

**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": 11/1/21**

Project Name, County:	Heritage Park, Sonoma County		
Address:	8685 Old Redwood Highway, Windsor, CA 95492		
Type of Project	New Construction		
CalHFA Project Number:	21-010-A/X/N	Total Units:	33
Requested Financing by Loan Program:	\$9,512,000	Tax-Exempt Bond – Conduit Issuance Amount	
	\$6,488,000	Taxable-Bond – Conduit Issuance Amount	
	\$8,925,000	Tax-Exempt Permanent Loan with HUD Risk Share	
	\$1,400,000	Subsidy GAP Loan funded by MIP funds	

DEVELOPMENT/PROJECT TEAM

Developer:	W & J Investments	Borrower:	Heritage Park LP
Permanent Lender:	CalHFA	Construction Lender:	JP Morgan Chase
Equity Investor:	Hunt Capital Partners	Management Company:	Hyder & Company
Contractor:	Precision General Contractors	Architect	Onyx Creative
Loan Officer:	Kevin Brown	Loan Specialist:	N/A
Asset Manager:	Jessica Doan	Loan Administration:	Ashley Carroll
Legal (Internal):	Ted Ballmer	Legal (External):	N/A
Concept Meeting Date:	4/15/2021	Approval Expiration Date:	180 days from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE/ CHASE CONSTRUCTION LOAN	PERMANENT LOAN	MIP (GAP) LOAN
	Total Loan Amount	\$9,512,000 (T/E) \$6,488,000 (Tax)	\$8,925,000	\$1,400,000
	Loan Term & Lien Position	24 months - interest only; 1 st Lien Position during construction; two 6-month extensions. There is no fee for the first extension. A .25% fee will be charged for the second extension.	40 years – 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		15 year MMD + 2.65%	

	locked 30 days prior to loan closing)	Underwritten at 4.00% variable rate	Underwritten at 4.23% that includes a .25% cushion Estimated rate based on a 24-month forward commitment.	Greater of 1.00% Simple Interest or the Applicable Federal Rate at time of MIP closing Underwritten at 2.00%.
	Loan(s) to Value (LTV)	73%	71%	N/A
	Loan to Cost	84%	47%	N/A

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#2 Jared Huffman	Assembly:	#2 Jim Wood	State Senate:	#2 Mike McGuire
	Brief Project Description	<p>Heritage Park (the “Project”) is a new construction mixed-income Project for families consisting of one three-story, elevator-serviced building with 33 residential units (including one employee unit). The building contains four 1-bedroom units (720 SF), twenty-one 2-bedroom units (955 SF), and eight 3-bedroom units (1,055 SF). Ten of the 33 units are reserved for homeless or formerly homeless veterans and 8 of the units are reserved for homeless or formerly homeless populations. One two-bedroom units will be reserved for a manger’s unit. The utilities will be master metered, and all tenant utilities will be paid by the Project. There is an existing 1,000-square-foot residential structure and a small barn structure that are both currently vacant and will be demolished at the start of construction. The Project is in a disaster area.</p> <p>Financing Structure: The Project’s financing structure includes tax-exempt bonds, a taxable tail, 4% tax credits, a CalHFA tax-exempt permanent loan with HUD risk sharing and a CalHFA MIP loan. Other permanent financing source include the Town of Windsor loan of \$565,000. The project will be income averaged, pursuant to TCAC regulations.</p> <p>Tax Credits and/or CDLAC Status: The developer received an allocation of 4% tax credits and bond cap from CDLAC on August 11, 2021.</p> <p>Ground Lease: N/A</p> <p>Project Amenities: The Project includes a community room, business center, courtyard, central laundry facilities, a picnic area, and a playground. Unit amenities will include central heating and air conditioning and balconies/patios. Unit amenities include range/oven, refrigerator, dishwasher, garbage disposal and microwave.</p> <p>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:</p> <ul style="list-style-type: none"> • Grocery stores – 0.6 miles • Schools – 0.7 to 0.9 miles • Public Library – 0.6 miles • Public transit – 0.1 miles • Retail – 1.4 miles • Park and recreation – 0.6 miles • Hospitals – 4.5 miles • Police Department – 0.7 miles • Fire Station – 0.4 miles <p>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</p>					

		<p>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.</p> <p>Commercial Space: The Project does not include commercial space.</p>
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MISSION

3.	CalHFA Mission/Goals	
<p>This Project and financing proposal provide 32 units of affordable housing with a range of restricted rents between 30% AMI and 80% of AMI which will support much needed rental housing that will remain affordable for 55 years.</p>		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	2/7/2022	Est. Construction Loan Closing:	2/1/2022
	Estimated Construction Start:	2/15/2022	Est. Construction Completion:	8/15/2023
	Estimated Stabilization and Conversion to Perm Loan(s):	2/1/2024		

SOURCES OF FUNDS

5.	Construction Period Financing				
	SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
	Chase – Tax Exempt	\$9,512,000	1	4.00%	Interest Only
	Chase – Taxable	\$6,488,000	1	4.00%	Interest Only
	Town of Windsor	\$565,000	2	5.00%	Residual Receipt
	Tax Credit Equity	\$1,454,226	N/A	N/A	N/A
	TOTAL	\$18,019,226		Per Unit	\$546,037
	Permanent Financing				
	SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
	CalHFA Permanent Loan	\$8,925,000	1	4.24%	Balloon 40/17
	CalHFA MIP Loan	\$1,400,000	2	2.00%	Residual Receipt
	Town of Windsor Loan	\$565,000	3	5.00%	Residual Receipt
	Deferred Developer Fee	\$907,445	N/A	N/A	Payable from Cash Flow
	Tax Credit Equity	\$7,271,129	N/A	N/A	N/A
	TOTAL DEVELOPMENT COST:	\$19,068,574		Per Unit	\$577,836
	Subsidy Efficiency: \$1,400,000; \$43,750 per MIP restricted unit.				
	Tax Credit Type(s), Amount(s), Pricing(s), and per total units:				
	<ul style="list-style-type: none"> 4% Federal Tax Credits: \$8,813,490 assuming estimated pricing of \$0.825 (\$267,075 per unit). 				
	Rental Subsidies: The Project will be subsidized by 18 project-based vouchers via two separate programs: 8 units will be subsidized by HUD’s project-based vouchers under Section 8 for an initial term of 20 years with an option to				

