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": 3/9/2022 for Board Meeting on 3/17/2022

Project Name, County:	Kimball Highland, San Diego County	
Address:	14th Street and Kimball Way & 1221 D Avenue, National City, CA 91950	
Type of Project:	New Construction	
CalHFA Project Number:	21-013-A/X/S	**Total Units: 145 (Family)**
Requested Financing by Loan Program:	$41,452,000	**Tax-Exempt Bond – Conduit Issuance Amount**
	$ 22,000,000	**Taxable – Conduit Issuance Amount (includes 10% cushion)**
	$22,780,000	**Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$6,095,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Community HousingWorks	**Borrower:**	D Avenue Housing Associates, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America
Equity Investor:	Bank of America, NA and, or its affiliates	**Management Company:**	CONAM Management Corporation
Contractor:	Sun Country Builders	**Architect**	Studio E Architects
Loan Officer:	N/A	**Loan Specialist:**	Jennifer Beardwood
Asset Manager:	Jessica Doan	**Loan Administration:**	Ashley Carrol
Legal (Internal):	Marc Victor	**Legal (External):**	N/A
Concept Meeting Date:	04/15/2021	**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	$41,452,000 (T/E) $19,870,992 (Taxable)	$22,780,000	$6,095,000
	Loan Term & Lien Position	30 months- interest only; 1st Lien Position during construction; one 6-month extension with a 0.25% extension fee	40 year – partially amortizing due in year 30; 1st Lien Position during permanent loan term	30 year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and	BSBY + 2.20% Underwritten at 3.95% (T/E and Tax) variable rate	30-year MMD + 2.28% Underwritten at 4.46% that includes a .25% cushion	Greater of 1.00% Simple Interest or the Applicable Federal Rate (AFR) at time of

	locked 30 days prior to loan closing)		estimated rate based on a 36-month forward commitment	MIP closing (2% Simple was used for underwriting purposes)
	Loan to Value (LTV)	81% of investment value (T/E & Tax)	64% of restricted value	N/A
	Loan to Cost	69% (T/E & Tax)	26%	N/A

**CalHFA spreads locked on 5/29/2021 (after CalHFA Initial Commitment Approval). Cushion is to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#51 Juan Vargas	**Assembly:**	#80 Vacant as of 3/1/2022	**State Senate:**	#40 Ben Hueso
	Brief Project Description	**Kimball Highland** (the "Project") is a new construction, family, mixed-use and mixed-income Project. It consists of two five-story elevator-served buildings on two scattered sites that are 0.1 miles apart. Management of the properties will be treated as one project. Each building includes four-stories over a one-story concrete podium parking structure. Site 1 consists of 61 units in total (6 studios, 14 1BRs, 24 2BRs, 17 3BRs and 49 structured parking spaces). The relocation of an existing Verizon Cell Tower on Site 1 will be relocated to another site as part of the development plan. The anticipated relocation cost of approximately $750k is included in the development budget. Site 2 consists of 84 units in total (6 studios, 16 1BRs, 40 2BRs, 22 3BRs and 16 structured parking spaces and 73 surface parking spaces). Nineteen (19) surface parking spaces at Site 2 will be reserved for exclusive use by the Senior Center. The existing senior center on Site 2 will undergo demolition as part of the development plan, with approximately 7,458 sq. ft. of new senior space dedicated on the first floor of Site 2. The project is located in a disaster area due to wildfires. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% tax credits, Agency's tax-exempt permanent loan program, Mixed-Income Program, and the Community Development Commission - Housing Authority of the City of National City (CNC-HA) loan and ground lease note. The project will be income averaged, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer received CDLAC allocation and a reservation for 4% tax credits on December 8, 2021. **Ground Lease (Site 2):** The owner will enter into a ground lease agreement for Site 2 (only) with Community Development Commission – Housing Authority of the City of National City (CNC-HA) for a term of 65 years. The CDC-HA will provide the financing via a land loan/note for the capitalized ground lease of $3.0M. The term of the loan is 55 years, with an interest rate of 3% and the repayment of the land loan will be via an annual payment of $30,000 plus a pro-rata share of residual receipts of approximately 15%. **Project Amenities:** Each site of the Project includes a secured entrance, playground, recreation room with computers, laundry rooms. The properties will be elevator serviced. Unit amenities will include garbage disposal, central air and heat, and dishwasher.					

Local Resources and Services: The Project is located in a Low Resource per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services:

- Grocery stores – 0.5 mile
- Schools – 0.25 mile
- Public Library – 0.5 mile
- Public transit - 0.3 mile
- Retail - 0.3 mile
- Park and recreation - 0.3 mile Hospitals - 1.8 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. Site 2 includes the existing City's Senior Center, a non-residential space, which is currently in operation. The City has provided written documentation affirming that the Center will be completely vacated by 04/30/2022 to accommodate the construction schedule and that Senior Center activities and programming will be hosted by existing City community centers during the construction period. All relocation related expenses will be funded by the City. The Project is a new construction project that will involve a demolition of existing non-residential structure; hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.

Commercial and/or Other (i.e., Parking) Space: The ground floor of Site 2 of the Project consists of approximately 7,458 sq. ft of commercial space. The space is anticipated to be leased to the City of National City for Senior Center use for a term of 65 years. The commercial lease is structured as triple net lease for rent equal to $1.00 per year and the operating expense and revenue are not part of the Project's underwriting. Additionally, 19 total parking spaces will be reserved for the senior center.

MISSION

3.	**CalHFA Mission/Goals**	

This Project and financing proposal provides 143 units of affordable housing with a range of restricted rents between 30% AMI and 70% AMI which will support much needed rental housing that will remain affordable for 55 years.

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	6/20/2022	Est. Construction Loan Closing:	6/2022
	Estimated Construction Start:	06/2022	Est. Construction Completion:	3/1/2024
	Estimated Stabilization and Conversion to Perm Loan(s):		12/1/2024	

SOURCES OF FUNDS

5.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
B of A – Tax Exempt	$41,452,000	1	3.95%	Interest Only
B of A - Taxable	$19,870,992	2	3.95%	Interest Only
National City Ground Lease Note	$3,000,000	3	3.00%	Residual Receipt

National City Ground Lease Note – Accrued/Deferred Interest	$125,300	3	N/A	Residual Receipt
National City Loan	$10,482,000	4	3.00%	Residual Receipt
National City Loan – Accrued/Deferred Interest	$437,240	4	N/A	Residual Receipt
Tax Credit Equity	$4,591,859	N/A	N/A	N/A
Developer Contribution	$7,026,107	N/A	N/A	N/A
Deferred Costs	$995,225	N/A	N/A	N/A
TOTAL	**$87,980,723**		**Per Unit**	**$606,764**

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
CalHFA Permanent Loan	$22,780,000	1	4.46%*	Balloon 40/30
CalHFA MIP Loan	$6,095,000	2	2.00%	Residual Receipt
National City Ground Lease Note	$3,000,000	3	3.00%	Residual Receipt
National City Ground Lease Note – Accrued/Deferred Interest	$125,300	3	N/A	Residual Receipt
National City Loan	$10,482,000	4	3.00%	Residual Receipt
National City Loan – Accrued/Deferred Interest	$437,240	4	N/A	Residual Receipt
Tax Credit Equity	$39,101,256	N/A	N/A	N/A
Developer Contribution	$7,041,107	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$89,061,903**		**Per Unit**	**$614,220**

*CalHFA interest rates reflected here are underwriting rates as outlined on page 1 under Section 1. Final Perm Loan Rate will be locked within 30 days of Construction Loan Close. MIP rate will be locked at MIP closing, the greater of 1% or AFR.

