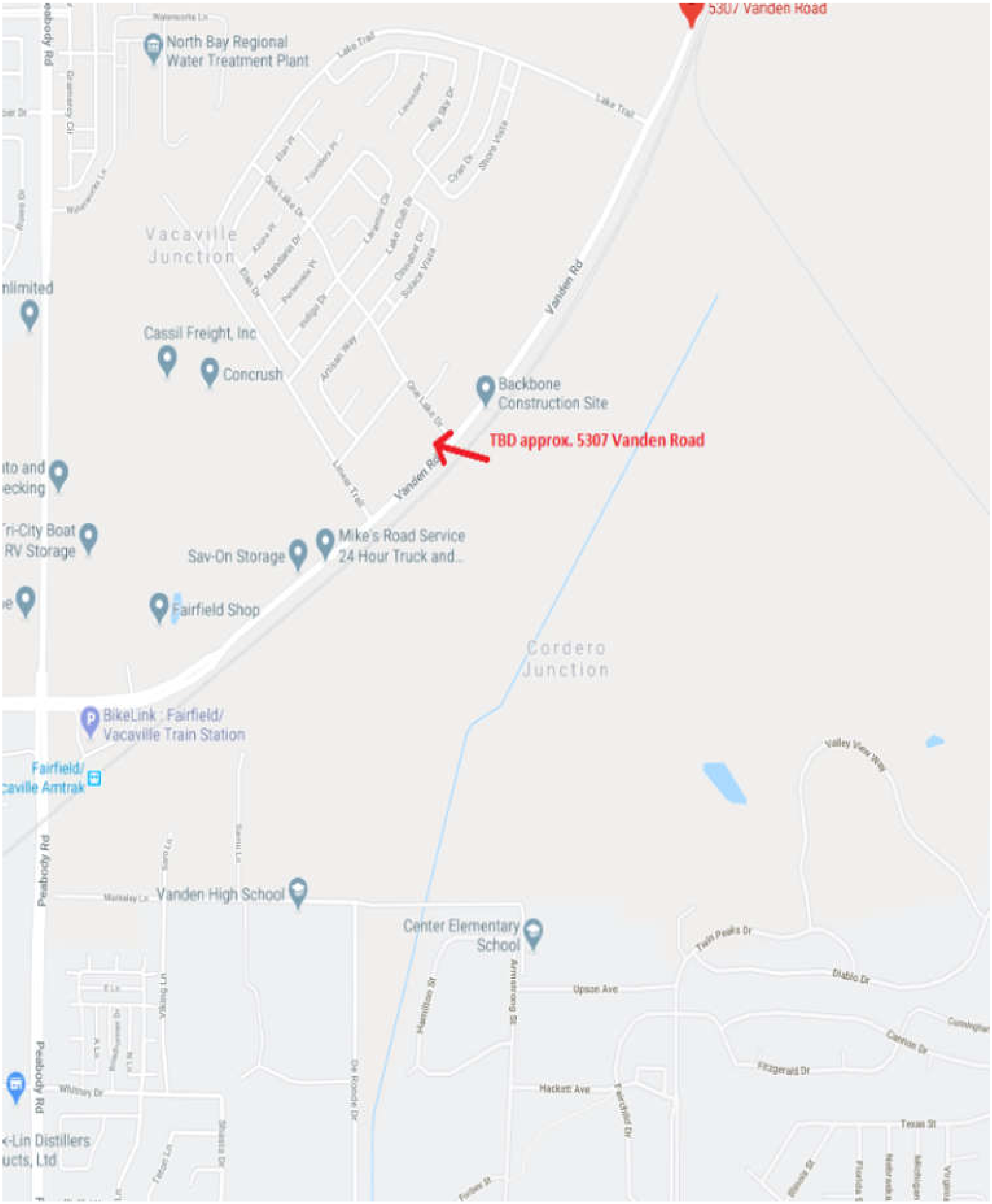
TRAVIS AFB
Fairfield
Suisun City
Denverton
Rio Vista Junction
San Francisco Bay National Estuarine Research...


5307 Vanden Road
TBD approx. 5307 Vanden Road
North Bay Regional Water Treatment Plant
Vacaville Junction
Cassil Freight, Inc
Concrush
Backbone Construction Site
Vanden Rd
Lake Trail
Sav-On Storage
Mike's Road Service 24 Hour Truck and...
Fairfield Shop
Cordero Junction
BikeLink : Fairfield/ Vacaville Train Station
Fairfield/ Vacaville Amtrak
Peabody Rd
Vanden High School
Center Elementary School
Valley View Way
Twin Peaks Dr
Diablo Dr
Upson Ave
Armstrong St
Hackett Ave
Fairfield Dr
Fitzgerald Dr
Canton Dr
Texas St
De Ronde Dr
Whitney Dr