CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": 10/04/2021 for Board Meeting on 10/21/2021

Project Name, County:	College Creek Apartments, Sonoma County	
Address:	2150 West College Avenue, Santa Rosa, 95401	
CalHFA Project Number:	21-017-A/X/N	Total Units: 164
Requested Financing by Loan Program:	$33,100,000	**Tax Exempt Bond – Conduit Issuance Amount**
	$28,140,000	**Tax Exempt Permanent Loan HUD Risk Sharing**
	$4,000,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	USA Multi-Family Development, Inc.	**Borrower:**	Santa Rosa 669, LP
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America, N.A.
Equity Investor:	Bank of America, N.A.	**Management Company:**	USA Multifamily Management, Inc.
Contractor:	USA Construction Management, Inc. (USACM)	**Architect**	LPAS Architecture & Design
Loan Officer:	N/A	**Loan Specialist:**	Kevin Brown
Asset Manager:	Jessica Doan	**Loan Administration:**	Natalie Cooper
Legal (Internal):	Torin Heenan	**Legal (External):**	N/A
Concept Meeting Date:	4/7/2021	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/ Bank of America CONSTRUCTION LOAN**	**PERMANENT LOAN**	**MIP (GAP) LOAN**
	Total Loan Amount	$33,100,000 (T/E) $12,000,000 (Tax)	$28,140,000	$4,000,000
	Loan Term & Lien Position	36 months - interest only; 1st Lien Position during construction; one 6-month extension at 0.25%	40 year partially - amortizing due in Year 17; 1st Lien Position at permanent loan closing	17 year - Residual Receipts; 2nd Lien Position during permanent loan closing
	Interest Rate (subject to change and locked 30 days prior to loan closing)	BSBY Daily Floating + 2.00% Underwritten at 3.30% variable (T/E) and 3.25% variable (Tax)	MMD15 + 2.55% Underwritten at 3.95% that includes a .25% cushion	Greater of 1% Simple Interest or the Applicable Federal Rate at time of MIP closing (Underwritten at 2.00%)

			Estimated rate based on a 36-month forward commitment.	
	Loan to Value (LTV)	LTV is estimated to be 55% of investment value	80% of restricted value	N/A
	Loan to Cost	LTC is estimated to be 78% of investment value	41%	N/A

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#5 Mike Thompson	**Assembly:**	#10 Marc Levine	**State Senate:**	#2 Mike McGuire

Brief Project Description

College Creek Apartments (the "Project") is a family, new mixed-income Project, consisting of two three-story buildings and one four-story elevator building containing 164 units. The project consists of 64 1 bedrooms (596 s.f.), 57 2 bedrooms (840 s.f.), 42 3 bedrooms (1,125 s.f.) and 1 2-bedroom Manager's unit. The site consists of former Sonoma County Water Agency Administrative buildings that are currently in disrepair and vacant. The structures will be demolished during the construction period. The project is not in a disaster area and not part of the locality's disaster recovery strategy/plan.

Financing Structure: The Project's financing structure includes tax-exempt bonds, 4% tax credits, Agency's Tax-Exempt Loan Program with HUD Risk Share and Mixed-Income Program, and Sonoma County CDC Seller Carryback Loan ("Seller Carryback"). The project will be income averaged, pursuant to TCAC regulations.

Tax Credits and/or CDLAC Status: The developer received an allocation of tax-exempt bonds and 4% tax credits on 8/11/2021.

Ground Lease: N/A

Project Amenities: The Project includes a community room, swimming pool, fitness room, computer room, playground, basketball court, and central laundry rooms and bike storage in each building. Unit amenities will include central heating, central air, washer/dryer hookups, dishwasher, garbage disposal, and patio/balconies.

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 – 0.45 mile
- Schools – 0.34 to 1.31 miles
- Public Library – 1.65 miles
- Public transit - 0.27 mile
- Retail – 0.87 mile
- Park and recreation – 0.28 mile
- Hospitals – 2.98 miles
- Post Office – 1.64 miles

Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from 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.

MISSION

3.	**CalHFA Mission/Goals**

This Project and financing proposal provide 163 units of affordable housing with a range of restricted rents between 30% AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	02/07/2022	Est. Construction Loan Closing:	01/15/2022
	Estimated Construction Start:	01/15/2022	Est. Construction Completion:	09/15/2023
	Estimated Stabilization and Conversion to Perm Loan(s):		01/15/2025	

SOURCES OF FUNDS

5.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
Citibank - Tax Exempt	$33,100,000	1	3.30%	Interest Only
Citibank - Taxable	$12,000,000	2	3.25%	Interest Only
Seller Carryback	$4,428,000	3	3.00%	Residual Receipt
Tax Credit Equity	$4,725,784	N/A	N/A	N/A
NOI- Construction	$625,623	N/A	N/A	N/A
Deferred Developer Fee	$3,706,301	N/A	N/A	Payable from Cash Flow
TOTAL	**$58,585,711**	**$357,230**	**Per Unit**	
Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
CalHFA Permanent Loan	$28,140,000	1	3.95%	Balloon 40/17
CalHFA MIP Loan	$4,000,000	2	2.00%	Residual Receipt
Seller Carryback	$4,428,000	3	3.00%	Residual Receipt
Tax Credit Equity	$27,858,400	N/A	N/A	N/A
NOI - Construction	$625,623	N/A	N/A	N/A
Deferred Developer Fee	$3,706,304	N/A	3.00%	Payable from Cash Flow
TOTAL DEVELOPMENT COST:	**$68,758,327**	**$419,258**	**Per Unit**	