	<p>renew for an additional term of 20 years. The rental subsidy contract will be administered by the Housing Authority of the County of Sonoma. The additional 10 units will be subsidized by the Veteran’s Affairs Supportive Housing (VASH) subsidy’s project-based voucher program. The contract will be for a 15-year term and be administered by the City of Santa Rosa Housing Authority.</p> <p>Other State Subsidies: The Project will not be funded by other state funds.</p> <p>Other Locality Subsidies: The Project will be funded by locality funds from the Town of Windsor in the amount of \$565,000.</p> <p>Cost Containment Strategy: The developer has extensive experience in the development and construction of low-income housing and will provide construction oversight. The architects and engineers have been directed to apply in cost savings concepts in the project design and construction will also implement cost savings measures. Refer to section 29 for more details.</p> <p>High Cost Explanation: The Project’s development cost is projected to be approximately \$577,836 per unit, exceeding the CDLAC High Cost threshold of \$500,000 per unit. The Project is in a HUD-designated Difficult Development Area (DDA), where construction and land costs are high relative to the Area Median Income (AMI). In addition, this is a small project with costs spread over 33 units, which increases the cost per unit calculation.</p> <p>Other contributing factors are as follows:</p> <ul style="list-style-type: none"> - Land, Carrying & demo Cost: \$858,000 (\$26,000/unit) - Impact Fees: \$1,153,162 (\$34,944/unit) - Prevailing Wage: \$1,664,025 (\$50,425/unit) <p>Deducting these costs results in an adjusted total development cost of approximately \$466,466 per unit.</p>
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	Proposal and Project Strengths
	<ul style="list-style-type: none"> • The Project anticipates receiving 4% tax credits which are projected to generate equity representing 39% of total financing sources. • The developer/sponsor has extensive experience in developing similar affordable housing projects and has experience with CalHFA (2 properties in the CalHFA portfolio totaling 158 units). • The Project will serve low-income families ranging between 30% to 80% of AMI. • 55% of the units will be subsidized by project-based vouchers. • The locality has invested in the success of the Project as demonstrated by a loan from the Town of Windsor in the amount of \$565,000. • The projected portion of the developer’s fee that will be collected at or prior to permanent loan conversion is \$1,577,312 which could be available to cover cost overruns and/or unforeseen issues during construction.
8.	Project Weaknesses with Mitigants:
	<ul style="list-style-type: none"> • The exit analysis assumes a 6.50% cap rate and a 3% increase to the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of the CalHFA first lien permanent loan but may only have the ability to repay a portion of the Agency’s subsidy MIP loan in the estimated amount of \$734,324, leaving an outstanding balance of \$371,754. 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

	<p>will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.</p> <ul style="list-style-type: none"> The appraisal report stated that the site is in a high earthquake risk zone. However, it is not in an Alquist-Priolo special studies zone. This new Project will be built to State and Town of Windsor Building Codes, which includes seismic requirements. However, staff has discovered that the project scores 9 out of 10 on the Modified Mercalli Intensity Scale (“MMI”) which further evaluates seismic risk based on soil content. A seismic evaluation is required and is subject to CalHFA approval prior to construction loan closing. A geotechnical report and structural plans have been requested as a part of the seismic review. CalHFA may require earthquake insurance in its sole discretion, which may result in an increase of the operating expense budget and decrease net operating income and permanent first lien loan amount. If applicable, the potential funding gap will be covered by an increased in deferred developer’s fee.
9.	Underwriting Standards or Term Sheet Variations
	None.
10.	Project Specific Conditions of Approval
	<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter. CalHFA will require that the local funding regulatory agreements to contain provisions allowing rent increases to the maximum TCAC rents if rental subsidies are no longer available. CalHFA requires that MIP affordability covenants be recorded in senior position ahead of any foreclosable debt. The Town of Windsor to subordinate their loan in third position. Receipt of a Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from the Town of Windsor. CalHFA requires that MIP affordability covenants be recorded in first position. The CalHFA subsidy will be, in the Agency’s sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio (“DSCR”) shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency’s approval. A NEPA clearance is required prior to construction loan closing. Prior to construction loan closing, the existing lots for project shall be merged and recorded as one contiguous parcel 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. Subject to a seismic evaluation and approval by CalHFA. CalHFA may require earthquake insurance in its sole discretion. See Section 23 for more detail. A Lead-Based Paint study and remediation plan, if applicable, are required 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
	<p>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.</p> <p>*The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (4 units) at or below 50% of AMI and 10% of total units (4 units) between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The</p>

remaining 24 units will be restricted at or below 120% of AMI. For purposes of MIP subsidy efficiency analysis, the underwriting of permanent first lien loan is typically required to be sized based on the lesser of maximum TCAC rent limits or 90% of market rents for the respective bedroom size and occupancy restrictions (target AMIs). Pursuant to the recent appraisal report dated 10/7/21, the proposed rents for the 4 3-bedroom units that are restricted at or below 70% of AMI and 10 2-bedroom units that are restricted at or below 80% of AMI must be reduced slightly to meet the 10% below market rent requirement threshold. For underwriting purposes, the initial rents at permanent loan conversion 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 Town of Windsor will restrict 100% of units (33) between 50% and 80% of AMI.
- The Housing Authority of the County of Sonoma will restrict 2 units at 30% AMI and 6 units at 40% of AMI.
- Veteran’s Affairs Supportive Housing program will restrict 2 units at 30% of AMI, 2 units at 40% of AMI and 6 units at 50% of AMI.

Rent Limit Summary Table							
AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	4	-	4	-	-	-	12.1%
40%	8	-	-	4	4	-	24.2%
50%	6	-	-	6	-	-	18.2%
70%	4	-	-	-	4	-	12.1%
80%	10	-	-	10	-	-	30.3%
Manager's Unit	1	-	-	1	-	-	3.0%
Total	33	0	4	21	8	0	100.0%

The average affordability restriction is 57% of AMI.

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	40% AMI	50% AMI	60% AMI	80% AMI	80% AMI *(60% to 80% Tranche)	<= 120% AMI	Mgr Unit	Total Units Regulated	% of Regulated Units	
CalHFA Bond	1 st	55			4	10					1	14	42.4%
*CalHFA Subsidy	2 nd	55			4			4	24		1	32	97.0%
Town of Windsor	3 rd	55			10	17	5				1	32	97.0%
Tax Credits	4 th	55	4	8	6	4	10				1	32	97.0%
Project Based VASH		15	2	2	6						1	10	30.3%
Project Based Section 8		20	2	6	0						1	8	24.2%

13. Geocoder Information	Central City: No	Underserved: No
	Low/Mod Census Tract: Middle	Below Poverty line: 6.61%
	Minority Census Tract: 48.91%	Rural Area: No

