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": 09/07/2022 for Board Meeting on 09/22/2022

Project Name, County:	**515 Pioneer Drive, Los Angeles County**	
Address:	**515 Pioneer Drive, Glendale, 91203**	
Type of Project:	**New Construction**	
CalHFA Project Number:	22-014-A/X/S	**Total Units: 340 (family: 248 units & senior: 92 units)**
Requested Financing by Loan Program:	$74,970,489	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount (Allocated by CDLAC on 6/15/22)**
	$7,497,049	**CalHFA Tax-Exempt Bond (Supplemental) – Conduit Issuance Amount (CDLAC application to be submitted 9/2022)**
	Up to $10,000,000	**CalHFA Taxable Bond – Conduit Issuance Amount (which may include recycled bonds) (includes 10% cushion)**
	$30,892,000	**CalHFA Tax-Exempt or FFB Permanent Loan with HUD Risk Share**
	$5,000,000	**CalHFA MIP Subsidy Loan**
	$5,203,625	**CalHFA Supplemental MIP Subsidy Loan (refer to section 5 for further information)**

DEVELOPMENT/PROJECT TEAM

Developers:	Linc Housing Corporation / National Community Renaissance of California	**Borrower:**	Linc-CORE Pioneer LP
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America
Equity Investor:	Bank of America	**Management Company:**	National Community Renaissance of California
Contractor:	National Community Renaissance of California	**Architect**	KFA, LLP
Loan Officer:	Kevin Brown	**Loan Specialist:**	n/a
Asset Manager:	Jessica Doan	**Loan Administration:**	Mirna Ramirez
Legal (Internal):	Torin Heenan	**Legal (External):**	n/a
Concept Meeting Date:	8/9/2022	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE/ Citibank CONSTRUCTION LOAN	CalHFA PERMANENT LOAN	CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN
	Total Loan Amount	$82,467,583 (T/E) $8,487,285 (Tax)	$30,892,000	Original MIP: $5,000,000 Supplemental MIP: $5,203,625 Total CalHFA MIP Subsidy Loan: $10,203,625 ($30,278/restricted unit)
	Loan Term & Lien Position	42 months- interest only; 1st Lien Position during construction. One 6-month extension available.	40 year – partially amortizing due in year 30; 1st Lien Position at permanent term	30 year - Residual Receipts; 4th Lien Position during permanent loan term
	Interest Rate	BSBY floating + 2.50% Underwritten at 5.20% variable rate (T/E) and 5.70% variable (Tax)	Underwriting Rate: 6.23% (Fixed Rate locked*) Estimated rate based on a 36-month forward commitment. Two 3-month extensions available	Greater of 1% Simple Interest or the Applicable Federal Rate at time of MIP closing (3% Simple was used for underwriting purposes)
	Loan to Value (LTV)	LTV is 57% of investment value	LTV is 50% of restricted value	N/A
	Loan to Cost	55%	19%	N/A

* *The all-in fixed rate of 6.23% is the final rate locked for the loan closing.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#28 Adam Schiff	**Assembly:**	#43 Laura Friedman	**State Senate:**	#25 Anthony J. Portantino
	Brief Project Description	**515 Pioneer Drive** (the "Project") is a new construction, multi-family/senior mixed income Project. It consists of three elevator-served, 5-story midrise structures. There will be 340 total units, 337 of which will be restricted between 30% and 80% of the Los Angeles County Area Median Income (AMI). There will be 32 studios (360 s.f.), 260 one-bedroom units (530 s.f.), and 48 two-bedroom units (750 s.f.). Three two-bedroom units will serve as the manager's units. There is an existing single-story vacant office structure in average condition that will be razed prior to construction. Ninety-two (92) units will be restricted to senior households ages 62 and older and 245 units will be restricted to the general population. Refer to the below chart for the unit breakdown senior and general population:					

Population Type	Studio Units	1-Bdrm Units	2-Bdrm Units	Total Units
Senior:	32	60	0	92
General:	0	200	45	245
On-site Manager:			3	3
Total:				340

Financing Structure: The Project's financing structure includes financing from tax-exempt bonds, 4% Federal Tax Credit equity (4% Federal LIHTC allocation), State Housing Tax Credit equity, Agency's tax-exempt loan program, Mixed-Income Program (original and supplemental) and a loan from the Glendale Housing Authority. The project will be income averaged, pursuant to TCAC regulations.

Tax Credits and/or CDLAC Status: The developer received an allocation for 4% tax credits and bond cap from CDLAC on 06/15/2022. The Project will be applying in September for a supplemental bond allocation, which is expected to be awarded in 2022. The supplemental allocation is being requested to add a cushion to the project's 50% aggregate basis requirement (the "50% test") which is currently at approximately 48%. The supplemental allocation will increase this to approximately 52%, which is necessary to accommodate a potential cost increase during construction.

Ground Lease: The owner will enter into a ground lease agreement with the City of Glendale Housing Authority ("City") for a term of 55 years for an amount of $12,400,000. The capitalized ground lease payment of $12,400,00 will be funded by the City's Land loan of the same amount at construction loan closing. The City's loan will be for a term of 55 years with an initial annual payment of $1 at construction loan closing and thereafter for an annual operating expense amount of $1 as well as residual receipts with 3% simple interest per annum. The city has agreed to defer the residual receipt payments to the City's Land loan until the Deferred Developer Fee (DDF) has been fully repaid.

Project Amenities: The Project includes a courtyard, an outdoor roof terrace, a computer lab, community room, recreational room, security cameras + controlled access, and a central laundry facility in each building. Unit amenities will include air conditioning, electric heating, patio/balconies, dishwasher, microwave, and garbage disposal.

Local Resources and Services: For TCAC/CDLAC purposes, the Project is located within a Moderate Resource area per TCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services:

- Grocery stores – 0.8 mile
- Schools - 0.2 mile
- Public Library – 0.8 mile
- Public transit – 0.1 mile
- Retail - 0.1 mile
- Park and recreation - 0.2 mile
- Hospitals – 1.9 miles
- Senior center – 4.7 miles

Non-displacement <u>and</u> No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new

		construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial and/or Other (i.e. Parking) Space**: The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 337 units of affordable housing with a range of restricted rents between 30% of AMI and 80% of AMI, which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	12/2022	Est. Construction Loan Closing:	12/2022
	Estimated Construction Start:	12/2022	Est. Construction Completion:	8/2025
	Estimated Stabilization and Conversion to Perm Loan(s):		6/2026	

SOURCES OF FUNDS

5.