Subsidy Efficiency: $4,000,000 ($24,540 per MIP restricted unit)

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

- 4% Federal Tax Credits: $24,057,053 assuming estimated pricing of $0.955 ($146,689 per total units).
- State Tax Credits: $6,331,947 assuming estimated pricing of $0.75 ($38,609 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 be funded by a seller carryback loan in the amount of $4,428,000 from the Sonoma County Community Development Commission (SCCDC) as part of the purchase of the land under a Disposition Development Agreement between SCCDC and USA Properties Fund, Inc. **Cost Containment Strategy:** The Developer, USA Multi-Family Development, Inc., strives to develop high quality affordable housing in a cost-efficient manner starting with site selection and preliminary design. As a fully vertically integrated developer, they bring in all functional disciplines (Architecture, Development, Construction, Property Management) early in the design process with their architect and other design consultants to design the project in the most cost-effective manner. The Developer's general contractor affiliated company, USACM, fully bids all construction trades, obtains at least three bids, and does not self-perform any trades. USACM develops a detailed critical path construction schedule to ensure the project is delivered on time and within budget, and utilizes a Stipulated Sum construction contract with a provision that cost saving go to the borrower. The Developer and USACM complete a post construction audit to evaluate and identify further process improvements.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has been awarded 4% tax credits which generates equity representing approximately 41% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and has experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 70% of AMI.
- Sonoma County Community Development Commission (SCCDC) has invested in the success of the Project as demonstrated by a seller carryback loan commitment of $4,428,000 as part of the purchase of the land under a Disposition Development Agreement.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $3,740,000 which could be available to cover cost overruns and/or unforeseen issues during construction.

8.	**Project Weaknesses with Mitigants:**

- A Phase I Environmental Site Assessment performed by Krazan and Associates, Inc., dated March 10, 2021 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended. However, the report includes ASTM scope findings regarding ground water management, Asbestos Contaminant Materials (ACM) contained in the existing structures. Remediation of all environmental findings is a part of the construction plan and budget. Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and MIP loans.
- The exit analysis assumes 5.0% 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 $2,144,131, leaving an estimated outstanding balance of $2,435,894. 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's 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.

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

None

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon

- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- 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.
- Receipt of Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from the county, SCCDC.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Receipt of LPA evidencing equity investor's requirements that the residual receipt split must be modified to 100% towards the earlier of repayment of deferred developer's fee or 15 years. In addition, the owner must provide evidence of investor and SCCDC approval of the total deferred developer's fee structure and residual receipt split.
- A Groundwater Management Plan acceptable to all lenders, including, CalHFA must be provided prior to construction closing.
- Borrower shall provide an Asbestos Mitigation Plan acceptable to all lenders, including CalHFA prior to construction closing. Borrower shall also provide evidence of compliance with the plan and that hazardous materials were disposed of properly prior to permanent loan closing.
- Subject to NEPA approval prior to construction closing.
- An updated Phase I report is required prior to construction closing.
- CalHFA will require a copy of an independent review of the costs prepared for the construction lender by a 3rd Party consultant prior to construction loan closing.

11.	**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.

AFFORDABILITY

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 or below 50% of AMI for 55 years.

The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (17 units) be restricted at or below 50% of AMI, 10% of total units (17 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI, not to exceed 80% of AMI, and 79% of the total units (129 units) be restricted at or below 120% of AMI for a term of 55 years. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed.

In addition, the Project will be restricted by the following jurisdictions as described below:

- The County will restrict 81 units at or below 80% of AMI for a term of 55 years.

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	17	-	6	6	5	-	10.4%
40%	0	-	-	-	-	-	
50%	43	-	16	16	11	-	26.2%
60%	42	-	16	16	10	-	25.6%
70%	61	-	26	19	16	-	37.2%
100%	0	-	-	-	-	-	
110%	0	-	-	-	-	-	
120%	0	-	-	-	-	-	
Manager's Unit	0	-	-	1	-	-	0.6%
Total	**164**	**0**	**64**	**58**	**42**	**0**	**100.0%**

The average affordability restriction is 57.62% of AMI based on 163 TCAC restricted units.

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									
			30% AMI	50% AMI	60% AMI	70% AMI	70% AMI (60% to 80% Tranche)	80% AMI	<= 120% AMI	Mgrs. Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1st	**55**		17	49					1	66	40%
CalHFA MIP Subsidy	2nd	**55**		17			17		129	1	163	99%
Sonoma Count CDC (SCCDC)	3rd	**55**						81		1	81	49%
Tax Credits	4th	**55**	17	43	42	61				1	163	99%

13. Geocoder Information

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	14.41%
Minority Census Tract:	37.33%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$604,194 *OER amount is size based on <u>3-months</u> 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:	1.18	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.62	**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%

*The developer/sponsor met the threshold requirements for the proposed OER budget, which is based on 3 months of total operating expense, reserves, and debt service.

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 5.0% 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 $2,144,131, leaving an estimated outstanding balance of $2,435,894. 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's 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 **Dated: July 24, 2021**

- The appraisal dated September 12, 2021, prepared by Pacific Real Estate Appraisal, values the land at $5,050,000.
- The cap rate of 5.0% and projected net operating income, which is generally aligned with the proposed Project net operating income, were used to determine the appraised value of the subject site.
- The proposed operating expense is reasonable based on the appraisal report.
- The as-restricted stabilized value is $35,170,000 which results in the Agency's loan to value of 80%.
- The capture rate is 3.68% and the absorption rate is 20 to 27 units per month. Lease-up is expected to occur within 8 months of completion. The capture rate per the market study dated 1/25/21 was slightly higher at 5.9%, however, the estimated lease-up period is consistent between the appraisal and market study reports.