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:		
	Replacement Reserves (RR):	N/A	
	Operating Expense Reserve (OER):	\$173,842 The developer/sponsor meets the threshold requirements for the proposed OER budget, which is based on 3 months of total operating expense, annual replacement reserves, and debt service. CalHFA will hold this reserve for the life of the CalHFA permanent first lien loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12 month period to the original level.	
	Transitional Operating Reserve (TOR):	N/A	
15.	Cash Flow Analysis		
	1st Year DSCR:	1.15	Project-Based Subsidy Term: Section 8: 20 years with the option to renew for 20 years. VASH: 15-year expiration.
	End Year DSCR:	1.27	Annual Replacement Reserve Per Unit: \$400/unit
	Residential Vacancy Rate:	5%	Rental Income Inflation Rate: 2.50%
	Subsidy Vacancy Rate:	5%	Subsidy Income Inflation Rate: 1.50%
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate: 3.50%
			Property Tax Inflation Rate: 1.25%
The VASH subsidy contract is for a term of 15 years with no automatic renewal. The loan is underwritten assuming the VASH is not extended. However, assuming no income from the VASH contract in year 16, the debt coverage ratio ("DCF") is 1.24, which exceeds the minimum requirement of 1.05 DSCR for the term of CalHFA permanent loan.			
16.	Loan Security		
The CalHFA loan(s) will be secured against the above-described Project site.			
17.	Balloon Exit Analysis	Applicable: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
The exit analysis assumes a 6.5% 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 first lien loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of \$734,324, leaving an outstanding balance of \$371,753. 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	Dated: October 7, 2021
<ul style="list-style-type: none"> The Appraisal dated October 7, 2021, prepared by Colliers International, values the land at \$1,010,000 prior to demolition of the existing structures The cap rate of 4.50% and projected \$570,498 of 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 consistent with and is reasonable based on the appraisal report. 		

<ul style="list-style-type: none"> The as-restricted stabilized value is \$12,650,000, which results in the Agency's permanent first lien loan to value of 71%. 		
	Market Study: Prepared by Novogradac Consulting LLP	Dated: February 4, 2021
Regional Market Overview <ul style="list-style-type: none"> The Primary Market Area is the town of Windsor, CA and surrounding areas, the communities of Mark West, Larkfield-Wikiup, and Fulton (population of 87,344) and the Secondary Market Area ("SMA") is Santa Rosa-Petaluma, CA (population of 494,195) The general population in the PMA is anticipated to increase by 0.1% per year. Unemployment in the PMA is 5.5%, which evidences a strong employment area. 		
Local Market Area Analysis <ul style="list-style-type: none"> Supply: <ul style="list-style-type: none"> There are currently 22 affordable family projects (2 LIHTC/Market, 2 Section 8/Market, and 18 LIHTC) in the PMA with occupancy rates ranging between 92-100%, and most maintain waiting lists. In the PMA there is 1 affordable/market project(s) under construction and there are 7 projects (1 LIHTC/VASH, 1 Affordable/Mixed, and 5 Market Rate) that have been proposed which the Market Study believes will be competitive with the subject property (total of 687 units) Demand/Absorption: <ul style="list-style-type: none"> The project will need to capture 1.5% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 30 units per month and reach stabilized occupancy within 2 months of opening. Stabilized occupancy overall is estimated within 2 months of completion. 		

DEVELOPMENT SUMMARY

19.	Site Description	Requires Flood Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> The property is located on the southwest side of Old Redwood Highway, in the City of Windsor, Sonoma County. The site has level topography at street grade, measuring approximately 1.66 acres and is generally square in shape. The site consists of 1 contiguous parcel that will be merged/split prior to start of construction. The site is zoned BC (Boulevard Commercial), with permitted multifamily residential use. The subject is located in Flood Zone X or C (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance. The site consists of an existing 1,000-square-foot residential structure and a small barn structure that are both currently vacant and substantially deteriorated. The structures will be demolished at the start of construction. 		
20.	Form of Site Control & Expiration Date	
The site was conveyed between related parties, from W & J Investments LLC to Heritage Park LP, via a quitclaim deed dated December 13 th , 2018 in the amount of \$803,645. W & J Investments LLC purchased the site from the Uretta J. Mason, 2003 Trust via a land purchase agreement dated September 18 th , 2018 for a price of \$800,000.		
21.	Current Ownership Entity of Record	
Title is currently vested in Heritage Park, LP as the fee owner.		
22.	Environmental Review Findings	Dated: March 8, 2021
<ul style="list-style-type: none"> A Phase I Environmental Site Assessment performed by Padre Associates, inc., dated March 8, 2021 revealed no evidence of recognized environmental conditions. An asbestos study performed by NorBay Consulting dated June 9, 2020 revealed asbestos-containing materials in the flooring materials, which will be property disposed of during demolition. The cost of disposal is included in the construction budget. A lead-based paint study and remediation plan, if applicable, are required prior to construction loan closing. 		

<ul style="list-style-type: none"> A NEPA review has been initiated and will be completed by 12/1/21. 	
23.	Seismic Requires Earthquake Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> May be required
The appraisal report stated that the site is in a high earthquake risk zone. However, it is not in an Alquist-Priolo special studies zone. However, staff has discovered that the project scores 9 out of 10 on the Modified Mercalli Intensity Scale ("MMI") which further evaluates seismic risk based on soil content. A seismic evaluation is required and is subject to CalHFA approval prior to construction loan closing.	
24.	Relocation Requires Relocation: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not Applicable
The Project is new construction; therefore, relocation is not applicable.	

PROJECT DETAILS

25.	Residential Areas:			
	Residential Square Footage:	31,375	Residential Units per Acre:	21.43
	Community Area Sq. Ftg:	17,419	Total Parking Spaces:	63
	Supportive Service Areas:		Total Building Sq. Footage:	48,794
26.	Mixed-Use Project: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	Non-Residential Sq. Footage:	N/A	Number of Lease Spaces:	N/A
	Master Lease:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Number of Parking Spaces:	N/A
27.	Construction Type:	The subject will include the construction of a three-story, 33-unit multifamily residential building, using wood post and beam framing and the foundation is reinforced concrete slab.		
28.	Construction/Rehab Scope Requires Demolition: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
The subject site is new construction.				
29.	Construction Budget Comments:			
<ul style="list-style-type: none"> CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing. The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee. The developer had established cost containment strategies that include: <ul style="list-style-type: none"> Directing the architects and engineers in cost savings designs. Overseeing and approving the project timeline, including penalties for late delivery. Requiring the GC to provide and follow a critical path schedule to manager and mitigate potential schedule delays. Reviewing and approving subcontracts and utilizing Guarantee Maximum Price as the preferred GC contract. Establishing formal change order procedures which will include inspection and verification of the need for change orders. No additional costs outside of the budget will be allowed without an approved change order prior to any additional work. 				