Construction Sources and Uses				
Sources	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
BoA Tax Exempt Construction Loan	$82,467,538	1st/5.20%/Interest Only	Total Acquisition costs	$12,985,000
BoA Taxable Construction Loan	$8,487,285	2nd/5.70%/Interest Only	Construction/Rehab Costs	$103,377,049
Glendale Housing Authority - Land	$12,400,000	3rd/3.00%/Residual Receipt	Soft Costs	$3,598,750
Glendale Housing Authority - Dev Funds	$16,000,000	4th/3.00%/Residual Receipt	Hard Cost contingency	$5,193,353
Deferred Construction Costs	$4,147,289	N/A	Soft Cost contingency	$1,092,790
Deferred Developer Fee	$7,065,059	Payable from Cashflow	Financing Costs	$12,975,838
Developer Equity Contribution	$4,877,965	N/A	Local Impact Fees	$2,724,312
Investor Equity Contribution	$30,750,429	N/A	Operating Reserves	$1,155,693
			Developer Fees	$19,242,923
			Other Costs	$3,876,857
TOTAL	**$166,222,565**			**$166,222,565**
TOTAL PER UNIT	**$488,890**			

Permanent Sources and Uses				
Sources:	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
CalHFA Perm Loan	$30,892,000	1st/6.23%/40 year amortization due by year 30	Total Loan Payoffs and Equity	$166,221,565
CalHFA MIP Loan	$5,000,000	4th/3.00%/Residual Receipt	Financing costs	$380,078
CalHFA Supplemental MIP Loan*	$5,203,625	4th/3.00%/Residual Receipt	Soft costs	$17,250
Glendale Housing Authority - Land	$12,400,000	2nd/3.00%/Residual Receipt	Developer Fee	$1,000

Glendale Housing Authority - Dev Funds	$16,000,000	3rd/3.00%/Residual Receipt		
Deferred Developer Fees	$7,065,059	Payable from Cashflow		
Developer Equity Contribution	$4,877,965	N/A		
Investor Equity Contributions	$85,181,244	N/A		
TOTAL	**$166,619,893**			**$166,619,893**
TOTAL PER UNIT	**$490,059**			

*CalHFA Supplemental MIP loan repayment will have priority over the Original MIP Loan in the repayment priority.

***Gap Funding Explanation and request for supplemental MIP subsidy loan funding:** The Sources of Funds chart shown above includes information related to each financing and/or equity sources and uses during the construction and permanent periods of development.

At the time of initial commitment (March of 2022), the developer for this project estimated total development cost (TDC) of $149,480,811 ($439,649/unit) which was lower than the current budget amounts reflected above. CalHFA issued an initial commitment based on these initial costs estimates for the developer to use to apply to CDLAC for tax exempt bond cap and to CTCAC for both federal and state tax credits. On June 15, 2022 the Borrower received the related allocations from CDLAC and CTCAC.

The chart below summarizes the changes in sources and uses between initial commitment (in March) vs. current proposed. On the sources side, the changes were predominantly due to 1) increase in investor equity contribution of $7,836,645 for an estimated total equity contribution amount of $85,181,244, 2) increase in deferred developer's fee of $2,339,964, and 3) increase in the Glendale Housing Authority Development Loan of $6,000,000. On the uses side, cost increases were related to: 1) increase to construction hard costs of approximately $8,343,206, ; 2) increases to interest rates from the Construction Lender resulting in a $3,766,116 increase to costs related to construction period debt service and loan fees; 3) market related increases driving CalHFA's higher interest rate and spreads which resulted in a $5,106,242 reduction to the permanent loan amount.

The Borrower has requested a $5,203,625 increase to the MIP Subsidy Loan in an effort to offset cost increases and loan reductions outlined above and below. The summary of changes in sources and uses between initial commitment vs. current proposed are outlined below:

Summary of changes in Sources/Uses since the Initial Commitment approval					
SOURCES - Major Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**Per Unit Cost Adjustment**	**% Adjustment of IC Amount**
1 - CalHFA Perm Loan (prior to removal of 25 bps cushion)	$34,931,674	$29,825,432	-$5,106,242	-$15,018	-14.62%
2- City Glendale Development Loan	$10,000,000	$16,000,000	$6,000,000	$17,647	60.00%
3 – GP Equity Contribution	$5,079,442	$4,877,965	-$201,477	-$593	-3.97%
4 – Deferred Developer Fee	$4,725,095	$7,065,059	$2,339,964	$6,882	49.52%
6- Tax Credit Equity Contribution	$77,344,600	$85,181,245	$7,836,645	$23,049	10.13%
Total Changes in Sources (A)	**$132,080,811**	**$142,949,701**	**$10,868,890**	**$31,967**	**8.23%**

USES - Major Cost Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**Per Unit Cost Adjustment**	**% Adjustment of IC Amount**
1 - Construction Hard Cost	$95,523,843	$103,867,049	$8,343,206	$24,539	8.73%

2 – Construction Loan Costs	$6,936,444	$10,702,560	$3,766,116	$11,077	54.29%
3 – Hard Cost & Soft Cost Contingencies	$5,582,387	$6,286,143	$703,756	$2,070	12.61%
4 – Insurance	$80,000	$1,125,000	$1,045,000	$3,074	1306.25%
5 – Utility Connection Fees	$475,000	$906,820	$431,820	$1,270	90.91%
6 – Developer Fee	$17,104,437	$19,242,923	$2,138,486	$6,290	12.50%
7- Other Costs	$2,618,280	$3,316,031	$697,751	$2,052	26.65%
Total Changes in Uses (B)	**$128,320,391**	**$145,446,526**	**$17,126,135**	$50,371	13.35%
Current Funding Gap (A-B)			**- $6,257,246**		
Gap Funding sources:					
Increase in CalHFA Perm Loan (rate lock without 25 bps cushion):			**$1,053,621**		
Supplemental MIP loan Request:			**$5,203,625**		
Gap Funding Sources Total:			**$6,257,246**		
Remaining Funding Gap:			**$0**		

Hard Cost/Soft Cost changes: In an effort to mitigate market disruptions, the Borrower met with their design team and general contractor to evaluate the original construction hard cost budget. As a result, they were able to reduce construction off-site work costs by approximately $858,751. As reflected on the above chart, the Project has seen a substantial increase in hard and soft costs, which include an increased estimate of a post construction loan interest reserves due between construction and permanent conversion.