CalHFA MIP Subsidy Efficiency: $6,095,000 ($42,622 per MIP restricted unit).

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

- 4% Federal Tax Credits: $39,269,995 ($270,828 per total units).

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

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

Other Locality Subsidies: The Project will be funded by locality funds; they include a National City CNC-HA Loan of $10,482,000 and a National City Ground Lease Note of $3,000,000.

Cost Containment Strategy: The following cost containment measures will be pursued for Kimball Highland:

1. The General Contractor will competitively bid out all major subcontractors and self-performing trades and provide the Owner with a minimum of three (3) bids for each trade. A third-party construction consultant will review construction documents for cost analysis during the design process.
2. The Owner engaged the project team, (engineers/owner/contractors) early in the design process in order to achieve cost efficiency in design. The early engagement of the contractor and engineers ensures building and maintain cost efficiency. Attention in design is paid to selecting building systems

	with long useful life, durability sustainable and green materials, that promote resident health and comfort. To this end, the Owner has developed standard product specifications utilized across all projects based on the aforementioned factors. 3. The General Contractor will establish a critical path schedule (CMP) delineating detailed tasks through construction. 4. The Owner and its third-party construction manager will review the critical path schedule on a bi-weekly basis. Exclusions and Exceptions and change orders will be carefully reviewed and negotiated as needed prior to execution of the GC Contract allowance. **High Cost Explanation:** The total development cost per unit is $614,220. The Project is located in a HUD high cost-designated area and has been impacted by the labor and material related shortages due to the ongoing pandemic. Other contributing factors are as follows: • Demolition of the existing building on Site 2 including grading, fill and foundation design requirements that require a Dust Mitigation Plan. The estimated cost for demolition and mitigation is $262,800. • $750,000 for the relocation of existing Verizon Cell Tower on Site 1. • $1,749,762 for Senior Center on Site 2. • $1,983,806 in local development impact fees. Deducting these costs results in an adjusted total development cost of approximately $581,383 per unit.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project received 4% tax credits which is projected to generate equity representing 44% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and/or have experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 70% of AMI. The proposed rents ranges between 29% to 82% of market rents. So they are 18-61% below market?
- The Loan-to-Value will be 64%, which meets the Agency's minimum requirements, providing less risk to the Agency.
- The locality has invested in the success of the Project as demonstrated by a National City CNC-HA Loan of $10,482,000 and a National City Ground Lease Note of $3,000,000.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,185,000, which could be available to cover cost overruns and/or unforeseen issues during construction.
- The general partner is contributing $7,041,107 via GP contribution to the Project instead of structuring a deferred developer fee in the project's financing.
- The exit analysis assumes 7% 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 and subsidy loans.

8.	**Project Weaknesses with Mitigants:**

Phase II for both Sites 1 and 2, dated 12/22/2020 and 1/18/2022 respectively, identified environmental issues that include possible presence of constituents of concerns (i.e., organochlorine pesticides (OCPs) and or elevated levels of arsenic and lead) that will need to be addressed during construction). The General Contractor has budgeted $30,000 in contingency to comply with necessary soil testing and soil exportation, if applicable. Allocated contingency will also cover dust management through frequent use of water should the generation of CoC-bearing dust occur during excavation, loading and transportation of soil. The GC and Owner hard contingency is approximately 5.7% which is anticipated to be sufficient to cover any additional expenses related to environmental issues during construction.

9.	**Underwriting Standards or Term Sheet Variations**
None.	

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- The CalHFA loan(s) will be secured against the fee interest in the land and improvements of Site 1, and the leasehold interest in the land and fee interest in the improvements of Site 2. All subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land of Site 2, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval. City must provide approval of CalHFA ground lease rider.
- 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 first position ahead of any 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.
- Subject to all MIP program requirements pursuant to term sheet.
- Receipt of Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from all local (city and county) lenders.
- Subject to CalHFA's review and approval of an updated Phase II Environmental Site Assessment for Site 1 prior to construction loan closing.
- Subject to CalHFA's review and approval of final environmental remediation plan, if applicable, prior to construction loan closing.
- Approval of NEPA prior to construction loan closing.
- The final appraisal will be subject to Agency's review and approval.
- Language in the LPA confirming that any remaining developer fee at perm conversion will be applied as general partner equity contribution and not as deferred developer fee. Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the offsite improvement costs.
- As a condition of approval CalHFA will require a flood certification determining the flood zone and any flood insurance requirements prior to permanent 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 30% of the total units (44 units) at or below 60% of AMI and 10% of the total units (15 units) at or below 50% AMI for 55 years.

The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (15 units) be restricted at or below 50% of AMI, 10% of total units (15 units) between 60% and 80% of AMI be restricted 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 remaining 113 restricted units will be restricted at or below 120% of AMI. 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. CalHFA Perm Loan Agreement will also restrict rent limits as outlined in the summary table below.

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

- The City will restrict 143 of units at or below 70% of AMI for a term of 65 years.

Rent Limit Summary Table

AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	15	3	3	6	3	-	10.3%
40%	0	-	-	-	-	-	0.0%
50%	15	1	3	7	4	-	10.3%
60%	88	5	18	39	26	-	60.7%
70%	25	3	6	10	6	-	17.2%
Manager's Unit	2	-	-	2	-	-	1.4%
Total	145	12	30	64	39	0	100.0%

The average affordability restriction is 58% of AMI.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority of Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category								
			30% AMI	50% AMI	60% AMI	70% AMI	80% AMI	120% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1st	55		15	44					59	41%
CalHFA MIP	2nd	55		15		15		113		143	99%
Tax Credit	3rd	55	15	15	88		25			143	99%
City of National City Loan	4th	55	15	15	88		25			143	99%
National City Ground Lease	5th	65	15	15	88		25			143	99%

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Low	Below Poverty line:	31.07%
Minority Census Tract:	93.95%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	N/A
Operating Expense Reserve (OER):	$560,989 OER amount is size based on 3 months of operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve for the term of the CalHFA permanent 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:**	N/A
End Year DSCR:	2.02	**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.
- For purposes of CalHFA's DSCR covenant, the Project is required to maintain a minimum of 1.15 DSCR for the term of the permanent loan.

16. Loan Security

The CalHFA loan(s) will be secured against the fee interest in the land and improvements of Site 1, and the leasehold interest in the land and fee interest in the improvements of Site 2.

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

The exit analysis assumes 7.00% 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 and subsidy loans.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review **Dated: February 18, 2022**

- The Appraisal dated February 18, 2021, prepared by BBG, Inc., values the land $5,250,000. There will be a ground lease between Housing Authority and the City of National City and Community HousingWorks for a 65-year term for a capitalized payment of $3M at construction loan closing.
- The cap rate of 4.25% and the projected $1,518,476 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 as-restricted stabilized value is $35,700,000, which results in the Agency's permanent first lien loan to value of 64%.
- The Project will absorb 15-20 units per month and estimated to be fully leased within 6 months of completion, which is a more conservative assumption compared to the market study (dated 11/1/21), which assumed roughly 48 units per month with a projected lease up period of 3 months.