Market Study:	Kinetic Valuation Group, Inc.	**Dated: January 25, 2021**

Regional Market Overview

- The Primary Market Area is the city of Santa Rosa and the Roseland area (population of 174,000) and the Secondary Market Area ("SMA") is Sonoma County (population of 483,000)
- The general population in the PMA is anticipated to remain stable at 0.06% growth per year.
- Unemployment in the PMA is 6.1%, a substantial decrease from a peak of over 14% in March 2020 and slightly lower than the 7% unemployment rate in August 2021. The PMA has generally experienced a lower unemployment rate compared to other areas of California and is expected to return to a more normal level in 2023 when the project is in lease-up. Per the appraisal report, the unemployment for the SMA is 5.7%

Local Market Area Analysis

- **Supply:**
  - There are currently 24 LIHTC large family project(s) in the PMA and they have high occupancy rates and long wait lists.

- There are two (2) affordable family projects in the pipeline and one (1) affordable project under construction which is anticipated to complete in 2021.
- **Demand/Absorption:**
  - The project will need to capture 5.9% of the total demand for appropriately sized renter households by unit size in the PMA. The affordable units are anticipated to lease up at a rate of 20-27 units per month and reach stabilized occupancy within 6-8 months of completion.

DEVELOPMENT SUMMARY

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

- The property is located on the south side of West College Avenue between Stony Point Road to the east and West Cottage Place to the west, in the City of Santa Rosa, Sonoma County.
- The site is currently vacant, with level topography at street grade, measuring 5.79 acres and is generally irregular in shape.
- The site is zoned R-3-30, with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.
- The site consists of former Sonoma County Water Agency Administrative buildings that are currently in disrepair and vacant. The structures will be demolished; the construction budget includes over $400K for demolition.

20. Form of Site Control & Expiration Date

The current owner, Sonoma County Community Development Commission (SCCDC), of the site and the Project owner, USA Properties Fund, Inc., entered into Disposition and Development Agreement dated 01/26/2021 for an amount of $4,428,000 that will be financed by a residual receipts-based seller carryback loan from SCCDC.

21. Current Ownership Entity of Record

Title is currently vested in Sonoma County Community Development Commission as the fee owner.

22. Environmental Review Findings **Dated: March 10, 2021**

- A Phase I Environmental Site Assessment performed by Krazan and Associates, Inc., dated March 10, 2021 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended. However, the report includes ASTM scope findings regarding ground water management, Asbestos Contaminant Materials (ACM) contained in the existing structures. Remediation of all environmental findings is a part of the construction plan and budget. Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and MIP loans.
- A NEPA review has been initiated and will be completed by early November 2021.

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

This new Project will be built to State and City of Santa Rosa 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:	134,114	**Residential Units per Acre:**	28.32
Community Area Sq. Ftg:	4,124	**Total Parking Spaces:**	272
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	175,632

26.	**Mixed-Use Project:** ☐ **Yes** ☒ **No**				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	N/A	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	Two three-story buildings and one four-story elevator serviced building, Type-V wood-framed residential building with surface parking spaces.			
28.	**Construction/Rehab Scope** **Requires Demolition:** ☒ **Yes** ☐ **No**				

- The subject site is new construction.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract at 14% for builder overhead, profit, and general requirements, which is consistent with the maximum percentage permitted under CTCAC regulations.
- The locality requires certain offsite improvements that include utilities, grading, asphalt, sidewalk, striping, drive entries, landscaping, outfall assembly and trail assembly totaling $335K.

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 had established cost containment strategies that include:
  - A fully vertically integrated developer that brings all functional disciplines (Architecture, Development, Construction, Property Management) early in the design process with their architect and other design consultants to design the project in the most cost-effective manner.
  - At least three bids for all construction trades.
  - A detailed critical path construction schedule to ensure the project is delivered on time and within budget.
  - A Stipulated Sum construction contract with a provision that cost savings go to the borrower.
  - A post construction audit to evaluate and identify further process improvements.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: Riverside Charitable Corporation, a California limited liability company; 0.01% interest
- Administrative General Partner: USA Santa Rosa 669, Inc., a California Corporation; 0.09% interest
  - Sole Member: USA Properties Fund, Inc., a California corporation, 100% interest
- Investor Limited Partner: Bank of America, N.A and/or its affiliates.; 99.99% interest
- Special Limited Partner: Affiliate of Bank of America, N.A.; 0.00% interest

31. Developer/Sponsor

Founded in 1981 and headquartered in Roseville, CA, USA Properties Fund, Inc. (USA) is a vertically integrated, full-service real estate development, investment, and management company. USA Properties is a developer, owner, and manager of communities, from quality affordable family and senior communities to market-rate projects. USA Properties has completed 122 projects (17,010 units). In addition, the company has sixteen (16) projects (2,425 units) in the pipeline and six (6) projects under construction.

32. Management Agent

The Project will be managed by USA Multifamily Management, Inc. which has extensive experience in managing similar affordable housing projects in the area and manages five (5) projects in CalHFA's portfolio. They are performing as expected.