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	Borrower Affiliated Entities
<ul style="list-style-type: none"> Managing General Partner: IH MW Development Partnerships, LLC, a California limited liability company; 0.0050% interest <ul style="list-style-type: none"> Sole Member: Affordable Housing Alliance II, Inc., a Colorado nonprofit corporation Administrative General Partner: W&J Tax Credit Investment, LLC, a California limited liability company and an affiliate of CIC; 0.0050% interest <ul style="list-style-type: none"> Managing Member: Michael W. Weyrick; 50.00% Investor Limited Partner: Hunt Capital Partners; 99.99% interest 	

31.	Developer/Sponsor	
The Developer has 5 projects with a total of 452 units in their pipeline. 3 of the Developer’s projects are currently under construction with a total of 149 units. The Developer has completed 25 projects that total to 1960 units and currently has 2 projects in the CalHFA portfolio totaling 158 units.		
32.	Management Agent	
The Project will be managed by Hyder & Company, which has extensive experience in managing similar affordable housing projects in the area and manages 10 projects (601 units) in the CalHFA portfolio.		
33.	Service Provider	Required by TCAC or other funding source? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reach for Home and Integrity Housing will provide supportive services for all tenant population. Services will include: helping residents develop financial know-how, professional services (resume building), and practices for effective parenting. Additional classes on health education will be provided to adults and teens. The cost of the social services is included in the operating budget.		
34.	Contractor	Experienced with CalHFA? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
The general contractor is Precision General Contractors, which has extensive experience in constructing similar affordable housing projects in California, and CalHFA has experience with this general contractor.		
35.	Architect	Experienced with CalHFA? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
The architect is Onyx Creative, which has extensive experience in designing and managing similar affordable housing projects in California through the locality’s building permit process.		
36.	Local Review via Locality Contribution Letter	
The locality, the Town of Windsor, 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 21-010-A/X/N			
Project Full Name	Heritage Park	Borrower Name:	Heritage Park LP			
Project Address	8685 Old Redwood Highway	Managing GP:	IH MW Development Partnerships LLC			
Project City	Windsor	Developer Name:	W & J Investments			
Project County	Sonoma	Investor Name:	Hunt Capital Partners			
Project Zip Code	95492	Prop Management:	Hyder & Company			
		Tax Credits:	4			
Project Type:	Permanent Loan Only	Total Land Area (acres):	1.66			
Tenancy/Occupancy:	Individuals/Families	Residential Square Footage:	31,375			
Total Residential Units:	33	Residential Units Per Acre:	19.88			
Total Number of Buildings:	1	Covered Parking Spaces:	38			
Number of Stories:	3	Total Parking Spaces:	63			
Unit Style:	Townhomes & Flats					
Elevators:	1					
Acq/Construction/Rehab Financing		Loan Amount (\$)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Chase Tax-Exempt		9,512,000	0.750%	24	--	4.000%
Chase Taxable		6,488,000	0.750%	24	--	4.000%
Town of Windsor		565,000	--	--	--	5.000%
Investor Equity Contribution		1,454,226	--	--	--	--
Total		18,019,226	--	--	--	--
Permanent Financing		Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm		8,925,000	1.000%	17	40	4.230%
MIP		1,400,000	1.000%	17	--	2.000%
Town of Windsor		565,000	--	55	55	5.000%
Deferred Developer Fees		907,445	NA	NA	NA	NA
Investor Equity Contributions		7,271,129	NA	NA	NA	NA
Total		19,068,574				
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	10/7/21	Capitalization Rate:	4.50%			
Investment Value (\$)	21,890,000	Restricted Value (\$)	12,650,000			
Construct/Rehab LTC	84%	CalHFA Permanent Loan to Cost	47%			
Construct/Rehab LTV	73%	CalHFA 1st Permanent Loan to Value	71%			
		Combined CalHFA Perm Loan to Value	82%			
Additional Loan Terms, Conditions & Comments						
<u>Construction/Rehab Loan</u>						
Payment/Performance Bond			0			
Completion Guarantee Letter of Credit			0.00%			
<u>Permanent Loan</u>						
Operating Expense Reserve Deposit	\$173,842	Cash				
Initial Replacement Reserve Deposit	\$0	Cash				
Annual Replacement Reserve Per Unit	\$400	Cash				
Date Prepared:	10/21/21	Senior Staff Date:	11/1/21			

UNIT MIX AND RENT SUMMARY

Final Commitment

Heritage Park

Project Number 21-010-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
Townhome	1	1	720	2	3
Flat	1	1	720	2	3
Flat	2	1	955	16	48
Flat	2	2	955	5	15
Townhome	3	1	1,055	6	27
Townhome	3	3	1,055	2	9
				33	105

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%	80%	120%	200%
and/RiskShare	0	0	4	10	0	0	0
CalHFA MIP	0	0	4	0	4	24	0
Tax Credit	4	8	6	4	10	0	0
Town of Windsor	0	0	10	17	5	0	0
Project Based VASH	2	2	6	0	0	0	0
Project Based Section 8	2	6	0	0	0	0	0
-	0	0	0	0	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	30%	-	-	-	-	-
	CTCAC	30%	-	-	-	-	-
	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
1 Bedroom	CTCAC	30%	2	\$655	\$1,872	\$1,217	35%
	CTCAC	30%	2	\$655	-	\$1,217	35%
	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
2 Bedrooms	CTCAC	30%	-	-	\$2,185	-	-
	CTCAC	30%	-	-	-	-	-
	CTCAC	40%	4	\$1,047	-	\$1,138	48%
	CTCAC	50%	6	\$1,309	-	\$876	60%
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	10	\$1,967	-	\$218	90%
3 Bedrooms	CTCAC	30%	-	-	\$2,304	-	-
	CTCAC	30%	-	-	-	-	-
	CTCAC	40%	4	\$1,210	-	\$1,094	53%
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	4	\$2,074	-	\$230	90%
	CTCAC	80%	-	-	-	-	-
4 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	30%	-	-	-	-	-
	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
5 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	30%	-	-	-	-	-
	CTCAC	40%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	100%	-	-	-	-	-

Date Prepared: 10/21/21

Senior Staff Date: 11/1/21

SOURCES & USES OF FUNDS			Final Commitment		
Heritage Park			Project Number 21-010-A/X/N		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
Chase Tax-Exempt	9,512,000				0.0%
Chase Taxable	6,488,000				0.0%
-	-				0.0%
Town of Windsor	565,000				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	1,454,226				0.0%
Perm		8,925,000	8,925,000	270,455	46.8%
MIP		1,400,000	1,400,000	42,424	7.3%
Town of Windsor		565,000	565,000	17,121	3.0%
Deferred Developer Fees		907,445	907,445	27,498	4.8%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		7,271,129	7,271,129	220,337	38.1%
TOTAL SOURCES OF FUNDS	18,019,226	19,068,574	19,068,574	577,836	100.0%
TOTAL USES OF FUNDS (BELOW)	18,019,226	19,068,574	19,068,574	577,836	100.0%
FUNDING SURPLUS (DEFICIT)	-	0	0		

USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		18,019,226			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	800,000	-	800,000	24,242	4.2%
Demolition Costs	10,000	-	10,000	303	0.1%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	48,000	-	48,000	1,455	0.3%
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	858,000	-	858,000	26,000	4.5%
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	851,400	-	851,400	25,800	4.5%
Structures (Hard Cost)	9,424,051	-	9,424,051	285,577	49.4%
General Requirements	415,165	-	415,165	12,581	2.2%
Contractor Overhead	332,132	-	332,132	10,065	1.7%
Contractor Profit	415,165	-	415,165	12,581	2.2%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	11,437,913	-	11,437,913	346,603	60.0%