Market Study: CBRE **Dated: November 1, 2021**

Regional Market Overview

- The Primary Market Area is the city of National City (population of 104,699) and the Secondary Market Area ("SMA") is Chula Vista (population of 206,491).
- The general population in the PMA is anticipated to increase by .04% per year.
- Unemployment for the PMA was not provided and was 2.8% in the MSA (Metropolitan Statistical Area) as of December 2019. As a result of the ongoing pandemic, it is reasonable to assume that unemployment is anticipated to reach a more stabilized level upon construction completion.
- Median home value in the PMA is $395,127.

	Local Market Area Analysis
	• **Supply:**
	  ○ There are currently eleven (11) comparable affordable housing projects in the city of National City, and they are 100% occupied with long wait lists.
	  ○ While the market study was undertaken, CBRE inquired but received no information from the city of National City regarding affordable projects under construction or proposed. The appraisal did state that there are 16 units under construction in the National City. South Central Multi-Family market at end of the fourth quarter.
	• **Demand/Absorption:**
	  ○ The project will need to capture 3.4% of the total demand for family units of the Subject's bedroom types in the PMA. The affordable units are anticipated to lease up at a rate of 48 units per month and reach 96% stabilized occupancy within three (3) months of upon completion of construction.
	  ○ The overall market penetration rate is derived by taking the number of affordable units proposed
	  ○ or under construction within the PMA (if applicable), combined with the number of affordable units, and the number of the Subject's units divided by the number of income eligible households.

DEVELOPMENT SUMMARY

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

- The property is comprised of two scattered sites, located within 525 feet (0.1 miles) apart. Site 1 is located at 14th Street and Kimball Way at F Avenue and Site 2 is located at 1221 D Avenue in the City of National City, San Diego County. The property is considered a scattered site as the parcels of land are not contiguous, with Kimball Way separating the two sites.
- Site 1 is currently an infill site that formerly contained the parking lot of a 99 Cents Only Store, with additional vacant land. The site is generally irregular in shape, measuring approximately 0.95-acres. While there are no existing structures on the property, the demolition and relocation of an existing Verizon Cell Tower to a neighboring development will occur. A ministerial Boundary Adjustment was finalized during the purchase of the property to formally adjust the lot lines to their proposed locations for the project.
- Site 1 is currently zoned MXD-2 (Major Mixed-Use District), allowing multi-family residential development of no greater than 75 units per acre.
- Site 2 is currently an infill site that currently contains the City of National City's Senior Center and a parking lot. The existing Senior Center will be vacated by 4/30/2022 in order to allow for the demolition and redevelopment of the site with 84 family, mixed-income units. The site is generally square in shape, measuring approximately 1.73-acres.
- Site 2 is currently zoned RM-3 (Very High-Density Multi-Unit Residential), allowable multi-family residential development of 75 units per acre.
- Both sites are by-right developments, requiring no discretionary land use-use approvals.
- The sites are generally level and at grade level along the road frontage. Site 1 has a drop off in grade in the back of the site that will require construction of a geogrid retaining wall during construction.
- The Appraisal identifies Site 1 as being in a Flood Zone AE which requires flood insurance. As a condition of approval CalHFA will require a flood certification determining the flood zone and any flood insurance requirements.

20.	**Form of Site Control & Expiration Date**

Site 1
The current owner, Highland Avenue Development Holding Company, LLC, of Site 1, and the Project Owner, D Avenue Housing Associates, L.P., entered into a Purchase and Sale Agreement dated September 2, 2021, which expires on December 31, 2022, for an amount of $1,680,000. The sole member and manager of the current owner is Esperanza Housing and Community Development Corporation.

Site 1 was purchased by the current owner from Patricia L. Peterson, successor Trustees of the L.O. Lindemulder Trust No. 1, Dated December 1, 1983 and Patricia L. Peterson and Mary M. Peterson, successor Trustees of the Ernest E. Peterson and Patricia L. Peterson Trust also known as the Peterson Family Trust dated July 1, 1980 Trust B, Trustee under declaration of trust dated July 1, 1980 in September 2021 for $2,860,000. The subject has not been involved in any other sales nor transfers in the last three years.

Site 2
The current owner, Community Development Commission – Housing Authority of National City (CDC-HA), of Site 2 and the Affordable Housing Developer and Owner, Community HousingWorks, entered into a Disposition and Development Agreement (DDA) dated October 20, 2020, providing a ground lease term of 65 years with rent equal to $1.00 per year. The closing deadline in the DDA is December 31, 2023.

21.	**Current Ownership Entity of Record**

Title of Site 1 is currently vested in Highland Avenue Development Holding Company, LLC, a California limited liability company as the fee owner.

Title of Site 2 is currently vested in Community Development Commission of the City of National City, a public body, corporate and politic, as the fee owner.

22.	**Environmental Review Findings**	**Dated: February 21, 2022**

- A Phase I Environmental Site Assessment for Site 1 performed by SCS Engineers, dated February 21, 2022, revealed the presence of organochlorine pesticides (OCPs), metal-based pesticides and concentrations of lead related to historical use for agriculture purposes and residential development on the site.
- A Phase II Environmental Site Assessment for Site 1 performed by SCS Engineers, dated December 22, 2020, revealed that the detectable concentrations present in the soil are non-hazardous regulated waste that is to be excavated and exported from the Site. A Soil Management Plan (SMP) will be completed to address the proper management of lead and OCPs during the construction at the Site. The development budget includes costs to mitigate and stabilize the soil, with an additional geogrid retaining wall required for the drop off in grade at the back of Site 1.
- A Phase I Environmental Site Assessment for Site 2 performed by SCS Engineers, dated February 17, 2022, revealed no evidence of recognized environmental condition (RECs) in connection with the Site.
- A Phase II Environmental Site Assessment for Site 2 performed by SCS Engineers, dated January 18, 2022, revealed the presence of organochlorine pesticides (OCPs) and concentrations of lead that will not present a health risk to future residential occupants of the Site. The soil can be freely graded on-site. A dust management plan shall be utilized to mitigate the potential generation of CoC-bearing dust. Dust shall be controlled through frequent use of water and ceasing or slowing of grading activities as needed during construction.
- A NEPA review has been initiated and will be completed prior to construction loan closing.

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

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

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

- Relocation costs of $750,000 have been allocated for the relocation and demolitions costs of an existing Verizon Cell Tower to a neighboring development.
- All relocation costs associated to the Senior Center will be the responsibility of the City of National City. The City has provided documentation affirming that the Senior Center will be vacated by April 30, 2022.

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	113,542	**Residential Units per Acre:**	54.10
		Community Area Sq. Ftg: **(Parking Structure) Sq. Ftg:**	3962 27,496	**Total Parking Spaces:**	138
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	187,267
26.	**Mixed-Use Project:** ☒ **Yes** ☐ **No**				

	Non-Residential Sq. Footage:	7,458	**Number of Lease Spaces:**	1
	Master Lease:	☐ Yes ☒ No	**Number of Parking Spaces:**	19 (included in above total)

27.	**Construction Type:**	Two (2) five-story elevator-serviced buildings, with four-stories type-V wood-framed construction over a one-story, type-1 concrete podium parking garage and surface parking spaces.