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

LifeSTEPS will provide supportive services for all of the tenant population through the life of the Project Ownership or a minimum of 15 years. Services will be funded through operation and conducted onsite and include adult education classes and health and wellness services and programs

34.	**Contractor**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The general contractor, an affiliated company, is USA Construction Management, Inc. (USACM), which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. They have completed six (6) projects in the CalHFA portfolio.		
35.	**Architect**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The architect is LPAS Architecture & Design, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. They have designed one project in the CalHFA portfolio.		
36.	**Local Review via Locality Contribution Letter**	
The locality, City of Santa Rosa, returned the local contribution letter stating they strongly support the project.		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 21-017-A/X/N**

Project Full Name	College Creek	**Borrower Name:**	Santa Rosa 669, LP
Project Address	2150 West College Avenue	**Managing GP:**	Riverside Charitable Corp
Project City	Santa Rosa	**Developer Name:**	USA Multi-Family Development
Project County	Sonoma	**Investor Name:**	Bank of America
Project Zip Code	95401	**Prop Management:**	USA Multifamily Management Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	5.79
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	134,114
Total Residential Units:	164	**Residential Units Per Acre:**	28.32
Total Number of Buildings:	3		
Number of Stories:	3 & 4	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	272
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Conduit - BOA - Tax Exempt	33,100,000	0.700%	36	--	3.300%
BOA - Taxable	12,000,000	0.700%	36	--	3.250%
Sonoma County CDC Seller Carryback Loan	4,428,000	--	660	660	3.000%
NOI- Construction	625,623	--	--	--	--
Investor Equity Contribution	4,725,784	--	--	--	--
Deferred Developer Fees	3,706,304	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	28,140,000	1.000%	17	40	3.950%
MIP	4,000,000	1.000%	17	55	2.000%
Sonoma County CDC Seller Carryback Loan	4,428,000	--	55	55	3.000%
Deferred Developer Fees	3,706,304	NA	NA	NA	NA
NOI-Construction	625,623	NA	NA	NA	NA
Investor Equity Contributions	27,858,400	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	7/24/21	**Capitalization Rate:**	5.00%
Investment Value ($)	60,070,000	**Restricted Value ($)**	35,170,000
Construct/Rehab LTC	77%	**CalHFA Permanent Loan to Cost**	41%
Construct/Rehab LTV	55%	**CalHFA 1st Permanent Loan to Value**	80%
		Combined CalHFA Perm Loan to Value	91%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	N/A	
Permanent Loan		
Operating Expense Reserve Deposit	$604,194	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 10/5/21 — Senior Staff Date: 10/4/21

UNIT MIX AND RENT SUMMARY | **Final Commitment**

College Creek | **Project Number 21-017-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	596	64	96
Flat	2	2	840	58	174
Flat	3	2	1,125	42	189
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				164	459

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	0	0	17	49	0	0	0
CalHFA MIP	0	0	17	0	17	0	129
Tax Credit	0	0	60	42	61	0	0
County CDC Seller Carryb	0	0	0	0	0	81	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	30%	-	-	$1,750	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	HCD	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	50%	16	$1,052		$1,148	48%
	CTCAC	120%	-	-		-	-
2 Bedrooms	CTCAC	30%	6	$730	$2,925	$2,195	25%
	CTCAC	50%	16	$1,253		$1,672	43%
	CTCAC	60%	16	$1,515		$1,410	52%
	CTCAC	70%	19	$1,777		$1,148	61%
	HCD	80%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
3 Bedrooms	CTCAC	30%	5	$836	$2,925	$2,089	29%
	CTCAC	50%	11	$1,441		$1,484	49%
	CTCAC	60%	10	$1,744		$1,181	60%
	CTCAC	70%	16	$2,046		$879	70%
	HCD	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
4 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	HCD	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
5 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	HCD	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
Date Prepared:	10/5/21					Senior Staff Date:	10/4/21

SOURCES & USES OF FUNDS					Final Commitment
College Creek			Project Number	21-017-A/X/N	
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
Conduit - BOA - Tax Exempt	33,100,000				0.0%
-	-				0.0%
-	-				0.0%
BOA - Taxable	12,000,000				0.0%
Sonoma County CDC Seller Carryback Loan	4,428,000				0.0%
-	-				0.0%
-	-				0.0%
NOI- Construction	625,623				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	3,706,304				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	4,725,784				0.0%
Perm		28,140,000	28,140,000	171,585	40.9%
MIP		4,000,000	4,000,000	24,390	5.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
NOI- Construction		625,623	625,623	3,815	0.9%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		3,706,304	3,706,304	22,599	5.4%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		27,858,400	27,858,400	169,868	40.5%
TOTAL SOURCES OF FUNDS	**58,585,711**	**68,758,327**	**68,758,327**	**419,258**	**100.0%**

ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	4,428,000	-	4,428,000	27,000	6.4%
Demolition Costs	416,248	-	416,248	2,538	0.6%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**4,844,248**	**-**	**4,844,248**	**29,538**	**7.0%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	335,233	-	335,233	2,044	0.5%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	4,296,268	-	4,296,268	26,197	6.2%
Structures (Hard Cost)	29,837,450	-	29,837,450	181,936	43.4%
General Requirements	1,700,000	-	1,700,000	10,366	2.5%
Contractor Overhead	1,669,543	-	1,669,543	10,180	2.4%
Contractor Profit	1,669,543	-	1,669,543	10,180	2.4%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	643,779	-	643,779	3,925	0.9%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**40,151,815**	**-**	**40,151,815**	**244,828**	**58.4%**