Deferred Developer Fee: The current budget also reflects an increase of the total developer's fee by $2,138,486, however, the current deferred developer's fee (DDF) is approximately $2,339,964 higher and the developer equity contribution $201,477 lower than the original budget, which results in a net increase of DDF and developer equity contribution by $2,138,486 (original developer fee $17,104,437 with $4,725,095 deferred, compared to current developer fee $19,242,923 with $7,065,059 deferred).

Perm Loan Reduction & Equity Contribution Adjustment: The equity contribution adjustment is anticipated to be approximately $7,836,645. During final underwriting, the CalHFA permanent loan of $34,931,674 was reduced by $5,106,242 to $29,825,432. This was attributed to increases in perm loan financing costs related to macroeconomic factors, such as inflation. The underwriting interest rate of 6.23% is inclusive of costs associated with the Agency offering extended rate lock period of 6+ months and interest rate hedging costs incurred by the Agency.

To mitigate the funding gap of $6,257,246, CalHFA was able to increase the perm loan by allowing the removal of 25 bps underwriting cushion and rate locking at 6.23% fixed interest rate for the closing (per conversion at 36-month forward from construction closing). This resulted in a permanent loan increase of $1,053,621, which reduced the overall funding gap to $5,203,625.

The estimated funding gap after exhausting all resources available to the project totals approximately $5,203,625. The Borrower has requested an increase to the initially committed MIP subsidy of $5,000,000. Pursuant to the TCAC/CDLAC requirements this project must begin construction by December 2022. A $5,203,625 ($15,441/restricted unit) increase in the MIP supplemental subsidy results in an overall MIP loan amount of $10,203,625 ($30,278/restricted unit).

Subsidy Efficiency: Initial MIP commitment was $5,000,000 ($14,837 per MIP restricted units). Current proposed: $10,203,625 ($30,278 per MIP restricted units). This exceeds the Mixed-Income Loan Program 2022 Term Sheet per project cap of $8,000,000. Staff is recommending an exception to the per project Allocation Limit of $8,000,000 given that the property meets the per unit maximums. Approval of this exception is further detailed in the "Underwriting Standards or Term Sheet Variations" section 9 below.

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

- 4% Federal Tax Credits: $76,715,120 ($227,641 per TCAC restricted unit).
- State Tax Credits: $13,979,410 ($41,482 per TCAC restricted unit).

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; Glendale Housing Authority Land Loan at $12,400,000 and Glendale Housing Authority Development Funds at $16,000,000.

Cost Containment Strategy:
National CORE's construction division is involved in the design process of all their projects from concept. The construction team has developed standardization of products to ensure the most cost-effective and efficient building design. They work closely with the design team to design the right systems for each building. Each project is conceived, designed, and constructed with energy efficiency in mind.

National CORE uses a combination of well insulated walls, energy efficient windows and glazing, high performance - high efficiency ducted mini-split HVAC systems, and high efficiency water heating systems, achieving energy compliance margins that exceed California Energy Code requirements.

Additionally, the construction team works closely with the property management and facilities team to ensure that the building will be maintained and operated with the same high-performance goals and results. The owner's goals for hitting Title 24 energy and operational energy savings goals are incorporated into every design decision, starting with conceptual design. Energy analytics are baked into the process and the design team is given choices to how best to hit the targets prioritizing cost savings and weighing operational cost impacts. There is no value engineering in this environment. This is cost-contained high-performance.

National CORE works with its subcontractors to ensure that the building envelope is constructed in a manner that will minimize heat flow through the building envelope and to implement a standard of care known as "Quality Insulation Installation". In doing so, heat stress through the building envelope is reduced leading the heating and cooling systems in the units to work more efficiently. Tighter building envelopes with quality insulation makes it possible to use systems with smaller capacities that match the heating and cooling loads of each unit.

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

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received 4% tax credits which is projected to generate equity representing 51% of total financing sources.
- The co-developers have extensive experience in developing similar affordable housing projects and have experience with CalHFA.
- The Project will serve low-income families AND seniors ranging between 30% to 80% of AMI. On average, the rents are between 18% to 76% below market rents based on current appraisal.
- The Loan-to-Value will be 50%, which is well below the Agency's minimum requirements of 90%. This results in less risk to the Agency.
- The locality has invested in the success of the Project as demonstrated by a City of Glendale Housing Authority Land Loan for $12,400,000 and a Development Loan for $16,000,000.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $7,299,899, which could be available to cover cost overruns and/or unforeseen issues during construction.

- The developer is contributing an amount of $4,877,965 via GP contribution to the Project.

8.	**Project Weaknesses with Mitigants:**

- The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 6.0%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.23%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan and the full balance of the Supplemental MIP loan in the estimated amount of $7,251,732. The project will only be able to repay a portion of the original MIP loan in the estimated amount of $8,306,056 leaving an outstanding balance of $893,944 (principal and accrued interest). This is expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the Supplemental MIP and original MIP loans, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
- The current proposed initial construction loan term is 42 months plus one 6-month extension for a total of 48 months, which is the lender's expected term required to complete 340 units, lease-up, and stabilize prior to permanent loan closing/conversion. The developer is planning 42 months to complete and lease-up the project. Currently, the CalHFA maximum forward rate lock period is 36 months with a two 3-month extension option (fee of 25 bps each) for a total of 42 months. Further extensions of the CalHFA forward rate lock may be available, subject to an extension fee and in CalHFA's sole discretion. The Borrower estimated potential extension fees in the proposed budget that could be funded from soft contingency and/or deferred developer's fee.