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

- The Project is a new construction project that will involve demolition of an existing non-residential structure. Demolition costs of $262,800 have been allocated for the demolition of the existing building on Site 2, including grading, fill, and foundation design requirements.
- Relocation costs related to Verizon Cell Tower, noted in Section 24, includes demolition costs of existing structure.
- Environmental remediation of contaminants outlined on Section 22 is included in the development budget as contingency held by the General Contractor.
- The development budget includes commercial improvements in the estimated amount of $1,749,762 as part of the Site 2 development budget. During construction, the cost of the commercial structure will be paid by National City Loan. At permanent loan closing, the National City Loan will remain as a permanent funding source as outlined below:

	Construction	**Permanent**
Commercial Structure Cost	$1,749,762	$1,749,762
National City Loan	$1,749,762	$1,749,762
Total Sources	$1,749,762	$1,749,762

- The contract will be structured as a Lump Sum contract with approximately 12% for builder overhead, profit, and general requirements the hard cost contingency is 5.7%.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing, with special attention to the treatment for any allowances and any compensable, critical, and excusable time delays.
- The Developer is currently looking for cost saving design options to reduce construction costs due to increase in material costs due to supply chain issues related to the ongoing pandemic.
- The developer has established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- D Avenue Housing Associates, L.P., a California limited liability; .01%
    - Managing General Partner (MGP): CHW D Avenue, LLC, a California limited liability company; 99.00% interest
        - Sole Member: Community HousingWorks, a California Nonprofit Corporation; 100.00%
    - Initial Limited Partner: Esperanza Housing and Community Development Corporation; 1.00%

- Limited Partner: Bank of America, N.A, and, or its affiliates; 99.99% ownership interest
    - Special Limited Partner: Bank of America Special Holding Company, Inc; 0.00% ownership interest

31. Developer/Sponsor

Community HousingWorks (CHW), a nonprofit organization, was created in 1988 by social justice activists, social service advocates and political leaders in the city of Escondido united by the cause of affordable apartments for homeless families. With over 30 years of affordable housing experience, CHW has layered powerful service programs throughout their communities to provide working families and seniors a place to call home. Since inception, CHW has developed more than 3,600 units in 42 communities statewide. They have completed two (2) tax credit projects in the California Housing Finance Agency (CalHFA) portfolio (135 total units) and have one (1) project of 120 units with CalHFA Financing under construction. Six (6) projects are currently under construction (680 total units) and seven (7) projects are currently in the pipeline (541 total units). In addition, CHW has developed four (4) affordable housing communities (504 total units) within the City of National City in the past twenty years including Kimball Tower, Morgan Tower, Paradise Creek I and Paradise Creek II.

32.	**Management Agent**

The Project will be managed by CONAM Management Corporation (CONAM), which has extensive experience in managing similar affordable housing projects in the area. CONAM currently manages three-hundred-fifty-one projects (52,145 total units) of which ten (17) projects (1519 total units) are in the CalHFA portfolio. CONAM has worked directly with the developer to prepare the anticipated operating budget for this project and has provided documentation affirming this.

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

Community HousingWorks (CHW), evidenced through an executed MOU, will provide supportive services through at least 15 years that will be funded through operations of approximately $20k ($414 per unit) per annual. CHW will provide a Community Building Coordinator (Service Coordinator) for adult education, health and wellness and skill building classes. All services will be provided on-site at Site 2, free of cost to all residents.

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

The general contractor is Sun Country Contractors, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. Since inception, they have been responsible for the construction or rehabilitation of more than one hundred multi-family affordable housing projects. They have completed eighty-two (82) projects in California (6,077 total units) and seven (7) projects currently under construction (630 total units). They have prior experience working with Community HousingWorks (CHW), along with prior experience with Studio E Architects.

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

The architect is Studio E Architects, which has extensive experience in designing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. They have completed fifty (50) projects in California (2,000 total units) and have eleven (11) projects currently under construction (924 total units). They have prior experience working with Community HousingWorks (CHW), along with prior experience with Sun Country Buildings.

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

The locality, City of National City, 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 21-013-A/X/S**

Project Full Name	Kimball Highland	**Borrower Name:**	D Avenue Housing Associates, L.P.
Project Address	14th Street and Kimball Way & 1221 D	**Managing GP:**	CHW D Avenue LLC
Project City	National City	**Developer Name:**	Community HousingWorks
Project County	San Diego	**Investor Name:**	Bank of America, N.A., and, or, its affiliates
Project Zip Code	91950	**Prop Management:**	CONAM Management Corporation
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.68
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	113,542
Total Residential Units:	145	**Residential Units Per Acre:**	54.10
Total Number of Buildings:	2		
Number of Stories:	5	**Covered Parking Spaces:**	65
Unit Style:	Flat	**Total Parking Spaces:**	138
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Bank of America -Tax Exempt	41,452,000	1.000%	30	--	3.950%
Bank of America - Taxable	19,870,992	1.000%	30	--	3.950%
City of National City - HA	10,482,000	--	660	--	3.000%
City of National City - HA Ground Lease Note	3,000,000	--	660	--	3.000%
General Partner Equity Contribution	7,026,107	--	--	--	--
City of National City - HA Ground Lease Note Interest	125,300	NA	NA	NA	NA
City of National CIty - HA Interest	437,240	NA	NA	NA	NA
Costs Deferred to Converson	995,225	NA	NA	NA	NA
Investor Equity Contribution	4,591,859	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	22,780,000	1.000%	30	40	4.460%
MIP	6,095,000	1.000%	30	--	2.000%
City of National City - HA	10,482,000	--	55	--	3.000%
City of National City - HA Ground Lease Note	3,000,000	--	55	--	3.000%
General Partner Equity Contribution	7,041,107	NA	NA	NA	NA
Investor Equity Contributions	39,101,256	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	2/18/22	**Capitalization Rate:**	4.25%
Investment Value ($)	76,100,000	**Restricted Value ($)**	35,700,000
Construct/Rehab LTC	69%	**CalHFA Permanent Loan to Cost**	26%
Construct/Rehab LTV	81%	**CalHFA 1st Permanent Loan to Value**	64%
		Combined CalHFA Perm Loan to Value	81%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	0	
Completion Guarantee Letter of Credit	0.00%	

Permanent Loan

Operating Expense Reserve Deposit	$560,989	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 2/25/22 — Senior Staff Date: 3/9/22

UNIT MIX AND RENT SUMMARY **Final Commitment**

Kimball Highland **Project Number 21-013-A/X/S**

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	477	12	18
Flat	1	1	584	30	45
Flat	2	1	793	64	192
Flat	3	2	1,014	39	175.5
-	-	-	-	-	0
-	-	-	-	-	0
				145	430.5

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%
FA Bond/RiskShare	0	0	15	44	0	0	0
CalHFA MIP	0	0	15	0	15	0	113
Tax Credit	15	0	15	88	0	25	0
National City Loan	15	0	15	88	0	25	0
City Ground Lease	15	0	15	88	0	25	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents: Number of Units	Average Restricted Rents: Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	CTCAC	30%	3	$611	$2,095	$1,484	29%
	CTCAC	50%	1	$1,036		$1,059	49%
	CTCAC	60%	5	$1,248		$847	60%
	CTCAC	70%	3	$1,460		$635	70%
	HCD	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
1 Bedroom	CTCAC	30%	3	$646	$2,038	$1,392	32%
	CTCAC	50%	3	$1,100		$938	54%
	CTCAC	60%	18	$1,328		$710	65%
	CTCAC	70%	6	$1,555		$483	76%
	HCD	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
2 Bedrooms	CTCAC	30%	6	$772	$2,261	$1,489	34%
	CTCAC	50%	7	$1,317		$944	58%
	CTCAC	60%	39	$1,590		$671	70%
	CTCAC	70%	10	$1,863		$398	82%
	HCD	100%	-	-		-	-
	CTCAC	-	-	-		-	-
	CTCAC	-	-	-		-	-
3 Bedrooms	CTCAC	30%	3	$889	$2,635	$1,746	34%
	CTCAC	50%	4	$1,519		$1,116	58%
	CTCAC	60%	26	$1,834		$801	70%
	CTCAC	70%	6	$2,149		$486	82%
	HCD	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
4 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	HCD	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
5 Bedrooms	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	70%	-	-		-	-
	HCD	100%	-	-		-	-
	CTCAC	120%	-	-		-	-
	CTCAC	-	-	-		-	-
Date Prepared:	2/25/22					Senior Staff Date:	3/9/22