SOURCES & USES OF FUNDS					Final Commitment
College Creek			Project Number		21-017-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	1,072,282	-	1,072,282	6,538	1.6%
Supervision	215,000	-	215,000	1,311	0.3%
TOTAL ARCHITECTURAL FEES	**1,287,282**	**-**	**1,287,282**	**7,849**	**1.9%**
SURVEY & ENGINEERING FEES					
Engineering	421,951	-	421,951	2,573	0.6%
Supervision	49,500	-	49,500	302	0.1%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	471,451	-	471,451	2,875	0.7%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,994,321	-	2,994,321	18,258	4.4%
Soft Cost Contingency Reserve	578,055	-	578,055	3,525	0.8%
TOTAL CONTINGENCY RESERVES	3,572,376	-	3,572,376	21,783	5.2%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Conduit - BOA - Tax Exempt	695,199	2,636,067	3,331,266	20,313	0.048449
-	-	-	-	-	0
-	-	-	-	-	0.0%
BOA - Taxable	-	-	-	-	0.0%
Sonoma County CDC Seller Carryback Loa	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Conduit - BOA - Tax Exempt	231,700	-	231,700	1,413	0.3%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
BOA - Taxable	84,000	-	84,000	512	0.1%
Sonoma County CDC Seller Carryback Loa	-	-	-	-	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	110	0.0%
Real Estate Taxes During Rehab	16,400	-	16,400	100	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	-	-	-	-	0.0%
Title & Recording Fees	37,500	-	37,500	229	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	44,050	-	44,050	269	0.1%
Other (construction 3rd party/misc)	22,000	-	22,000	134	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**1,148,849**	**2,636,067**	**3,784,916**	**23,079**	**5.5%**

SOURCES & USES OF FUNDS					Final Commitment
College Creek			Project Number		21-017-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	140,700	140,700	281,400	1,716	0.4%
MIP	20,000	20,000	40,000	244	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Sonoma County CDC Seller Carryback Loa	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	671	0.2%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	37,500	37,500	229	0.1%
Year 1 - Taxes & Special Assessments and Insura	-	16,400	16,400	100	0.0%
CalHFA Fees	-	17,585	17,585	107	0.0%
Other	-	-	-	-	0.0%
Other (CDIAC fee)	-	5,000	5,000	30	0.0%
TOTAL PERMANENT LOAN COSTS	**215,700**	**292,185**	**507,885**	**3,097**	**0.7%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	35,000	-	35,000	213	0.1%
CalHFA Permanent Loan Legal Fees	17,500	17,500	35,000	213	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	75,000	-	75,000	457	0.1%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	47,505	-	47,505	290	0.1%
CalHFA Bond Counsel	62,000	-	62,000	378	0.1%
TOTAL LEGAL FEES	**237,005**	**17,500**	**254,505**	**1,552**	**0.4%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	604,194	604,194	3,684	0.9%
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 Additional Required Reserve	-	3,388	3,388	21	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**607,582**	**607,582**	**3,705**	**0.9%**
REPORTS & STUDIES					
Appraisal Fee	9,050	-	9,050	55	0.0%
Market Study Fee	4,250	-	4,250	26	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	137,802	-	137,802	840	0.2%
HUD Risk Share Environmental / NEPA Review F	2,500	-	2,500	15	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	37,019	-	37,019	226	0.1%
Other	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**190,621**	**-**	**190,621**	**1,162**	**0.3%**

SOURCES & USES OF FUNDS					Final Commitment
College Creek			Project Number	21-017-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	80,855	-	80,855	493	0.1%
CDLAC Fees	11,585	-	11,585	71	0.0%
Local Permits & Fees	382,556	-	382,556	2,333	0.6%
Local Impact Fees	4,551,293	-	4,551,293	27,752	6.6%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	266,500	-	266,500	1,625	0.4%
Accounting & Audits	25,000	-	25,000	152	0.0%
Advertising & Marketing Expenses	273,153	-	273,153	1,666	0.4%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other Inspections	12,000	-	12,000	73	0.0%
Other (Development cost)	36,400	-	36,400	222	0.1%
TOTAL OTHER COSTS	**5,639,342**	**-**	**5,639,342**	**34,386**	**8.2%**
SUBTOTAL PROJECT COSTS	**57,758,689**	**62,139,045**	**61,312,023**	**373,854**	**89.2%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	827,022	6,619,282	7,446,304	45,404	10.8%
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	**827,022**	**6,619,282**	**7,446,304**	**45,404**	**10.8%**
TOTAL PROJECT COSTS	**58,585,711**	**68,758,327**	**68,758,327**	**419,258**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
College Creek	**Project Number**		**21-017-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,786,016	$ 16,988	104.62%
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	17,056	104	0.64%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,803,072**	**$ 17,092**	**105.26%**
Less: Vacancy Loss	**$ 140,154**	**$ 855**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,662,918**	**$ 17,947**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Social Programs & Services	21,800	133	0.82%
Utilities	226,484	1,381	8.51%
Operating & Maintenance	219,395	1,338	8.24%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	46	0.28%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	9,840	60	0.37%
Other Taxes & Insurance	65,770	401	2.47%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 966,763**	**$ 5,895**	**36.30%**
-	$ -	-	0.00%
-	$ -	-	0.00%
Sonoma County CDC Seller Carryback Loan	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,400,812**	**$ 8,542**	**52.60%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 246,143**	**$ 1,501**	**9.24%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 10/5/21		Senior Staff Date:	10/04/21