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

- The MIP Term Sheet requires the MIP loan to be recorded in second lien position behind the first mortgage. However, because the Glendale Housing Authority loans in aggregate ($28.4 million) are much larger than CalHFA's total MIP loan ($10,203,625), the Glendale Housing Authority will require its deeds of trust be recorded superior to CalHFA's. This is an exception to policy and is recommended by Multifamily Underwriting and Credit Staff, which is necessary to meet the eligibility of the City's funding requirements and to facilitate the progression of this Project.
- Pursuant to the MIP loan term sheet, no project may receive more than the lesser of (i) $8 million project cap, (ii) the aggregate MIP loan amount based on up to $50k per MIP regulated unit for a project not located within the high/highest resource area per TCAC/HCD opportunity map, or (iii) MIP loan not to exceed 50% of the CalHFA perm loan. This project is located in a moderate resource area. Per the term sheet and project economics, the applicable allocation limit is an $8 million project cap. However, the current proposal is to allow the Borrower to increase the MIP loan allocation by $5,203,625 for a total of $10,203,625 which is beyond the allocation limit of $8 million that is applicable to the project. The Project's per unit MIP amount is $30,278 which is below the maximum allowable per unit cap of $50,000. This MIP loan amount is an exception to the MIP term sheet and is recommended by Multifamily Underwriting and Credit Staff for approval to facilitate the progression of a shovel ready project without delay; the project received tax credit and bond cap allocations from TCAC/CDLAC on June 15, 2022 and is ready to proceed to construction loan closing by December 2022.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- The CalHFA loan(s) will be secured against the leasehold interest in the land and fee interest in the improvements. All subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land, 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. Lessor must provide approval of CalHFA ground lease rider.
- Defaults under any loans used to capitalize payments or ongoing residual receipt payments required by the ground lease must not constitute a default under the ground lease. Likewise, defaults under the ground lease must not constitute a default under the loans.
- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- The CalHFA subsidy (including the supplemental MIP subsidy loan) will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated 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.
- All MIP Loan principal and interest will due and payable at maturity. Outstanding Supplemental MIP loan funds will have first repayment priority whether the source of repayment is cash flow during the term of the loan or repayment via refinance, partner contribution, or other source at loan maturity.
- The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to constructing loan closing and closing of the CalHFA loan(s), the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.
- Receipt of a Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from all local (city and county) lenders.
- Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution.
- The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 15 of operations is complete or full repayment of the DDF. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lenders. As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
- If applicable, 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.
- Receipt of seismic review report showing project has Probable Maximum Loss (PML) below 20%.
- Prior to construction loan closing, receipt of construction draw schedule showing a 42-month period that is acceptable to CalHFA.
- In the event of cost savings at permanent loan conversion, 100% of cost savings will be used to reduce the supplemental portion of the MIP loan amount first. Once the supplemental portion of the MIP loan amount is fully reduced, the remaining cost savings will be split 50% between reducing the original MIP loan amount and reducing the Deferred Developer Fee.

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. As noted earlier, the supplemental MIP subsidy loan of $5,203,625 was not part of the Initial Commitment approved by the SLC and Board, and hence approval is being sought for this financing through the subject Final Commitment Approval.

AFFORDABILITY

12.	CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (102 units) at or below 60% AMI and an additional 10% of the total units (34 units) at 50% of AMI for 55 years.

*The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (34 units) be restricted at or below 30% of AMI, 20% of the total units (68 units) restricted at or below 50% of AMI, and 10% of total units (34 units) be restricted between 60% and 80% of AMI, with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 201 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 as part of the project’s staff report package. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

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

- The Glendale Housing Authority will restrict 34 units at or below 30% of AMI, 48 units at or below 40% of AMI, and 255 units at or below 80% of AMI for a term of 55 years (refer to below chart for further breakdown of the AMI and unit mix). Housing Authority requires 14 of the 34 units at 30% AMI be restricted by the Housing Community Development Extremely Low Income (HCD ELI) rent and income limits vs. the TCAC rent and income limits.

Pursuant to the USRM, CalHFA regulated unit sizes (by bedroom count) shall be distributed substantially on a pro rata basis across income ranges proportionate to their availability in the development as a whole. Deviations may be allowed based on demonstrable market data and community needs as evidenced in approved Housing Elements. The Borrower is requesting a waiver to meet the pro rata distribution of income ranges and bedroom sizes requirement. This is allowable given the strong market demand as evidenced by the appraisal report (capture rate ranges from 1% to 7% and absorption rate is 10 months) and the City’s involvement in determining the proposed income and unit requirement distribution for the proposed project.

Rent Limit Summary Table

Restrictions @ AMI	Total Units	Senior Units	General Units	Studio	1-bdrm	2-bdrm	3-bdrm	% of Total
30%	34	34	0	32	2	-	-	10.0%
40%	48	48	0	-	48	-	-	14.1%
50%	34	10	24	-	29	5	-	10.0%
60%	131	0	131	-	131	-	-	38.5%
80%	90	0	90	-	50	40	-	26.5%
Manager's Unit	3	0	3	-	-	3	-	0.9%
Total	340	92	248	32	260	48	0	100.0%

The average affordability restriction is 59% of AMI based on 337 TCAC-restricted units.

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% HCD AMI	30 % AMI	40 % AMI	50 % AMI	60% AMI	80% AMI *(60% to 80% Tranche)	<= 120% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1st	55				34	102			3	136	40%
*CalHFA Subsidy	2nd	55		34		68		34	201	3	337	99%

Ground Lease	3rd	**55**				68		269		3	337	99%
City of Glendale	4th	**55**	14	20	48			255		3	337	99%
Density Bonus	TBD	**55**						337		3	337	99%
Tax Credits	5th	**55**		34	48	34	131	90		3	337	99%

13.	**Geocoder Information**		
Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	12%
Minority Census Tract:	38%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$1,155,693* OER amount is sized based on 3 months of operating expenses, first lien 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. *A minimum of 3 to 6 months operating expense, reserves, and debt service ("OER") is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, that they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement.
	Transitional Operating Reserve (TOR):	N/A.

15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.75	**Annual Replacement Reserve Per Unit:**	$300/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

16. Loan Security

The CalHFA loan(s) will be secured against the Fee Interest in the improvements and Leasehold Interest in the land.