SOURCES & USES OF FUNDS			Final Commitment		
Heritage Park			Project Number 21-010-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	150,000	-	150,000	4,545	0.8%
Supervision	50,000	-	50,000	1,515	0.3%
TOTAL ARCHITECTURAL FEES	200,000	-	200,000	6,061	1.0%
SURVEY & ENGINEERING FEES					
Engineering	150,000	-	150,000	4,545	0.8%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	150,000	-	150,000	4,545	0.8%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	776,000	-	776,000	23,515	4.1%
Soft Cost Contingency Reserve	170,931	-	170,931	5,180	0.9%
TOTAL CONTINGENCY RESERVES	946,931	-	946,931	28,695	5.0%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Chase Tax-Exempt	525,000	-	525,000	15,909	0.027532
Chase Taxable	-	-	-	-	0
-	-	-	-	-	0.0%
Town of Windsor	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Chase Tax-Exempt	71,340	-	71,340	2,162	0.4%
Chase Taxable	48,660	-	48,660	1,475	0.3%
-	-	-	-	-	0.0%
Town of Windsor	-	-	-	-	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	9,000	-	9,000	273	0.0%
Real Estate Taxes During Rehab	25,000	-	25,000	758	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	14,000	-	14,000	424	0.1%
Insurance During Rehab	100,000	-	100,000	3,030	0.5%
Title & Recording Fees	23,336	-	23,336	707	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	30,000	-	30,000	909	0.2%
-	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	846,336	-	846,336	25,647	4.4%

SOURCES & USES OF FUNDS			Final Commitment		
Heritage Park			Project Number 21-010-A/X/N		
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	\$	\$	USES (\$)	PER UNIT (\$)	%
<u>PERMANENT LOAN COSTS</u>					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	44,625	44,625	89,250	2,705	0.5%
MIP	7,000	7,000	14,000	424	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Town of Windsor	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	3,333	0.6%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	25,000	25,000	758	0.1%
Year 1 - Taxes & Special Assessments and Insura	-	23,100	23,100	700	0.1%
CalHFA Fees	-	10,085	10,085	306	0.1%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Bond Counsel Fee	62,000	-	62,000	1,879	0.3%
TOTAL PERMANENT LOAN COSTS	168,625	164,810	333,435	10,104	1.7%
<u>LEGAL FEES</u>					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	17,500	17,500	35,000	1,061	0.2%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	153,000	-	153,000	4,636	0.8%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	-	-	-	-	0.0%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	170,500	17,500	188,000	5,697	1.0%
<u>OPERATING RESERVES</u>					
Operating Expense Reserve Deposit	-	173,842	173,842	5,268	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 Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	-	173,842	173,842	5,268	0.9%
<u>REPORTS & STUDIES</u>					
Appraisal Fee	12,500	-	12,500	379	0.1%
Market Study Fee	20,000	-	20,000	606	0.1%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	15,000	-	15,000	455	0.1%
HUD Risk Share Environmental / NEPA Review F	2,500	-	2,500	76	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	50,000	-	50,000	1,515	0.3%

SOURCES & USES OF FUNDS			Final Commitment		
Heritage Park			Project Number 21-010-A/X/N		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	51,055	-	51,055	1,547	0.3%
CDLAC Fees	5,600	-	5,600	170	0.0%
Local Permits & Fees	120,000	-	120,000	3,636	0.6%
Local Impact Fees	1,153,162	-	1,153,162	34,944	6.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	20,000	-	20,000	606	0.1%
Accounting & Audits	-	-	-	-	0.0%
Advertising & Marketing Expenses	49,543	-	49,543	1,501	0.3%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	1,399,360	-	1,399,360	42,405	7.3%
SUBTOTAL PROJECT COSTS					
	16,227,665	18,375,378	16,583,817	502,540	87.0%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	1,791,561	693,196	2,484,757	75,296	13.0%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	1,791,561	693,196	2,484,757	75,296	13.0%
TOTAL PROJECT COSTS					
	18,019,226	19,068,574	19,068,574	577,836	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET		Final Commitment	
Heritage Park	Project Number	21-010-A/X/N	
INCOME			
	AMOUNT	PER UNIT	%
Rental Income			
Restricted Unit Rents	\$ 569,616	\$ 17,261	74.34%
Unrestricted Unit Rents	15,696	476	2.05%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	105,840	3,207	13.81%
Other Project Based Subsidy	111,936	3,392	14.61%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	3,432	104	0.45%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	\$ 806,520	\$ 24,440	105.26%
Less: Vacancy Loss	\$ 40,327	\$ 1,222	5.26%
EFFECTIVE GROSS INCOME (EGI)	\$ 766,193	\$ 25,662	100.00%
OPERATING EXPENSES			
	AMOUNT	PER UNIT	%
Administrative Expenses	\$ 32,445	\$ 983	\$ 0
Management Fee	38,310	1,161	5.00%
Social Programs & Services	37,124	1,125	4.85%
Utilities	30,006	909	3.92%
Operating & Maintenance	30,300	918	3.95%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	227	0.98%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	330	10	0.04%
Other Taxes & Insurance	43,100	1,306	5.63%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	\$ 219,115	\$ 6,640	28.60%
Replacement Reserve	\$ 13,200	\$ 400	1.72%
TOTAL OPERATING EXPENSES	\$ 232,315	\$ 7,040	30.32%
NET OPERATING INCOME (NOI)	\$ 533,878	\$ 16,178	69.68%
DEBT SERVICE PAYMENTS			
	AMOUNT	PER UNIT	%
Perm	\$ 463,053	\$ 14,032	60.44%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
Town of Windsor	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	\$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	\$ 463,053	\$ 14,032	60.44%
EXCESS AFTER DEBT SERVICE & MONITORING FEES	\$ 70,825	\$ 2,146	9.24%
DEBT SERVICE COVERAGE RATIO (DSCR)	\$ 1 to 1		
Date: 10/21/21	Senior Staff Date: 11/01/21		