PROJECTED PERMANENT LOAN CASH FL0WS

College Creek

Final Commitment — **Project Number 21-017-A/X/N**

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12
RENTAL INCOME	**CPI**												
Restricted Unit Rents	2.50%	2,786,016	2,855,666	2,927,058	3,000,235	3,075,240	3,152,121	3,230,924	3,311,698	3,394,490	3,479,352	3,566,336	3,655,494
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	17,056	17,482	17,919	18,367	18,827	19,297	19,780	20,274	20,781	21,301	21,833	22,379
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,803,072**	**2,873,149**	**2,944,978**	**3,018,602**	**3,094,067**	**3,171,419**	**3,250,704**	**3,331,972**	**3,415,271**	**3,500,653**	**3,588,169**	**3,677,873**
VACANCY ASSUMPTIONS	**Vacancy**												
Restricted Unit Rents	5.00%	139,301	142,783	146,353	150,012	153,762	157,606	161,546	165,585	169,724	173,968	178,317	182,775
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**140,154**	**143,657**	**147,249**	**150,930**	**154,703**	**158,571**	**162,535**	**166,599**	**170,764**	**175,033**	**179,408**	**183,894**
EFFECTIVE GROSS INCOME (EGI)		**2,662,918**	**2,729,491**	**2,797,729**	**2,867,672**	**2,939,364**	**3,012,848**	**3,088,169**	**3,165,373**	**3,244,507**	**3,325,620**	**3,408,761**	**3,493,980**
OPERATING EXPENSES	**CPI / Fee**												
Administrative Expenses	3.50%	303,864	314,499	325,507	336,899	348,691	360,895	373,526	386,600	400,131	414,135	428,630	443,632
Management Fee	5.03%	133,910	137,258	140,689	144,207	147,812	151,507	155,295	159,177	163,157	167,235	171,416	175,702
Utilities	3.50%	226,484	234,411	242,615	251,107	259,896	268,992	278,407	288,151	298,236	308,674	319,478	330,660
Operating & Maintenance	3.50%	219,395	227,074	235,021	243,247	251,761	260,572	269,692	279,132	288,901	299,013	309,478	320,310
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
Real Estate Taxes	1.25%	9,840	9,963	10,088	10,214	10,341	10,471	10,601	10,734	10,868	11,004	11,142	11,281
NET OPERATING INCOME (NOI)		**1,646,955**	**1,681,022**	**1,715,665**	**1,750,887**	**1,786,693**	**1,823,087**	**1,860,072**	**1,897,653**	**1,935,831**	**1,974,611**	**2,013,994**	**2,053,982**
DEBT SERVICE PAYMENTS	**Lien #**												
Perm	1	1,400,812	1,400,812	1,400,812	1,400,812	1,400,812	1,400,812	1,400,812	1,400,812	1,400,812	1,400,812	1,400,812	1,400,812
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sonoma County CDC Seller Carryback Loan	3	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**
CASH FLOW AFTER DEBT SERVICE		**246,143**	**280,210**	**314,853**	**350,075**	**385,881**	**422,275**	**459,260**	**496,841**	**535,019**	**573,799**	**613,182**	**653,170**
DEBT SERVICE COVERAGE RATIO		**1.18**	**1.20**	**1.22**	**1.25**	**1.28**	**1.30**	**1.33**	**1.35**	**1.38**	**1.41**	**1.44**	**1.47**
Date Prepared:	10/05/21									Senior Staff Date:	10/4/21		

		1	2	3	4	5	6	7	8	9	10	11	12
LESS: LP Asset 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
LESS: MGP Partnership Management Fee	2%	21,648	22,081	22,523	22,973	23,432	23,901	24,379	24,867	25,364	25,871	26,389	26,917
net CF available for distribution		**216,995**	**250,404**	**284,374**	**318,906**	**354,007**	**389,679**	**425,926**	**462,750**	**500,154**	**538,142**	**576,714**	**615,872**
	DDF interest	3%											
Deferred developer fee repayment	3,706,304	3,706,304	3,593,988	3,443,891	3,254,303	3,023,459	2,749,535	2,430,652	2,064,868	1,650,181	1,184,528	665,778	91,736
	100%	216,995	250,404	284,374	318,906	354,007	389,679	425,926	462,750	500,154	538,142	576,714	91,736
		3,489,309	3,343,584	3,159,518	2,935,397	2,669,451	2,359,856	2,004,726	1,602,118	1,150,027	646,386	89,064	-
Payments for Residual Receipt Payments		*0%*											50%
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-	262,068
MIP	*47.46%*	-	-	-	-	-	-	-	-	-	-	-	124,380
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Sonoma County CDC Seller Carryback Loan	*52.54%*	-	-	-	-	-	-	-	-	-	-	-	137,688
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	-	-	-	-	-	-	-	-	-	-	-	262,068
Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
MIP---Simple	*2.00%*	4,000,000	4,080,000	4,160,000	4,240,000	4,320,000	4,400,000	4,480,000	4,560,000	4,640,000	4,720,000	4,800,000	4,880,000
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Sonoma County CDC Seller Carryback Loan---S	*3.00%*	4,428,000	4,560,840	4,693,680	4,826,520	4,959,360	5,092,200	5,225,040	5,357,880	5,490,720	5,623,560	5,756,400	5,889,240
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**8,428,000**	8,640,840	8,853,680	9,066,520	9,279,360	9,492,200	9,705,040	9,917,880	10,130,720	10,343,560	10,556,400	10,769,240