SOURCES & USES OF FUNDS					Final Commitment
Kimball Highland			Project Number	21-013-A/X/S	
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES ($)	PER UNIT ($)	%
Bank of America -Tax Exempt	41,452,000				0.0%
Bank of America - Taxable	19,870,992				0.0%
-	-				0.0%
City of National City - HA	10,482,000				0.0%
City of National City - HA Ground Lease Note	3,000,000				0.0%
City of National CIty - HA Interest	437,240				0.0%
City of National City - HA Ground Lease Note Inter	125,300				0.0%
Costs Deferred to Converson	995,225				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
General Partner Equity Contribution	7,026,107				0.0%
Investor Equity Contribution	4,591,859				0.0%
Perm		22,780,000	22,780,000	157,103	25.6%
MIP		6,095,000	6,095,000	42,034	6.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
City of National City - HA		10,482,000	10,482,000	72,290	11.8%
City of National City - HA Ground Lease Note		3,000,000	3,000,000	20,690	3.4%
City of National CIty - HA Interest		437,240	437,240	3,015	0.5%
City of National City - HA Ground Interest		125,300	125,300	864	0.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		-	-	-	0.0%
General Partner Equity Contribution		7,041,107	7,041,107	48,559	7.9%
Investor Equity Contributions		39,101,256	39,101,256	269,664	43.9%
TOTAL SOURCES OF FUNDS	**87,980,723**	**89,061,903**	**89,061,903**	**614,220**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**87,980,723**	**89,061,903**	**89,061,903**	**614,220**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS		
			USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**87,980,723**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	-	-	-	-	0.0%
Demolition Costs	262,800	-	262,800	1,812	0.3%
Legal & Other Closing Costs	2,700	-	2,700	19	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	259,888	-	259,888	1,792	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 (Site 1 acquisition cost)	1,680,000	-	1,680,000	11,586	1.9%
Other (Site 2 capitalized ground lease amt)	3,000,000	-	3,000,000	20,690	3.4%
TOTAL ACQUISITION COSTS	**5,205,388**	**-**	**5,205,388**	**35,899**	**5.8%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	6,680,944	-	6,680,944	46,075	7.5%
Structures (Hard Cost)	42,240,788	-	42,240,788	291,316	47.4%
General Requirements	2,170,000	-	2,170,000	14,966	2.4%
Contractor Overhead	1,071,065	-	1,071,065	7,387	1.2%
Contractor Profit	2,879,574	-	2,879,574	19,859	3.2%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	1,179,137	-	1,179,137	8,132	1.3%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**56,221,508**	**-**	**56,221,508**	**387,735**	**63.1%**

SOURCES & USES OF FUNDS					Final Commitment
Kimball Highland			Project Number	21-013-A/X/S	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	750,000	-	750,000	5,172	0.8%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**750,000**	**-**	**750,000**	**5,172**	**0.8%**
ARCHITECTURAL FEES					
Design	2,013,100	-	2,013,100	13,883	2.3%
Supervision	200,030	-	200,030	1,380	0.2%
TOTAL ARCHITECTURAL FEES	**2,213,130**	**-**	**2,213,130**	**15,263**	**2.5%**
SURVEY & ENGINEERING FEES					
Engineering	929,635	-	929,635	6,411	1.0%
Supervision	82,675	-	82,675	570	0.1%
ALTA Land Survey	60,220	-	60,220	415	0.1%
TOTAL SURVEY & ENGINEERING FEES	1,072,530	-	1,072,530	7,397	1.2%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,811,075	-	2,811,075	19,387	3.2%
Soft Cost Contingency Reserve	412,195	-	412,195	2,843	0.5%
TOTAL CONTINGENCY RESERVES	3,223,270	-	3,223,270	22,229	3.6%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Bank of America -Tax Exempt	2,292,296	-	2,292,296	15,809	0.025738
Bank of America - Taxable	1,136,566	-	1,136,566	7,838	0.012762
-	-	-	-	-	0.0%
City of National City - HA	-	-	-	-	0.0%
City of National City - HA Ground Lease No	125,300	-	125,300	864	0.1%
City of National CIty - HA Interest	437,240	-	437,240	3,015	0.5%
Loan Fees					
Bank of America -Tax Exempt	414,520	-	414,520	2,859	0.5%
Bank of America - Taxable	205,527	-	205,527	1,417	0.2%
-	-	-	-	-	0.0%
City of National City - HA	-	-	-	-	0.0%
City of National City - HA Ground Lease No	-	-	-	-	0.0%
City of National CIty - HA Interest	-	-	-	-	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	15,000	-	15,000	103	0.0%
Real Estate Taxes During Rehab	100,238	-	100,238	691	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	340,806	-	340,806	2,350	0.4%
Insurance During Rehab	718,905	-	718,905	4,958	0.8%
Title & Recording Fees	90,803	-	90,803	626	0.1%
Construction Management & Testing	60,000	-	60,000	414	0.1%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	82,005	-	82,005	566	0.1%
Misc. (Partnership taxes/fees/Misc. COI)	4,500	-	4,500	31	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**6,023,706**	**-**	**6,023,706**	**41,543**	**6.8%**

SOURCES & USES OF FUNDS					Final Commitment
Kimball Highland			Project Number	21-013-A/X/S	
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	113,900	113,900	227,800	1,571	0.3%
MIP	30,475	30,475	60,950	420	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of National City - HA	-	-	-	-	0.0%
City of National City - HA Ground Lease Nc	-	-	-	-	0.0%
City of National CIty - HA Interest	-	-	-	-	0.0%
City of National City - HA Ground Interest	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	759	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	21,000	21,000	145	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	10,000	1,000	11,000	76	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (CalHFA MIP Loan Fees/Legal/Expenses)	-	15,000	15,000	103	0.0%
TOTAL PERMANENT LOAN COSTS	**154,375**	**291,375**	**445,750**	**3,074**	**0.5%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	55,000	-	55,000	379	0.1%
CalHFA Permanent Loan Legal Fees	17,500	17,500	35,000	241	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	85,000	-	85,000	586	0.1%
Organizational Legal Fees	20,000	-	20,000	138	0.0%
Syndication Legal Fees	35,000	-	35,000	241	0.0%
-	-	-	-	-	0.0%
CalHFA Bond Counsel	62,000	-	62,000	428	0.1%
TOTAL LEGAL FEES	**274,500**	**17,500**	**292,000**	**2,014**	**0.3%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	560,989	560,989	3,869	0.6%
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 (Additional Investor Reserve)	-	159,416	159,416	1,099	0.2%
TOTAL OPERATING RESERVES	**-**	**720,405**	**720,405**	**4,968**	**0.8%**
REPORTS & STUDIES					
Appraisal Fee	12,000	-	12,000	83	0.0%
Market Study Fee	15,000	-	15,000	103	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	216,800	-	216,800	1,495	0.2%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**243,800**	**-**	**243,800**	**1,681**	**0.3%**