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

The exit analysis assumes 2% increase to the appraisal cap rate (resulting in 6.0%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.23%). Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien loan and the full balance of the Supplemental MIP loan in the estimated amount of $7,251,732. The project will only be able to repay a portion of the original MIP loan in the estimated amount of $8,306,056 leaving an outstanding balance of $893,944 (principal and accrued interest). This is expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the Supplemental MIP and original MIP loans, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review **Dated: June 19, 2022**

- The Appraisal dated 06/19/22, prepared by Cressner and Associates, Inc., values the land at $16,200,000.
- The cap rate of 4.00% and a projected $2.46 million of net operating income was used to determine the as-restricted stabilized value. The appraisal report's NOI is approximately $60,000 higher than the project's proposed NOI projections. The difference is attributed to the Appraiser utilizing a lower vacancy rate of 2% as opposed to the 5% vacancy rate used for CalHFA and Developer underwriting. Based on the developer's explanation and supporting documents, staff has determined that the proposed operating expenses are reasonable.
- The as-restricted stabilized value is $61,510,000 which results in the Agency's permanent first lien loan to value (LTV) of 50%. The combined LTV, including MIP subsidy loan is 67%.
- The capture rate ranges from 1% to 7% and absorption rate is 10 months. Both rates are generally consistent with the market study.
- Appraisal analysis of senior units is based on a minimum age of 62 years, which is consistent with the proposed age restriction requirement for this Project.

Market Study: Novogradac **Dated: August 24, 2021**

Regional Market Overview

- The Primary Market Area is the city of Glendale and a portion of the City of Burbank (population of 184,011) and the Secondary Market Area ("SMA") is Los Angeles-Long Beach-Anaheim MSA (population of 13,400,324)
- The general population in the PMA is anticipated to increase by 0.4% per year and the senior population will increase by 2.1% per year.
- Unemployment in the SMA was 9.5%. The SMA appears to be recovering from the economic effects of the ongoing COVID-19 pandemic indicated by increasing employment levels. Per the appraisal, the unemployment rate was 6.4% in June 2022 for Los Angeles County and is expected to drop to 5.1% in 2023 while the unemployment rate in the City of Glendale was 4.5%. This suggests that the area will return to a more normal level when the project is in lease-up.
- Median home value in the zip code is $735,222.
- Market Study analysis of the senior units is based on a minimum age of 55 years.

Local Market Area Analysis Supply:
- There are currently 14 family and 11 senior affordable projects in the PMA and they are 99.8% occupied with long wait lists at the majority of sites.
- There are no affordable projects under construction and there are 2 affordable projects proposed, in addition to the subject property, in the City of Glendale.

- **Demand/Absorption:**
  - The project will need to capture 5.3% and 3.0% of family and senior units in the PMA, respectively. The affordable units are anticipated to lease up at a rate of 35 units per month and reach stabilized occupancy within 10 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located on the northwest corner side of Pioneer Drive and Pacific Avenue, in the City of Glendale, Los Angeles County.
- The site is currently vacant, with level topography at street grade, measuring approximately 2.81 acres and is generally irregular in shape.
- The site is zoned R-3050 (Moderate Density Residential), with permitted multifamily residential use.
- The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.
- The site consists of 3 existing commercial structures that are currently vacant and will be demolished as part of construction.

20. Form of Site Control & Expiration Date

The current owner, Glendale Housing Authority, of the site and the Project owners, LINC and National CORE, entered into a Lease Option dated 08/10/2021 which expires on 12/31/2022.

21. Current Ownership Entity of Record

Title is currently vested in Glendale Housing Authority as the fee owner.

22. Environmental Review Findings **Dated: January 12, 2022**

- A Phase I Environmental Site Assessment performed by USA Environmental, Inc., dated 01/12/2022 and a previous Phase II performed by Roux Associates, dated 06/05/2019 concluded no additional investigation or remediation is required associated with the land or existing structures as a result of recognized environmental conditions.
- 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 Glendale Building Codes so no seismic review is required. A seismic report is being ordered by the construction lender and will be used to verify the project meets CalHFA requirements for earthquake insurance waiver of Probable Maximum Loss (PML) below 20%.

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

The Project is new construction, therefore, relocation is not applicable.

PROJECT DETAILS

25. Residential Areas:

Residential Square Footage:	185,320	**Residential Units per Acre:**	121
Community Area Sq. Ftg:	113,450	**Total Parking Spaces:**	342
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	462,754

26. Mixed-Use Project: ☐ **Yes** ☒ **No**

		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	☐ Yes ☒ No	**Number of Parking Spaces:**	N/A
27.	**Construction Type:**	Three 5-story Type III residential buildings with elevator access to all floors over a Type I podium with two levels of subterranean parking.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ **Yes** ☐ **No**			

- The subject site is new construction.
- The Contractor is an affiliate of the Borrower entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with a 14% for builder overhead, profit, and general requirements, which aligns with TCAC's allowable limit. TCAC's allowable limit is 14%.
- The locality requires certain offsite improvements that include utility connections, curb and gutter, sidewalk, and asphalt.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee.
- The developer has established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Co-Managing General Partner: Linc Pioneer LLC, a California limited liability company; 0.005% interest
  - Sole Member: LINC Housing Corporation, a California nonprofit public benefit corporation
- Co-Managing General Partner: NCRC Pioneer GP LLC, a California limited liability company; 0.005% interest
  - Sole Member: National Community Renaissance of California, a California nonprofit public benefit corporation

Investor Limited Partner: Bank of America, N.A.; 99.99% interest

31. Developer/Sponsor

LINC Housing Corporation (LINC) was founded in 1984 and is a mission-based 501(c)(3) nonprofit developer of affordable housing. Located in Long Beach, LINC has a 36-year history of developing, operating, and providing resident services to over 80 cities and communities throughout California. LINC will also serve as the service provider for the subject Property. LINC currently has 3 projects (189 units) (Bartlett Hill Manor, Mosaic Gardens at Huntington Park, and The Village at Beechwood) in the CalHFA portfolio and they are all performing as expected. In addition, LINC has 6 projects (429 units) under construction, 72 projects (7,101 units) completed, and 12 projects (340 units) in the pipeline. None of LINC's pipeline or in-construction projects, other than the subject Property, are in the CalHFA pipeline.