PROJECTED PERMANENT LOAN CASH FL0WS

Final Commitment

	YEAR	13	14	15	16	17
RENTAL INCOME	**CPI**					
Restricted Unit Rents	2.50%	3,746,882	3,840,554	3,936,568	4,034,982	4,135,856
Unrestricted Unit Rents	2.50%	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	2.50%	22,938	23,512	24,100	24,702	25,320
Parking & Storage Income	2.50%	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,769,820**	**3,864,066**	**3,960,667**	**4,059,684**	**4,161,176**
VACANCY ASSUMPTIONS	**Vacancy**					
Restricted Unit Rents	5.00%	187,344	192,028	196,828	201,749	206,793
Unrestricted Unit Rents	0.00%	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-
Parking & Storage Income	50.00%	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**188,491**	**193,203**	**198,033**	**202,984**	**208,059**
EFFECTIVE GROSS INCOME (EGI)		**3,581,329**	**3,670,862**	**3,762,634**	**3,856,700**	**3,953,117**
OPERATING EXPENSES	**CPI / Fee**					
Administrative Expenses	3.50%	459,159	475,230	491,863	509,078	526,896
Management Fee	5.03%	180,094	184,597	189,212	193,942	198,790
Utilities	3.50%	342,233	354,211	366,608	379,440	392,720
Operating & Maintenance	3.50%	331,521	343,124	355,133	367,563	380,428
Ground Lease Payments	3.50%	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500
Real Estate Taxes	1.25%	11,422	11,565	11,709	11,856	12,004
NET OPERATING INCOME (NOI)		**2,094,577**	**2,135,780**	**2,177,593**	**2,220,014**	**2,263,044**
DEBT SERVICE PAYMENTS	**Lien #**					
Perm	1	1,400,812	1,400,812	1,400,812	1,400,812	1,400,812
-	-	-	-	-	-	-
-	-	-	-	-	-	-
Sonoma County CDC Seller Carryback Loan	3	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**	**1,400,812**
CASH FLOW AFTER DEBT SERVICE		**693,765**	**734,968**	**776,781**	**819,202**	**862,232**
DEBT SERVICE COVERAGE RATIO		**1.50**	**1.52**	**1.55**	**1.58**	**1.62**
Date Prepared:	10/05/21					

		13	14	15	16	17
LESS: LP Asset Management Fee	3%	10,693	11,014	11,344	11,685	12,035
LESS: MGP Partnership Management Fee	2%	27,455	28,004	28,564	29,135	29,718
net CF available for distribution		**655,617**	**695,950**	**736,872**	**778,382**	**820,479**
	DDF interest					
Deferred developer fee repayment	3,706,304	-	-	-	-	-
	100%	-	-	-	-	-
		-	-	-	-	-

Payments for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Payment %*	327,809	347,975	368,436	389,191	410,239
MIP	*47.46%*	155,581	165,152	174,863	184,713	194,703
0	*0.00%*	-	-	-	-	-
Sonoma County CDC Seller Carryback Loan	*52.54%*	172,228	182,823	193,573	204,478	215,536
0	*0.00%*	-	-	-	-	-
0	*0.00%*	-	-	-	-	-
0	*0.00%*	-	-	-	-	-
0	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	327,809	347,975	368,436	389,191	410,239

Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Interest Rate*					
MIP---Simple	*2.00%*	4,835,620	4,760,040	4,674,888	4,580,025	4,475,312
0---Simple	*0.00%*	-	-	-	-	-
Sonoma County CDC Seller Carryback Loan---S	*3.00%*	5,884,392	5,845,004	5,795,021	5,734,287	5,662,650
0---Simple	*0.00%*	-	-	-	-	-
0---Simple	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments		10,720,012	10,605,044	10,469,908	10,314,312	10,137,961

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 initial debt service coverage ratio (include any financing with amortizing debt) and minimum of 1.05x for the term of the Perm Loan. • 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 Legal Fee at Perm Loan closing. • 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 per month for the term of the construction (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000, half due at final commitment, with balance 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 toward the CalHFA Perm Loan Fee See CalHFA standard Conduit Issuer Program Term Sheet for information on conduit issuance fees.

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Rate & Terms (subject to change)	Interest Rate: • 17-Year Balloon Loans: 15-Year "AAA" Municipal Market Data (MMD) plus CalHFA spread • 30-Year Balloon and Fully Amortizing Loans: 30-Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 3.00% • 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 40 Year Amortization • Term: Fully Amortizing, and 17- or 30-Year Balloons available[1] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount for each three-month extension. • Breakage Fee (if applicable): due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. 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. • Deposit Account Control Agreement between CalHFA, the Borrower and lending institution is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
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. A Lien Priority/Position Estoppel in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.

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 comparable 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 (refer to the program's document checklist for a full list): • 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 and Phase II (if applicable) 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. *Note: Third party reports shall be within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole 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 ("OER"): 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 by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, it must be replenished over a period of 12 months to the original level. • 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 state or locally administered rental subsidy contracts with contract terms that are less than 20 years or the CalHFA Perm Loan term. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2021

CalHFA
California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The California Housing Finance Agency ("CalHFA" or "Agency") 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. The MIP resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of extremely 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/. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated. 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, nonprofit, 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. CalHFA Mixed-Income Qualified Construction Lender is 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 the project must be tax credit financed, OR
2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

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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 the California Debt Limit Allocation Committee's (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. Pursuant to HUD-Risk Sharing requirements, sponsor is expected to start the NEPA process shortly after CalHFA verifies application completeness and determines that the project is ready to move forward with an initial commitment ("notification date"). The NEPA clearance and HUD's firm approval letter will be required prior to construction loan closing.
2. **General Contractor and/or Third Party Construction Services Engagement:** At the time of application, Applicant must provide evidence that the applicant or developer has engaged a general contractor or third-party construction services company to provide construction services including, but not limited to, value engineering, bid/budget services, and constructability review of plans and designs. In addition, the proposed construction budget is based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
3. **Disposition and Development Agreement:** Applicant must provide a copy of the disposition and development agreement, if applicable.
4. **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, unless an extension has been approved by California Tax Credit Allocation Committee (CTCAC), CDLAC, and CalHFA, as applicable. Within the 180-day period, the following items must be submitted to CalHFA in their final form:
    a. A complete updated application 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 required by CalHFA to close construction financing.