SOURCES & USES OF FUNDS					Final Commitment
Kimball Highland			Project Number	21-013-A/X/S	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	97,900	-	97,900	675	0.1%
CDLAC Fees	17,508	-	17,508	121	0.0%
Local Permits & Fees	450,000	-	450,000	3,103	0.5%
Local Impact Fees	1,983,806	-	1,983,806	13,681	2.2%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	55,000	-	55,000	379	0.1%
Furnishings	230,000	36,900	266,900	1,841	0.3%
Accounting & Audits	49,750	-	49,750	343	0.1%
Advertising & Marketing Expenses	176,945	-	176,945	1,220	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Refundable CDLAC deposit)	-	-	-	-	0.0%
Other	45,000	-	45,000	310	0.1%
TOTAL OTHER COSTS	**3,105,909**	**36,900**	**3,142,809**	**21,675**	**3.5%**
SUBTOTAL PROJECT COSTS	**78,488,116**	**89,046,903**	**79,554,296**	**548,650**	**89.3%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	9,211,107	15,000	9,226,107	63,628	10.4%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	82,500	-	82,500	569	0.1%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	199,000	-	199,000	1,372	0.2%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify)Financial Consultant	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**9,492,607**	**15,000**	**9,507,607**	**65,570**	**10.7%**
TOTAL PROJECT COSTS	**87,980,723**	**89,061,903**	**89,061,903**	**614,220**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Kimball Highland	Project Number		21-013-A/X/S
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,589,276	$ 17,857	104.70%
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	13,920	96	0.56%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,603,196**	**$ 17,953**	**105.26%**
Less: Vacancy Loss	**$ 130,160**	**$ 898**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,473,036**	**$ 18,851**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 174,813	$ 1,206	$ 0
Management Fee	87,051	600	3.52%
Social Programs & Services	60,000	414	2.43%
Utilities	159,808	1,102	6.46%
Operating & Maintenance	246,379	1,699	9.96%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	52	0.30%
Other Monitoring Fees	29,000	200	1.17%
Real Estate Taxes	10,000	69	0.40%
Other Taxes & Insurance	144,000	993	5.82%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 918,551**	**$ 6,335**	**37.14%**
Replacement Reserve	$ 43,500	$ 300	1.76%
TOTAL OPERATING EXPENSES	**$ 962,051**	**$ 6,635**	**38.90%**
NET OPERATING INCOME (NOI)	**$ 1,510,985**	**$ 10,421**	**61.10%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 1,221,905	$ 8,427	49.41%
-	$ -	-	0.00%
-	$ -	-	0.00%
City of National City - HA	$ 30,000	207	1.21%
City of National City - HA Ground Lease Note	$ 30,000	207	1.21%
City of National CIty - HA Interest	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,281,905**	**$ 8,841**	**51.84%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 229,080**	**$ 1,580**	**9.26%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.18**	**to 1**	
Date: 2/25/22		Senior Staff Date:	03/09/22

PROJECTED PERMANENT LOAN CASH FL0WS — **Kimball Highland**

Final Commitment — **Project Number 21-013-A/X/S**

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
RENTAL INCOME	**CPI**														
Restricted Unit Rents	2.50%	2,589,276	2,654,008	2,720,358	2,788,367	2,858,076	2,929,528	3,002,766	3,077,835	3,154,781	3,233,651	3,314,492	3,397,354	3,482,288	3,569,346
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%	13,920	14,268	14,625	14,991	15,365	15,750	16,143	16,547	16,961	17,385	17,819	18,265	18,721	19,189
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,603,196**	**2,668,276**	**2,734,983**	**2,803,358**	**2,873,442**	**2,945,278**	**3,018,910**	**3,094,382**	**3,171,742**	**3,251,036**	**3,332,311**	**3,415,619**	**3,501,010**	**3,588,535**
VACANCY ASSUMPTIONS	**Vacancy**														
Restricted Unit Rents	5.00%	129,464	132,700	136,018	139,418	142,904	146,476	150,138	153,892	157,739	161,683	165,725	169,868	174,114	178,467
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	696	713	731	750	768	787	807	827	848	869	891	913	936	959
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**130,160**	**133,414**	**136,749**	**140,168**	**143,672**	**147,264**	**150,945**	**154,719**	**158,587**	**162,552**	**166,616**	**170,781**	**175,050**	**179,427**
EFFECTIVE GROSS INCOME (EGI)		**2,473,037**	**2,534,862**	**2,598,234**	**2,663,190**	**2,729,770**	**2,798,014**	**2,867,964**	**2,939,663**	**3,013,155**	**3,088,484**	**3,165,696**	**3,244,838**	**3,325,959**	**3,409,108**
OPERATING EXPENSES	**CPI / Fee**														
Administrative Expenses	3.50%	234,813	243,031	251,538	260,341	269,453	278,884	288,645	298,748	309,204	320,026	331,227	342,820	354,819	367,237
Management Fee	3.52%	87,051	89,227	91,458	93,744	96,088	98,490	100,952	103,476	106,063	108,715	111,432	114,218	117,074	120,001
Utilities	3.50%	159,808	165,401	171,190	177,182	183,383	189,802	196,445	203,320	210,437	217,802	225,425	233,315	241,481	249,933
Operating & Maintenance	3.50%	246,379	255,002	263,927	273,165	282,726	292,621	302,863	313,463	324,434	335,789	347,542	359,706	372,296	385,326
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	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
Real Estate Taxes	1.25%	10,000	10,125	10,252	10,380	10,509	10,641	10,774	10,909	11,045	11,183	11,323	11,464	11,608	11,753
Other Taxes & Insurance	3.50%	144,000	149,040	154,256	159,655	165,243	171,027	177,013	183,208	189,621	196,257	203,126	210,236	217,594	225,210
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	43,500	43,935	44,374	44,818	45,266	45,719	46,176	46,638	47,104	47,575	48,051	48,532	49,017	49,507
TOTAL OPERATING EXPENSES		**962,051**	**992,262**	**1,023,495**	**1,055,786**	**1,089,169**	**1,123,684**	**1,159,368**	**1,196,262**	**1,234,407**	**1,273,847**	**1,314,626**	**1,356,790**	**1,400,387**	**1,445,466**
NET OPERATING INCOME (NOI)		**1,510,986**	**1,542,600**	**1,574,739**	**1,607,404**	**1,640,600**	**1,674,330**	**1,708,596**	**1,743,402**	**1,778,748**	**1,814,636**	**1,851,070**	**1,888,048**	**1,925,572**	**1,963,642**
DEBT SERVICE PAYMENTS	**Lien #**														
Perm	1	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA	4	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
City of National City - HA Ground Lease Note	3	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**
CASH FLOW AFTER DEBT SERVICE		**229,081**	**260,695**	**292,834**	**325,499**	**358,695**	**392,425**	**426,691**	**461,496**	**496,843**	**532,731**	**569,164**	**606,143**	**643,667**	**681,737**
DEBT SERVICE COVERAGE RATIO		**1.18**	**1.20**	**1.23**	**1.25**	**1.28**	**1.31**	**1.33**	**1.36**	**1.39**	**1.42**	**1.44**	**1.47**	**1.50**	**1.53**
Date Prepared:	02/25/22								Senior Staff Date:		3/9/22				