PROJECTED PERMANENT LOAN CASH FLOWS											Heritage Park	
Final Commitment											Project Number 21-010-AJX/N	
	YEAR	1	2	3	4	5	6	7	8	9	10	11
RENTAL INCOME												
	CPI											
Restricted Unit Rents	2.50%	569,616	583,856	598,453	613,414	628,749	644,468	660,580	677,094	694,022	711,372	729,157
Unrestricted Unit Rents	2.50%	15,696	16,088	16,491	16,903	17,325	17,759	18,203	18,658	19,124	19,602	20,092
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	105,840	107,428	109,039	110,675	112,335	114,020	115,730	117,466	119,228	121,016	122,832
Other Project Based Subsidy	1.50%	111,936	113,615	115,319	117,049	118,805	120,587	122,396	124,232	126,095	127,987	129,906
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	3,432	3,518	3,606	3,696	3,788	3,883	3,980	4,080	4,182	4,286	4,393
GROSS POTENTIAL INCOME (GPI)		806,520	824,505	842,907	861,737	881,003	900,716	920,888	941,529	962,650	984,263	1,006,380
VACANCY ASSUMPTIONS												
	Vacancy											
Restricted Unit Rents	5.00%	28,481	29,193	29,923	30,671	31,437	32,223	33,029	33,855	34,701	35,569	36,458
Unrestricted Unit Rents	5.00%	785	804	825	845	866	888	910	933	956	980	1,005
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	5,292	5,371	5,452	5,534	5,617	5,701	5,787	5,873	5,961	6,051	6,142
Laundry Income	5.00%	172	176	180	185	189	194	199	204	209	214	220
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		40,326	41,225	42,145	43,087	44,050	45,036	46,044	47,076	48,133	49,213	50,319
EFFECTIVE GROSS INCOME (EGI)		766,194	783,280	800,762	818,650	836,953	855,681	874,844	894,453	914,518	935,050	956,061
OPERATING EXPENSES												
	CPI / Fee											
Administrative Expenses	3.50%	69,569	72,004	74,524	77,132	79,832	82,626	85,518	88,511	91,609	94,815	98,134
Management Fee	5.00%	38,310	39,164	40,038	40,932	41,848	42,784	43,742	44,723	45,726	46,753	47,803
Utilities	3.50%	30,006	31,056	32,143	33,268	34,433	35,638	36,885	38,176	39,512	40,895	42,326
Operating & Maintenance	3.50%	30,300	31,361	32,458	33,594	34,770	35,987	37,246	38,550	39,899	41,296	42,741
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
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	330	334	338	343	347	351	356	360	364	369	374
Other Taxes & Insurance	3.50%	43,100	44,609	46,170	47,786	49,458	51,189	52,981	54,835	56,754	58,741	60,797
Required Reserve Payments	1.00%	13,200	13,332	13,465	13,600	13,736	13,873	14,012	14,152	14,294	14,437	14,581
TOTAL OPERATING EXPENSES		232,315	239,359	246,637	254,155	261,923	269,949	278,240	286,807	295,659	304,805	314,256
NET OPERATING INCOME (NOI)		533,879	543,921	554,125	564,494	575,029	585,732	596,604	607,645	618,859	630,245	641,805
DEBT SERVICE PAYMENTS												
	Lien #											
Perm	1	463,053	463,053	463,053	463,053	463,053	463,053	463,053	463,053	463,053	463,053	463,053
Town of Windsor	3	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		463,053	463,053	463,053	463,053	463,053	463,053	463,053	463,053	463,053	463,053	463,053
CASH FLOW AFTER DEBT SERVICE		70,826	80,868	91,072	101,441	111,976	122,679	133,550	144,592	155,806	167,192	178,752
DEBT SERVICE COVERAGE RATIO		1.15	1.17	1.20	1.22	1.24	1.26	1.29	1.31	1.34	1.36	1.39
Date Prepared: 10/21/21		Senior Staff Date: 11/1/21										
LESS: Asset Management Fee 3%		7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407
LESS: Partnership Management Fee 3%		6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063
net CF available for distribution		57,826	67,478	77,280	87,236	97,345	107,608	118,028	128,604	139,338	150,230	161,281
Developer Residual Receipts Payment		50%	28,913	33,739	38,640	43,618	48,672	53,804	59,014	64,302	69,669	75,115
Deferred developer fee repayment 907,445		907,445	878,532	844,793	806,153	762,535	713,863	660,059	601,045	536,743	467,074	391,959
		28,913	33,739	38,640	43,618	48,672	53,804	59,014	64,302	69,669	75,115	80,640
		878,532	844,793	806,153	762,535	713,863	660,059	601,045	536,743	467,074	391,959	311,319
Payments for Residual Receipt Payments		50%	28,913	33,739	38,640	43,618	48,672	53,804	59,014	64,302	69,669	75,115
RESIDUAL RECEIPTS LOANS		Payment %	28,913	33,739	38,640	43,618	48,672	53,804	59,014	64,302	69,669	75,115
MIP 71.25%		20,600	24,038	27,530	31,076	34,677	38,334	42,045	45,813	49,637	53,517	57,454
Town of Windsor 28.75%		8,313	9,701	11,110	12,542	13,995	15,470	16,968	18,489	20,032	21,598	23,187
Total Residual Receipts Payments		100.00%	28,913	33,739	38,640	43,618	48,672	53,804	59,014	64,302	69,669	75,115
Balances for Residual Receipt Payments		Interest Rate										
RESIDUAL RECEIPTS LOANS		2.00%	1,400,000	1,407,400	1,411,363	1,411,833	1,408,756	1,402,079	1,391,745	1,377,535	1,359,272	1,336,821
MIP---Simple 5.00%		565,000	584,937	603,486	620,625	636,334	650,589	663,369	674,650	684,411	692,629	699,282
Total Residual Receipts Payments			1,965,000	1,992,337	2,014,848	2,032,458	2,045,090	2,052,668	2,055,114	2,052,185	2,043,684	2,029,450