National Community Renaissance (National CORE) was founded in 1992 and is a mission-based 501(c)(3) nonprofit developer of affordable housing that is vertically integrated with in-house construction, property management and social programs/services departments. Located in Rancho Cucamonga, National CORE will also serve as the management agent for the subject Property. National CORE currently has 10 projects (1,558 units) (Monterey Village, Mountainside, Sycamore Springs, Crossings in Rialto, Mission Cove-MHSA, Northgate Village, Oakcrest Heights-MHSA, Paseo del Oro, Signature at Fairfield-MHSA, and Sunset Heights) in the CalHFA portfolio, and they are all performing as expected. In addition, National CORE has 11 projects (754 units) under construction, 103 projects (9,533 units) completed, and 20 projects (2,800 units) in the pipeline. Five projects (380 units) of National CORE's in-construction projects are in the CalHFA pipeline and includes SNHP Legacy Square, SNHP Mountain View, SNHP Orchard View Gardens, SNHP Santa Angelina Senior Community and SNHP Villa Serena Apts.

In their role as co-developers, LINC and National CORE have 2 projects completed, 1 project under construction, and 1 project in the pipeline (the subject Property).

32.	**Management Agent**

The Project will be managed by National CORE's in-house property management department, which has extensive experience in managing similar affordable housing projects in the area and manages 9 projects in CalHFA's portfolio (Monterey Village, Mountainside, Sycamore Springs, Crossings in Rialto, Mission Cove – MHSA, Northgate Village, Oakcrest Heights – MHSA, Paseo del Oro, and Sunset Heights), and they are all performing as expected.

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

LINC will provide supportive services that include the equivalent of 1.5 FTE Resident Service Coordinators to serve all of the tenant population through a 15-year contract that will automatically renew for successive one-year terms until written notice indicating not to renew is initiated from either party. Services will be conducted on onsite and will be paid from operations. Services include a full time Resident Services Coordinator as well as instructor led education, health and wellness classes, and Adult Skill Building Programs.

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

The general contractor (GC) is National CORE, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the co-developers have worked on 2 CalHFA projects that have been completed, 1 CalHFA project that is under construction, and 1 CalHFA project in the development stage.

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

The architect is KFA, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.

The architect and the co-developers have worked on 1 CalHFA project that has been completed and are working on 1 CalHFA project that is in the development stage. In addition, KFA and LINC have completed 1 other project.

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

The locality, City of Glendale, 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 22-014-A/X/S**

Project Full Name	515 Pioneer Drive	**Borrower Name:**	Linc Housing Corporation
Project Address	515 Pioneer Drive	**Managing GP:**	National Community Renaissance of California
Project City	Glendale	**Developer Name:**	Linc Housing Corporation
Project County	Los Angeles	**Investor Name:**	Bank of America
Project Zip Code	91203	**Prop Management:**	National CORE
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.80
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	185,320
Total Residential Units:	340	**Residential Units Per Acre:**	121.43
Total Number of Buildings:	3		
Number of Stories:	5	**Covered Parking Spaces:**	342
Unit Style:	--	**Total Parking Spaces:**	342
Elevators:	3		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
BoA Tax Exempt Construction Loan	82,467,538	1.000%	44	--	5.200%
BoA Taxable Construction Loan	8,487,285	1.000%	44	--	5.700%
Glendale Housing Authority - Land	12,400,000	--	660	--	3.000%
Glendale Housing Authority - Dev Funds	16,000,000	--	660	--	3.000%
Deferred Developer Fee	7,065,059	NA	NA	NA	NA
Developer Equity Contribution	4,877,965	NA	NA	NA	NA
Deferred Construction Costs	4,174,289	NA	NA	NA	NA
Investor Equity Contribution	30,750,429	NA	NA	NA	NA
Total:	**166,222,565**	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	30,892,000	1.000%	30	40	6.230%
MIP	5,000,000	1.000%	30	NA	3.000%
Supplemental MIP	5,203,625	1.000%	30.00	NA	3.000%
Glendale Housing Authority - Land	12,400,000	--	55	--	3.000%
Glendale Housing Authority - Dev Funds	16,000,000	--	55	--	3.000%
Deferred Developer Fees	7,065,059	NA	NA	NA	NA
Developer Equity Contribution	4,877,965	NA	NA	NA	NA
Investor Equity Contributions	85,181,244	NA	NA	NA	NA
Total:	**166,619,893**	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	6/19/22	**Capitalization Rate:**	4.00%
Investment Value ($)	158,920,000	**Restricted Value ($)**	61,510,000
Construct/Rehab LTC	55%	**CalHFA Permanent Loan to Cost**	19%
Construct/Rehab LTV	57%	**CalHFA 1st Permanent Loan to Value**	50%
		Combined CalHFA Perm Loan to Value	67%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	N/A	

Permanent Loan

Operating Expense Reserve Deposit	$1,155,693	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 8/29/22 Senior Staff Date: 9/7/22

UNIT MIX AND RENT SUMMARY	Final Commitment
515 Pioneer Drive	Project Number 22-014-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	360	32	48
FLAT	1	1	530	260	390
FLAT	2	1	750	48	144
-	-	-			
-	-	-	-	-	0
				-	0
				340	582