Qualifications (continued)

MIP ALLOCATION LIMITS:
(Exceptions may be considered by Agency in its sole discretion)

1. **Project Cap:** No project may receive more than the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units or up to $60,000 per MIP regulated units for a Project located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map.
2. **Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than the lesser of funding of 2 projects or 20% of total MIP allocation for the respective year.
3. **County Cap:** No one county may receive more than 33% of total MIP allocations for the respective year.
4. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted projects (units that are restricted to residents who are 62 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act), unless a waiver of the minimum age requirement has been granted by U.S. Department of Housing and Urban Development ("HUD").

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Certification must be provided at the time of Construction Loan Closing in a form acceptable to CalHFA in its sole discretion. The certification acceptable to CalHFA may be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/closing-cost-containment-certification.pdf.

The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but are not limited to, 1) competitively bidding out all major subcontractor and self-performing trades and 2) engaging value engineer/consultant during the design process.

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 reduced 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 a mixed-use project,
- A cash flow 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,
- Developer Fee requirements matching those required under the 4% federal and/or state tax credit reservation,
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA),

Qualifications (continued)	• 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. • State tax credit request is expected to be within a range of $50,000 to $75,000 per unit. The projects that evidence the most efficient use of state tax credits and MIP per adjusted unit shall be prioritized for MIP funding considerations. The state tax credits and MIP per adjusted unit calculation shall be consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2). MIP final commitment shall be subject to the project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations, • Acquisition cost shall be the lesser of 1) the purchase price pursuant to a current purchase and sales agreement between unrelated parties, 2) the purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or 3) the appraised "as-is" value based on an Appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.
CalHFA Mixed-Income Qualified Construction Lender	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least five (5) construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three (3) years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three (3) comparable projects within the past five (5) years or meet the requirements to receive a minimum of 7 points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past five (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. **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 in the State of California. **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.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**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 or meet the requirements to receive a minimum of 3 points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).
Permanent First Lien Loan	Must be provided by CalHFA. The permanent loan must meet an initial minimum 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.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to, in its sole and absolute discretion, recycle all or a portion of any Bond volume cap related to a paydown of the Bond financed loans, at the conversion of the construction financing to permanent financing and payoff of the Construction Loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (the "Bond Recycling"). The Bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.
Limitations	1. MIP cannot be combined with the CTCAC 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) with the exception of the Infill Infrastructure Grant, contingent upon restrictions that are compatible with the MIP program requirements. Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein. 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 CTCAC 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	**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, CDLAC requires a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").

Mixed-Income Project Occupancy Requirements (Continued)	**MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** **Affordability Requirements:** 1. To qualify, a project must meet the following affordability restrictions, based on the HUD or locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years: a. 10% of total units at or below 50% of AMI, b. 10% of total units between 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below, and c. Remaining 80% of total units at or below 120% of AMI with the exception of the non-restricted manager's unit(s) OR at the affordability restrictions consistent with CTCAC requirements. (Deviations from the average unit affordability levels of 70% AMI will only be considered if Market Study supports such deviations.) 2. Projects must be tax credit transactions that are income-averaged and must not exceed an average affordability of 60% of AMI across all restricted units.
Mixed-Income Project Occupancy Requirements (Continued)	**MAXIMUM ALLOWABLE RENTS:** Rents for all restricted units must be at least 10% below market rents as evidenced by a current Market Study or an Appraisal. This threshold will be analyzed at time of application and again at CalHFA's final commitment approval. The report shall be current within 180 days of Agency's final commitment and may be subject to required updating if the report expires prior to construction loan closing. Any proposed rent adjustments above 5% of the approved rents subsequent to construction loan closing may be considered if supported by a recent or updated Market Study or Appraisal that is dated within 180 days from MIP loan closing, at CalHFA's sole discretion.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units, unless an exception is approved by Agency in its sole discretion. a. Maximum loan per restricted (tax credit or CalHFA) units between 30%-120% AMI shall be up to $50,000. b. Projects located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to $10,000 per MIP regulated unit. Opportunity Map Home Page: www.treasurer.ca.gov/ctcac/opportunity.asp 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**: Greater of 1% simple interest or the applicable federal rate (AFR) at time of MIP closing. 2. **Loan Term**: The MIP loan term shall be coterminous with the CalHFA 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. Deviation from the net cash flow split may be granted 1) to meet equity investor's deferred developer's fee requirement as evidence by the limited partnership agreement, and 2) is subject to approval(s) by other residual receipt lender(s), as applicable. 4. **Affordability Term**: 55 years. 5. **Prepayment**: May be prepaid at any time without penalty. 6. **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) and requires subordination 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. 7. **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)	**Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). **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. 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: 01/2021

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after May 1, 2020

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, nonprofit or public agency sponsors. • Nonprofit 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 required for tax-exempt issuances) and is credited toward the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 18.75 basis points of the Bond amount if lesser than or equal to $20 million. 2. If more than $20 million: $37.500 + 5 basis points for the amount above $20 million. • Annual Administrative Fee: 5 bps of the tax-exempt bond issuance amount due at construction loan closing and due annually thereafter until permanent loan conversion. After permanent loan conversion, billed annually in advance, 5 bps of unpaid principal balance amount of tax-exempt bond financed loan(s) until bonds are fully redeemed. Minimum Annual Administrative Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period. For taxable only issuances, annual administrative fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions. If used in conjunction with a CalHFA permanent loan product, the annual administrative fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual administrative fee. • 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 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 rent restricted and occupied by individuals whose income is 60% or less of 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: 08/2020