PROJECTED PERMANENT LOAN CASH FLOWS							
Final Commitment							
	YEAR	12	13	14	15	16	17
RENTAL INCOME							
	CPI						
Restricted Unit Rents	2.50%	747,386	766,070	785,222	804,852	824,974	845,598
Unrestricted Unit Rents	2.50%	20,595	21,109	21,637	22,178	22,732	23,301
Commercial Rents	2.00%	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	124,674	126,544	128,442	130,369	132,325	134,309
Other Project Based Subsidy	1.50%	131,855	133,833	135,840	137,878	-	-
Income during renovations	0.00%	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-
Laundry Income	2.50%	4,503	4,616	4,731	4,849	4,971	5,095
GROSS POTENTIAL INCOME (GPI)		1,029,012	1,052,172	1,075,873	1,100,127	985,001	1,008,303
VACANCY ASSUMPTIONS							
	Vacancy						
Restricted Unit Rents	5.00%	37,369	38,304	39,261	40,243	41,249	42,280
Unrestricted Unit Rents	5.00%	1,030	1,055	1,082	1,109	1,137	1,165
Commercial Rents	50.00%	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	6,234	6,327	6,422	6,518	6,616	6,715
Laundry Income	5.00%	225	231	237	242	249	255
Parking & Storage Income	50.00%	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		51,451	52,609	53,794	55,006	49,250	50,415
EFFECTIVE GROSS INCOME (EGI)		977,562	999,564	1,022,079	1,045,120	935,751	957,888
OPERATING EXPENSES							
	CPI / Fee						
Administrative Expenses	3.50%	101,569	105,124	108,803	112,611	116,552	120,632
Management Fee	5.00%	48,878	49,978	51,104	52,256	46,788	47,894
Utilities	3.50%	43,808	45,341	46,928	48,571	50,271	52,030
Operating & Maintenance	3.50%	44,237	45,785	47,388	49,046	50,763	52,540
Ground Lease Payments	3.50%	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-
Real Estate Taxes	1.25%	378	383	388	393	398	403
Other Taxes & Insurance	3.50%	62,925	65,127	67,407	69,766	72,208	74,735
Required Reserve Payments	1.00%	14,727	14,874	15,023	15,173	15,325	15,478
TOTAL OPERATING EXPENSES		324,021	334,112	344,540	355,315	359,803	371,211
NET OPERATING INCOME (NOI)		653,540	665,451	677,539	689,805	575,948	586,677
DEBT SERVICE PAYMENTS							
	Lien #						
Perm	1	463,053	463,053	463,053	463,053	463,053	463,053
Town of Windsor	3	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		463,053	463,053	463,053	463,053	463,053	463,053
CASH FLOW AFTER DEBT SERVICE		190,487	202,398	214,486	226,752	112,895	123,624
DEBT SERVICE COVERAGE RATIO		1.41	1.44	1.46	1.49	1.24	1.27
Date Prepared: 10/21/21							
LESS: Asset Management Fee	3%	9,690	9,980	10,280	10,588	10,906	11,233
LESS: Partnership Management Fee	3%	8,305	8,555	8,811	9,076	9,348	9,628
net CF available for distribution		172,492	183,863	195,395	207,088	92,641	102,762
Developer Residual Receipts Payment	50%	86,246	91,932	97,697	103,544	46,321	51,381
Deferred developer fee repayment	907,445	311,319	225,073	133,142	-	-	-
		86,246	91,932	97,697	-	-	-
		225,073	133,142	35,444	-	-	-
Payments for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	Payment %						
MIP	71.25%	61,447	65,498	69,606	73,772	33,002	36,607
Town of Windsor	28.75%	24,798	26,433	28,091	29,772	13,319	14,774
Total Residual Receipts Payments	100.00%	86,246	91,932	97,697	103,544	46,321	51,381
Balances for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	Interest Rate						
MIP---Simple	2.00%	1,278,788	1,242,916	1,202,276	1,156,715	1,106,077	1,095,197
Town of Windsor---Simple	5.00%	704,345	707,796	709,613	709,772	708,250	723,181
Total Residual Receipts Payments		1,983,132	1,950,712	1,911,889	1,866,487	1,814,327	1,818,378



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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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)	<ul style="list-style-type: none">• 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 <p>See CalHFA standard Conduit Issuer Program Term Sheet for information on conduit issuance fees.</p>

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TAX-EXEMPT PERMANENT LOAN PROGRAM

<p>Rate & Terms (subject to change)</p>	<p>Interest Rate:</p> <ul style="list-style-type: none"> • 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. <p>Amortization/Term:</p> <ul style="list-style-type: none"> • Amortization: Up to 40 Year Amortization • Term: Fully Amortizing, and 17- or 30-Year Balloons available¹ • 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. <p>1. Balloon loans subject to agency approved exit strategy.</p>
<p>Loan Closing Requirements</p>	<ul style="list-style-type: none"> • 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.
<p>Prepayment</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>All prepayments require a prior written 120-day notice to CalHFA.</p>
<p>Subordinate Financing</p>	<p>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.</p>

TAX-EXEMPT PERMANENT LOAN PROGRAM

<p>Occupancy Requirements</p>	<p>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").</p> <p>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.</p>
<p>Due Diligence</p>	<p>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):</p> <ul style="list-style-type: none"> • 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. <p>*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.</p>
<p>Required Impounds and Reserves</p>	<ul style="list-style-type: none"> • 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

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



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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MIXED-INCOME LOAN PROGRAM

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.

MIXED-INCOME LOAN PROGRAM

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),

MIXED-INCOME LOAN PROGRAM

<p>Qualifications (continued)</p>	<ul style="list-style-type: none"> Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following: <ul style="list-style-type: none"> 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.
<p>CalHFA Mixed-Income Qualified Construction Lender</p>	<p>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.</p>
<p>CalHFA Mixed-Income Development Team Qualifications</p>	<p>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).</p> <p>The proposed Project Manager must have personally managed the development of at least two (2) comparable projects within the past five (5) years</p> <p>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.</p> <p>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.</p> <p>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.</p>

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<p>CalHFA Mixed-Income Development Team Qualifications (Continued)</p>	<p>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).</p>
<p>Permanent First Lien Loan</p>	<p>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.</p>
<p>Construction First Lien Loan</p>	<p>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.</p>
<p>Limitations</p>	<ol style="list-style-type: none"> 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.
<p>Mixed-Income Project Occupancy Requirements</p>	<p>BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):</p> <p>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").</p>

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<p>Mixed-Income Project Occupancy Requirements (Continued)</p>	<p>MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):</p> <p>Affordability Requirements:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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. <p>(Deviations from the average unit affordability levels of 70% AMI will only be considered if Market Study supports such deviations.)</p> 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.
<p>Mixed-Income Project Occupancy Requirements (Continued)</p>	<p>MAXIMUM ALLOWABLE RENTS:</p> <p>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.</p>
<p>Mixed-Income Subordinate Loan</p>	<ol style="list-style-type: none"> 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. <ol style="list-style-type: none"> 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.

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<p>Mixed-Income Subordinate Loan Rates & Terms</p>	<ol style="list-style-type: none"> 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.
<p>CalHFA Conduit Bond Program</p>	<p>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</p>
<p>CalHFA First Lien Permanent Rates & Terms (subject to change)</p>	<p>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</p>
<p>Fees (subject to change)</p>	<p>Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing).</p> <p>Conduit Bond Program Fees: Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf</p> <p>CDLAC Fees: Refer to CDLAC regulations for all applicable fees.</p> <p>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</p>

Last revised: 01/2021

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



CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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: <ol style="list-style-type: none"> The greater of \$15,000 or 18.75 basis points of the Bond amount if lesser than or equal to \$20 million. 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. <p>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.</p> <p>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.</p> <ul style="list-style-type: none"> 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. <p>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.</p>