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY

Agency	Number of Units Restricted For Each AMI Category						
	30% H&S	30%	40%	50%	60%	80%	120%
CalHFA Bond RA	0	0	0	34	102	0	0
CalHFA MIP RA	0	34	0	68	0	34	201
City Density Bonus	0	0	0	0	0	337	0
Ground Lease Req'd	0	0	68	0	0	269	0
City of Glendale	14	20	48	0	0	255	0
TCAC	0	34	48	34	131	90	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	HCD	30%	14	$426	$1,800	$1,374	24%
	CTCAC	30%	18	$573		$1,227	32%
	CTCAC	40%	-	-		-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
1 Bedroom	HCD	30%	-	-	$2,100	-	-
	CTCAC	30%	2	$609		$1,491	29%
	CTCAC	40%	48	$832		$1,268	40%
	CTCAC	50%	29	$1,055		$1,045	50%
	CTCAC	60%	131	$1,279		$821	61%
	CTCAC	80%	50	$1,726		$74	82%
	CTCAC	100%	-	-		-	-
2 Bedrooms	HCD	30%	-	-	$2,600	-	-
	CTCAC	30%	-	-		-	-
	CTCAC	40%	-	-		-	-
	CTCAC	50%	5	$1,255		$1,345	48%
	CTCAC	60%	-	-		-	-
	CTCAC	80%	40	$2,059		$541	79%
	CTCAC	-	-	-		-	-
3 Bedrooms	HCD	30%	-	-	-	-	-
	CTCAC	30%	-	-		-	-
	CTCAC	40%	-	-		-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
4 Bedrooms	HCD	30%	-	-	-	-	-
	CTCAC	30%	-	-		-	-
	CTCAC	40%	-	-		-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
5 Bedrooms	HCD	30%	-	-	-	-	-
	CTCAC	30%	-	-		-	-
	CTCAC	40%	#DIV/0!	-		-	-
	CTCAC	50%	-	-		-	-
	CTCAC	60%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	100%	-	-		-	-
Date Prepared:	8/29/22					Senior Staff Date:	9/7/22

SOURCES & USES OF FUNDS					**Final Commitment**
515 Pioneer Drive			**Project Number**		**22-014-A/X/S**
SOURCES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT SOURCES OF FUNDS**		
	$	**$**	**SOURCES ($)**	**PER UNIT ($)**	**%**
BoA Tax Exempt Construction Loan	82,467,538				0.0%
BoA Taxable Construction Loan	8,487,285				0.0%
Glendale Housing Authority - Land	12,400,000				0.0%
Glendale Housing Authority - Dev Funds	16,000,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Deferred Construction Costs	4,174,289				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	7,065,059				0.0%
Developer Equity Contribution	4,877,965				0.0%
Investor Equity Contribution	30,750,429				0.0%
Perm		30,892,000	30,892,000	90,859	18.5%
MIP		5,000,000	5,000,000	14,706	3.0%
Supplemental MIP		5,203,625	5,203,625	15,305	3.1%
-		-	-	-	0.0%
Glendale Housing Authority - Land		12,400,000	12,400,000	36,471	7.4%
Glendale Housing Authority - Dev Funds		16,000,000	16,000,000	47,059	9.6%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		7,065,059	7,065,059	20,780	4.2%
Developer Equity Contribution		4,877,965	4,877,965	14,347	2.9%
Investor Equity Contributions		85,181,244	85,181,244	250,533	51.1%
TOTAL SOURCES OF FUNDS	**166,222,565**	**166,619,893**	**166,619,893**	**490,059**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**166,222,565**	**166,619,893**	**166,619,893**	**490,059**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**(0)**	**-**	**(0)**		

USES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT USES OF FUNDS**		
	$	**$**	**USES ($)**	**PER UNIT ($)**	**%**
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	12,400,000	-	12,400,000	36,471	7.4%
Demolition Costs	490,000	-	490,000	1,441	0.3%
Legal & Other Closing Costs	65,000	-	65,000	191	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	30,000	-	30,000	88	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**12,985,000**	**-**	**12,985,000**	**38,191**	**7.8%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	1,434,673	-	1,434,673	4,220	0.9%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	25,533,083	-	25,533,083	75,097	15.3%
Structures (Hard Cost)	61,890,243	-	61,890,243	182,030	37.1%
General Requirements	6,254,360	-	6,254,360	18,395	3.8%
Contractor Overhead	2,680,440	-	2,680,440	7,884	1.6%
Contractor Profit	3,573,920	-	3,573,920	10,512	2.1%
Contractor Bond	1,005,165	-	1,005,165	2,956	0.6%
Contractor Liability Insurance	1,005,165	-	1,005,165	2,956	0.6%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**103,377,049**	**-**	**103,377,049**	**304,050**	**62.0%**

SOURCES & USES OF FUNDS					Final Commitment
515 Pioneer Drive			Project Number	22-014-A/X/S	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,575,000	-	1,575,000	4,632	0.9%
Supervision	600,000	-	600,000	1,765	0.4%
TOTAL ARCHITECTURAL FEES	**2,175,000**	**-**	**2,175,000**	**6,397**	**1.3%**
SURVEY & ENGINEERING FEES					
Engineering	673,200	-	673,200	1,980	0.4%
Supervision	91,800	-	91,800	270	0.1%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	765,000	-	765,000	2,250	0.5%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	5,193,353	-	5,193,353	15,275	3.1%
Soft Cost Contingency Reserve	1,092,790	-	1,092,790	3,214	0.7%
TOTAL CONTINGENCY RESERVES	6,286,143	-	6,286,143	18,489	3.8%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
BoA Tax Exempt Construction Loan	9,743,011	-	9,743,011	28,656	0.058474
BoA Taxable Construction Loan	-	-	-	-	0
Glendale Housing Authority - Land	-	-	-	-	0.0%
Glendale Housing Authority - Dev Funds	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
BoA Tax Exempt Construction Loan	824,675	-	824,675	2,426	0.5%
BoA Taxable Construction Loan	84,873	-	84,873	250	0.1%
Glendale Housing Authority - Land	-	-	-	-	0.0%
Glendale Housing Authority - Dev Funds	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	22,000	-	22,000	65	0.0%
Real Estate Taxes During Rehab	155,000	-	155,000	456	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	1,125,000	-	1,125,000	3,309	0.7%
Title & Recording Fees	80,000	-	80,000	235	0.0%
Other Lender Expense	50,000	-	50,000	147	0.0%
Inspections	-	-	-	-	0.0%
Bond Issuer Fee	72,977	-	72,977	215	0.0%
Cost of Issuance & Developer Contingency	656,881	-	656,881	1,932	0.4%
TOTAL CONST/REHAB PERIOD COSTS	**12,814,418**	**-**	**12,814,418**	**37,689**	**7.7%**