		1	2	3	4	5	6	7	8	9	10	11	12	13	14
LESS: Asset Management Fee	3.0%	12,500	12,875	13,261	13,659	14,069	14,491	14,926	15,373	15,835	16,310	16,799	17,303	17,822	18,357
LESS: Partnership Management Fee	3.0%	23,131	23,825	24,539	25,275	26,034	26,815	27,619	28,448	29,301	30,180	31,086	32,018	32,979	33,968
net CF available for distribution		**193,450**	**223,996**	**255,033**	**286,565**	**318,593**	**351,120**	**384,147**	**417,675**	**451,707**	**486,242**	**521,280**	**556,822**	**592,866**	**629,413**
	0%														
Developer Distribution	***50%***	**96,725**	**111,998**	**127,517**	**143,282**	**159,296**	**175,560**	**192,073**	**208,838**	**225,853**	**243,121**	**260,640**	**278,411**	**296,433**	**314,706**
Deferred developer fee repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments for Residual Receipt Payments		*50%*													
RESIDUAL RECEIPTS LOANS	*Payment %*	96,725	111,998	127,517	143,282	159,296	175,560	192,073	208,838	225,853	243,121	260,640	278,411	296,433	314,706
MIP	*31.13%*	30,114	34,869	39,700	44,609	49,595	54,658	59,799	65,018	70,316	75,692	81,146	86,679	92,290	97,979
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA	*53.54%*	51,789	59,966	68,275	76,717	85,291	93,999	102,841	111,817	120,927	130,173	139,553	149,068	158,717	168,501
City of National City - HA Ground Lease Note	*15.32%*	14,822	17,163	19,541	21,957	24,411	26,903	29,434	32,003	34,610	37,256	39,941	42,664	45,426	48,226
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.000%**	**96,725**	111,998	127,517	143,282	159,296	175,560	192,073	208,838	225,853	243,121	260,640	278,411	296,433	314,706
Balances for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS	*Interest Rate*														
MIP---Simple	*2.00%*	6,095,000	6,186,786	6,273,817	6,356,017	6,433,308	6,505,614	6,572,856	6,634,957	6,691,838	6,743,422	6,789,630	6,830,384	6,865,605	6,895,215
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA---Simple	*3.00%*	10,482,000	10,744,671	10,999,165	11,245,349	11,483,092	11,712,261	11,932,722	12,144,342	12,346,985	12,540,518	12,724,805	12,899,712	13,065,104	13,220,846
City of National City - HA Ground Lease Note---	*3.00%*	3,000,000	3,075,178	3,148,015	3,218,474	3,286,518	3,352,107	3,415,204	3,475,770	3,533,768	3,589,158	3,641,902	3,691,961	3,739,297	3,783,871
City of National CIty - HA Interest---Compoundi	*0.00%*	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240
City of National CIty - HA Ground Interest---	*0.00%*	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**20,139,540**	20,569,175	20,983,537	21,382,381	21,765,458	22,132,522	22,483,322	22,817,609	23,135,131	23,435,638	23,718,877	23,984,597	24,232,546	24,462,473

PROJECTED PERMANENT LOAN CASH FL0WS — **Kimball Highland**

Final Commitment — Project Number 21-013-A/X/S — Pr

YEAR		15	16	17	18	19	20	21	22	23	24	25	26	27	28
RENTAL INCOME	**CPI**														
Restricted Unit Rents	2.50%	3,658,579	3,750,044	3,843,795	3,939,890	4,038,387	4,139,347	4,242,830	4,348,901	4,457,624	4,569,064	4,683,291	4,800,373	4,920,382	5,043,392
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%	19,669	20,161	20,665	21,181	21,711	22,254	22,810	23,380	23,965	24,564	25,178	25,808	26,453	27,114
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,678,248**	**3,770,204**	**3,864,460**	**3,961,071**	**4,060,098**	**4,161,600**	**4,265,640**	**4,372,281**	**4,481,588**	**4,593,628**	**4,708,469**	**4,826,181**	**4,946,835**	**5,070,506**
VACANCY ASSUMPTIONS	**Vacancy**														
Restricted Unit Rents	5.00%	182,929	187,502	192,190	196,994	201,919	206,967	212,142	217,445	222,881	228,453	234,165	240,019	246,019	252,170
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	983	1,008	1,033	1,059	1,086	1,113	1,141	1,169	1,198	1,228	1,259	1,290	1,323	1,356
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**183,912**	**188,510**	**193,223**	**198,054**	**203,005**	**208,080**	**213,282**	**218,614**	**224,079**	**229,681**	**235,423**	**241,309**	**247,342**	**253,525**
EFFECTIVE GROSS INCOME (EGI)		**3,494,336**	**3,581,694**	**3,671,237**	**3,763,018**	**3,857,093**	**3,953,520**	**4,052,358**	**4,153,667**	**4,257,509**	**4,363,947**	**4,473,045**	**4,584,871**	**4,699,493**	**4,816,981**
OPERATING EXPENSES	**CPI / Fee**														
Administrative Expenses	3.50%	380,091	393,394	407,162	421,413	436,163	451,428	467,228	483,581	500,507	518,024	536,155	554,921	574,343	594,445
Management Fee	3.52%	123,001	126,076	129,228	132,458	135,770	139,164	142,643	146,209	149,864	153,611	157,451	161,387	165,422	169,558
Utilities	3.50%	258,680	267,734	277,105	286,804	296,842	307,231	317,984	329,114	340,633	352,555	364,894	377,665	390,884	404,565
Operating & Maintenance	3.50%	398,812	412,771	427,218	442,170	457,646	473,664	490,242	507,401	525,160	543,540	562,564	582,254	602,633	623,725
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	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
Real Estate Taxes	1.25%	11,900	12,048	12,199	12,351	12,506	12,662	12,820	12,981	13,143	13,307	13,474	13,642	13,812	13,985
Other Taxes & Insurance	3.50%	233,092	241,250	249,694	258,433	267,478	276,840	286,530	296,558	306,938	317,680	328,799	340,307	352,218	364,546
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	50,002	50,502	51,007	51,517	52,032	52,553	53,078	53,609	54,145	54,687	55,233	55,786	56,344	56,907
TOTAL OPERATING EXPENSES		**1,492,077**	**1,540,275**	**1,590,113**	**1,641,647**	**1,694,937**	**1,750,042**	**1,807,026**	**1,865,952**	**1,926,889**	**1,989,905**	**2,055,071**	**2,122,463**	**2,192,156**	**2,264,230**
NET OPERATING INCOME (NOI)		**2,002,258**	**2,041,419**	**2,081,124**	**2,121,370**	**2,162,156**	**2,203,478**	**2,245,332**	**2,287,715**	**2,330,620**	**2,374,042**	**2,417,974**	**2,462,409**	**2,507,338**	**2,552,751**
DEBT SERVICE PAYMENTS	**Lien #**														
Perm	1	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA	4	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
City of National City - HA Ground Lease Note	3	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**
CASH FLOW AFTER DEBT SERVICE		**720,353**	**759,514**	**799,219**	**839,465**	**880,251**	**921,573**	**963,427**	**1,005,810**	**1,048,715**	**1,092,137**	**1,136,069**	**1,180,504**	**1,225,432**	**1,270,845**
DEBT SERVICE COVERAGE RATIO		**1.56**	**1.59**	**1.62**	**1.65**	**1.69**	**1.72**	**1.75**	**1.78**	**1.82**	**1.85**	**1.89**	**1.92**	**1.96**	**1.99**