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CONDUIT ISSUER PROGRAM

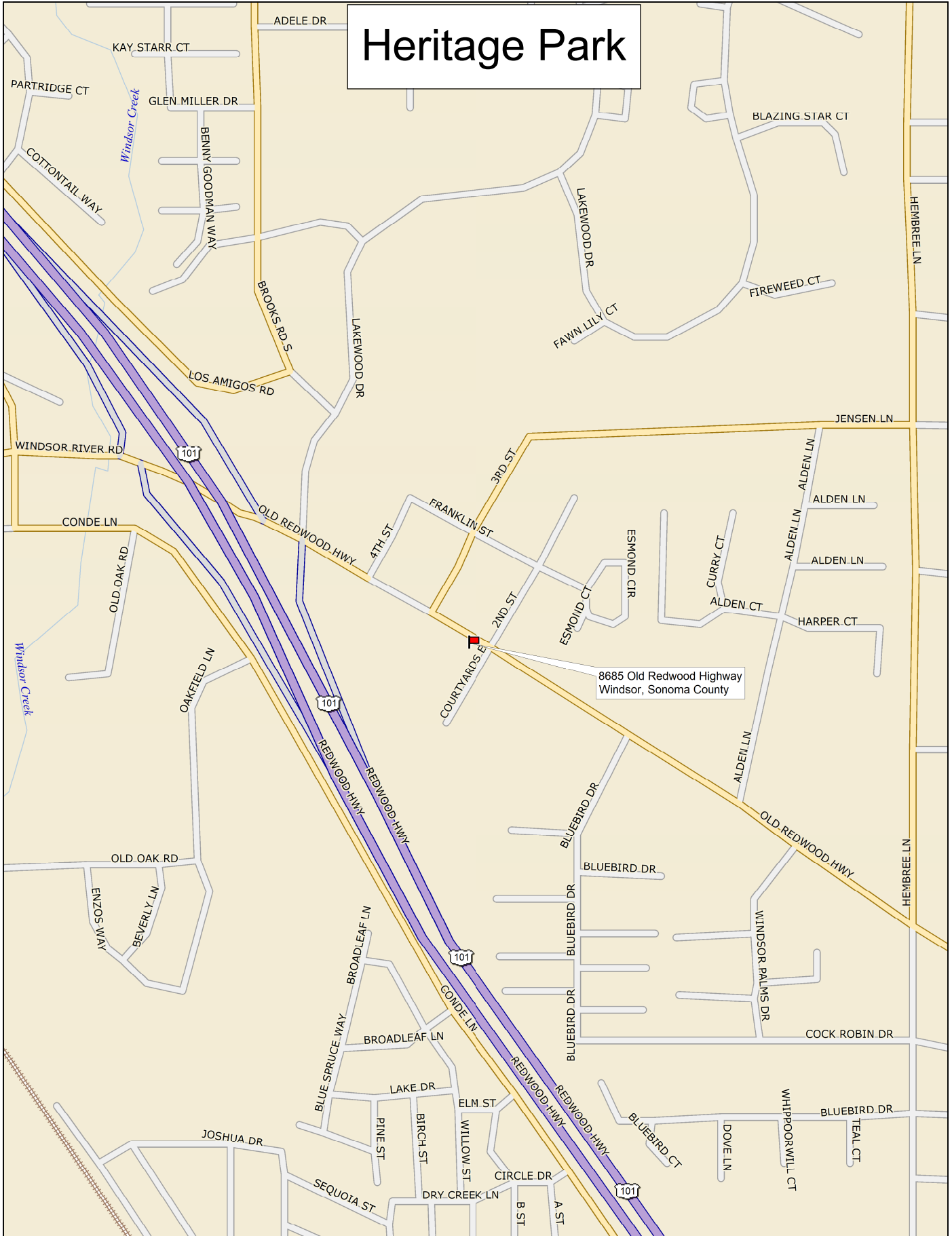
Occupancy Requirements

- 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

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Heritage Park

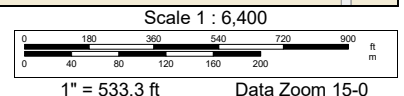


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Windsor, Sonoma County

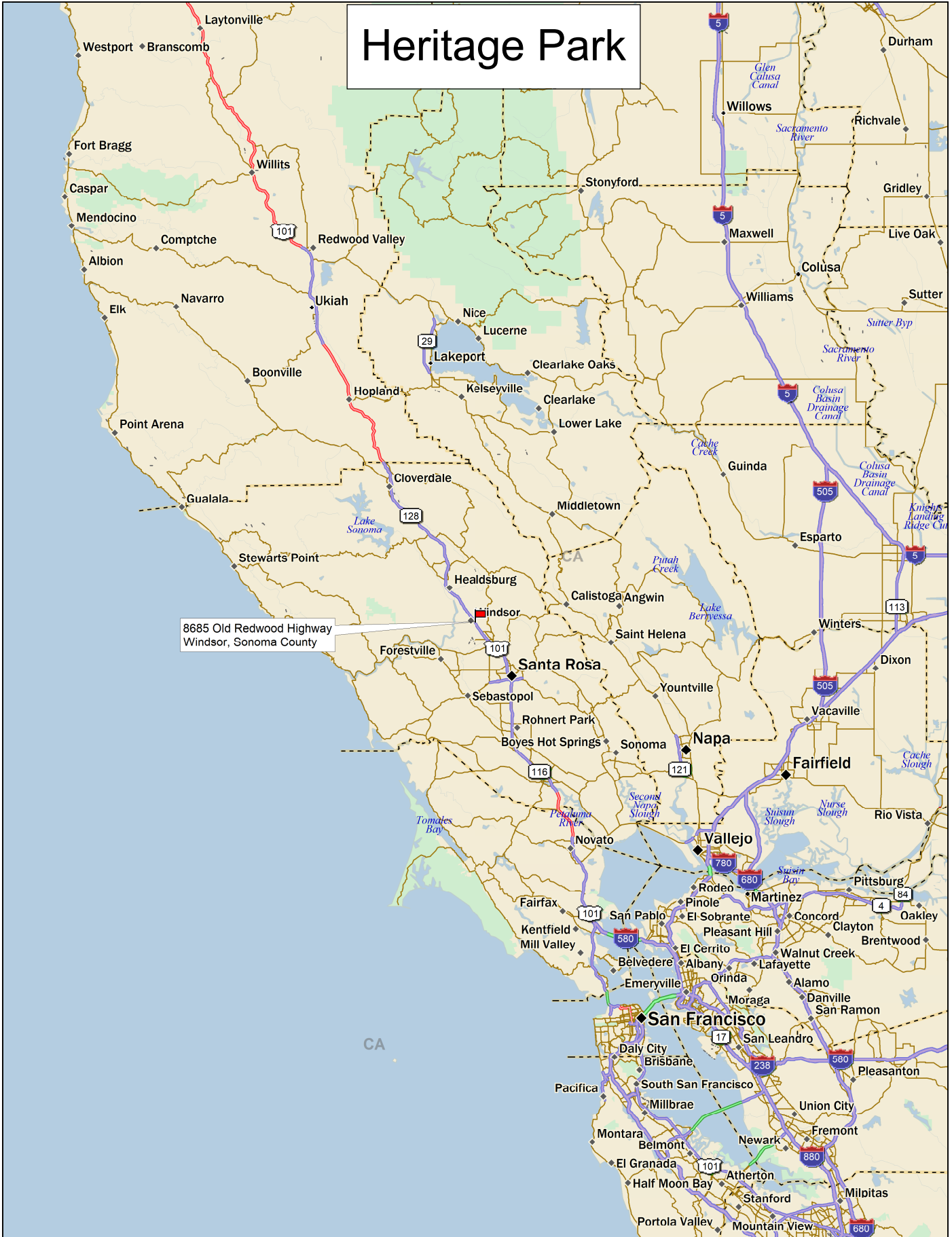
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