Date Prepared: 02/25/22 — Senior Staff Date: 3/9/22 — Ser

		15	16	17	18	19	20	21	22	23	24	25	26	27	28
LESS: Asset Management Fee	3.0%	18,907	19,475	20,059	20,661	21,280	21,919	22,576	23,254	23,951	24,670	25,410	26,172	26,957	27,766
LESS: Partnership Management Fee	3.0%	34,987	36,037	37,118	38,231	39,378	40,560	41,776	43,030	44,321	45,650	47,020	48,430	49,883	51,380
net CF available for distribution		**666,459**	**704,003**	**742,042**	**780,573**	**819,592**	**859,094**	**899,075**	**939,526**	**980,443**	**1,021,817**	**1,063,640**	**1,105,901**	**1,148,592**	**1,191,700**
	0%														
Developer Distribution	***50%***	**333,229**	**352,001**	**371,021**	**390,287**	**409,796**	**429,547**	**449,537**	**469,763**	**490,222**	**510,909**	**531,820**	**552,951**	**574,296**	**595,850**
Deferred developer fee repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-

Payments for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Payment %*	333,229	352,001	371,021	390,287	409,796	429,547	449,537	469,763	490,222	510,909	531,820	552,951	574,296	595,850
MIP	*31.13%*	103,746	109,590	115,512	121,510	127,584	133,733	139,957	146,254	152,623	159,064	165,574	172,153	178,798	185,509
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA	*53.54%*	178,419	188,470	198,654	208,969	219,415	229,990	240,693	251,523	262,476	273,553	284,749	296,063	307,492	319,032
City of National City - HA Ground Lease Note	*15.32%*	51,064	53,941	56,856	59,808	62,798	65,824	68,888	71,987	75,122	78,292	81,497	84,735	88,006	91,309
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.000%**	333,229	352,001	371,021	390,287	409,796	429,547	449,537	469,763	490,222	510,909	531,820	552,951	574,296	595,850

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*														
MIP---Simple	*2.00%*	6,919,136	6,937,290	6,949,600	6,955,988	6,956,378	6,950,695	6,938,862	6,920,805	6,896,452	6,865,729	6,828,565	6,784,891	6,734,638	6,677,740
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA---Simple	*3.00%*	13,366,805	13,502,846	13,628,836	13,744,642	13,850,133	13,945,178	14,029,648	14,103,415	14,166,353	14,218,336	14,259,243	14,288,954	14,307,351	14,314,319
City of National City - HA Ground Lease Note---	*3.00%*	3,825,645	3,864,581	3,900,640	3,933,784	3,963,976	3,991,179	4,015,354	4,036,467	4,054,480	4,069,358	4,081,066	4,089,569	4,094,834	4,096,829
City of National CIty - HA Interest---Compoundi	*0.00%*	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240
City of National CIty - HA Ground Interest---	*0.00%*	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		24,674,127	24,867,257	25,041,616	25,196,955	25,333,028	25,449,592	25,546,405	25,623,227	25,679,824	25,715,963	25,731,414	25,725,954	25,699,364	25,651,428

PROJECTED PERMANENT LOAN CASH FL0WS			Kimball Highland
Final Commitment		oject Number	21-013-A/X/S
	YEAR	29	30
RENTAL INCOME	CPI		
Restricted Unit Rents	2.50%	5,169,477	5,298,714
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%	27,792	28,487
Parking & Storage Income	2.50%	-	-
Miscellaneous Income	2.50%	-	-
GROSS POTENTIAL INCOME (GPI)		5,197,269	5,327,200
VACANCY ASSUMPTIONS	Vacancy		
Restricted Unit Rents	5.00%	258,474	264,936
Unrestricted Unit Rents	7.00%	-	-
Commercial Rents	50.00%	-	-
Project Based Rental Subsidy	5.00%	-	-
Other Project Based Subsidy	3.00%	-	-
Income during renovations	20.00%	-	-
Other Subsidy (Specify)	0.00%	-	-
Laundry Income	5.00%	1,390	1,424
Parking & Storage Income	50.00%	-	-
Miscellaneous Income	50.00%	-	-
TOTAL PROJECTED VACANCY LOSS		259,863	266,360
EFFECTIVE GROSS INCOME (EGI)		4,937,405	5,060,840
OPERATING EXPENSES	CPI / Fee		
Administrative Expenses	3.50%	615,250	636,784
Management Fee	3.52%	173,797	178,142
Utilities	3.50%	418,724	433,380
Operating & Maintenance	3.50%	645,555	668,150
Ground Lease Payments	3.50%	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-
Other Agency Monitoring Fee	0.00%	29,000	29,000
Real Estate Taxes	1.25%	14,160	14,337
Other Taxes & Insurance	3.50%	377,305	390,510
Assisted Living/Board & Care	0.00%	-	-
Required Reserve Payments	1.00%	57,476	58,051
TOTAL OPERATING EXPENSES		2,338,768	2,415,854
NET OPERATING INCOME (NOI)		2,598,637	2,644,987
DEBT SERVICE PAYMENTS	Lien #		
Perm	1	1,221,905	1,221,905
-	-	-	-
-	-	-	-
City of National City - HA	4	30,000	30,000
City of National City - HA Ground Lease Note	3	30,000	30,000
TOTAL DEBT SERVICE & OTHER PAYMENTS		1,281,905	1,281,905
CASH FLOW AFTER DEBT SERVICE		1,316,732	1,363,082
DEBT SERVICE COVERAGE RATIO		2.03	2.06
Date Prepared:	02/25/22	ior Staff Date:	3/9/22

		29	30
LESS: Asset Management Fee	3.0%	28,599	29,457
LESS: Partnership Management Fee	3.0%	52,921	54,509
net CF available for distribution		**1,235,212**	**1,279,116**
	0%		
Developer Distribution	***50%***	**617,606**	**639,558**
Deferred developer fee repayment	-	-	-
		-	-
		-	-

Payments for Residual Receipt Payments			
RESIDUAL RECEIPTS LOANS	*Payment %*	617,606	639,558
MIP	*31.13%*	192,282	199,117
0	*0.00%*	-	-
City of National City - HA	*53.54%*	330,681	342,435
City of National City - HA Ground Lease Note	*15.32%*	94,643	98,007
0	*0.00%*	-	-
Total Residual Receipts Payments	**100.000%**	617,606	639,558

Balances for Residual Receipt Payments			
RESIDUAL RECEIPTS LOANS	*Interest Rate*		
MIP---Simple	*2.00%*	6,614,131	6,543,749
0---Compounding	*0.00%*	-	-
City of National City - HA---Simple	*3.00%*	14,309,747	14,293,525
City of National City - HA Ground Lease Note---	*3.00%*	4,095,520	4,090,877
City of National CIty - HA Interest---Compoundi	*0.00%*	437,240	437,240
City of National City - HA Ground Interest---	*0.00%*	125,300	125,300
0---	*0.00%*	-	-
Total Residual Receipts Payments		25,581,938	25,490,692

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

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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.

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). If a Project includes CalHFA's subsidy loan, the maximum DSCR at year 1 shall not exceed 1.20, unless CalHFA approves a higher DSCR at its own discretion. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained as the minimum DSCR through the term of the Perm Loan. CalHFA may require the initial DSCR to be higher than the minimum 1.15x, if deemed necessary to meet the Agency's underwriting requirements. • 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. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction 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 Monitoring 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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TAX-EXEMPT PERMANENT LOAN PROGRAM

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").

Occupancy Requirements (continued)	Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal. 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). The Purpose section of Phase I must state "a purpose of the Phase I is to document compliance with HUD policy pursuant to 24 CFR §58.5(i)(2) or §50.3(i)". • 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).

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CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after March 1, 2022

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. • Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal. • 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 later of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

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