SOURCES & USES OF FUNDS					Final Commitment
515 Pioneer Drive			Project Number	22-014-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	136,420	172,500	308,920	909	0.2%
MIP	25,000	25,000	50,000	147	0.0%
Supplemental MIP	-	52,036	52,036	153	0.0%
-	-	-	-	-	0.0%
Glendale Housing Authority - Land	-	-	-	-	0.0%
Glendale Housing Authority - Dev Funds	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	324	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	10,000	10,000	29	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	-	-	-	0.0%
CalHFA Fees	-	10,542	10,542	31	0.0%
-	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**161,420**	**380,078**	**541,498**	**1,593**	**0.3%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	17,750	17,250	35,000	103	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
County Legal Fees	-	-	-	-	0.0%
Trustee Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	115,000	-	115,000	338	0.1%
CalHFA Bond Counsel	60,000	-	60,000	176	0.0%
TOTAL LEGAL FEES	**192,750**	**17,250**	**210,000**	**618**	**0.1%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	1,155,693	-	1,155,693	3,399	0.7%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**1,155,693**	**-**	**1,155,693**	**3,399**	**0.7%**
REPORTS & STUDIES					
Appraisal Fee	15,000	-	15,000	44	0.0%
Market Study Fee	15,000	-	15,000	44	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	436,000	-	436,000	1,282	0.3%
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 Development Costs	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**466,000**	**-**	**466,000**	**1,371**	**0.3%**

SOURCES & USES OF FUNDS					Final Commitment
515 Pioneer Drive			Project Number	22-014-A/X/S	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	232,095	-	232,095	683	0.1%
CDLAC Fees	31,834	-	31,834	94	0.0%
Local Permits & Fees	2,277,358	-	2,277,358	6,698	1.4%
Local Impact Fees	2,724,312	-	2,724,312	8,013	1.6%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	229,500	-	229,500	675	0.1%
Accounting & Audits	25,000	-	25,000	74	0.0%
Advertising & Marketing Expenses	124,250	-	124,250	365	0.1%
Financial Consulting	50,000	-	50,000	147	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other costs	906,820	-	906,820	2,667	0.5%
Other	-	-	-	-	0.0%
TOTAL OTHER COSTS	**6,601,169**	**-**	**6,601,169**	**19,415**	**4.0%**
SUBTOTAL PROJECT COSTS	**146,979,642**	**166,619,893**	**147,376,970**	**433,462**	**88.5%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	19,242,923	-	19,242,923	56,597	11.5%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**19,242,923**	**-**	**19,242,923**	**56,597**	**11.5%**
TOTAL PROJECT COSTS	**166,222,565**	**166,619,893**	**166,619,893**	**490,059**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
515 Pioneer Drive	**Project Number**		**22-014-A/X/S**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 5,166,132	$ 15,195	104.85%
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	20,399	60	0.41%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 5,186,531**	**$ 15,255**	**105.26%**
Less: Vacancy Loss	**$ 259,327**	**$ 763**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 4,927,204**	**$ 16,017**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 508,300	$ 1,495	$ 0
Management Fee	244,784	720	4.97%
Social Programs & Services	183,680	540	3.73%
Utilities	306,000	900	6.21%
Operating & Maintenance	994,600	2,925	20.19%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	22	0.15%
Other Monitoring Fees	33,700	99	0.68%
Real Estate Taxes	54,400	160	1.10%
Other Taxes & Insurance	88,400	260	1.79%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 2,421,364**	**$ 7,122**	**49.14%**
Replacement Reserve	$ 102,000	$ 300	2.07%
TOTAL OPERATING EXPENSES	**$ 2,523,364**	**$ 7,422**	**51.21%**
NET OPERATING INCOME (NOI)	**$ 2,403,840**	**$ 7,070**	**48.79%**
-	$ -	-	0.00%
Glendale Housing Authority - Land	$ -	-	0.00%
Glendale Housing Authority - Dev Funds	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 2,099,409**	**$ 6,175**	**42.61%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 304,431**	**$ 895**	**6.18%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.15**	**to 1**	
Date: 8/29/22		Senior Staff Date:	09/07/22

PROJECTED PERMANENT LOAN CASH FLOWS											515 Pioneer Drive		
Final Commitment										Project Number	22-014-A/X/S		
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12
RENTAL INCOME	CPI												
Restricted Unit Rents	2.50%	5,166,132	5,295,285	5,427,667	5,563,359	5,702,443	5,845,004	5,991,129	6,140,908	6,294,430	6,451,791	6,613,086	6,778,413
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%	20,399	20,909	21,432	21,968	22,517	23,080	23,657	24,248	24,854	25,476	26,113	26,765
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**5,186,531**	**5,316,194**	**5,449,099**	**5,585,327**	**5,724,960**	**5,868,084**	**6,014,786**	**6,165,156**	**6,319,285**	**6,477,267**	**6,639,198**	**6,805,178**
VACANCY ASSUMPTIONS	Vacancy												
Restricted Unit Rents	5.00%	258,307	264,764	271,383	278,168	285,122	292,250	299,556	307,045	314,722	322,590	330,654	338,921
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%	1,020	1,045	1,072	1,098	1,126	1,154	1,183	1,212	1,243	1,274	1,306	1,338
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**259,327**	**265,810**	**272,455**	**279,266**	**286,248**	**293,404**	**300,739**	**308,258**	**315,964**	**323,863**	**331,960**	**340,259**
EFFECTIVE GROSS INCOME (EGI)		**4,927,205**	**5,050,385**	**5,176,644**	**5,306,060**	**5,438,712**	**5,574,680**	**5,714,047**	**5,856,898**	**6,003,320**	**6,153,403**	**6,307,238**	**6,464,919**
OPERATING EXPENSES	CPI / Fee												
Administrative Expenses	3.50%	691,980	716,199	741,266	767,211	794,063	821,855	850,620	880,392	911,206	943,098	976,106	1,010,270
Management Fee	4.97%	244,784	250,903	257,176	263,605	270,195	276,950	283,874	290,971	298,245	305,701	313,344	321,177
Utilities	3.50%	306,000	316,710	327,795	339,268	351,142	363,432	376,152	389,317	402,944	417,047	431,643	446,751
Operating & Maintenance	3.50%	994,600	1,029,411	1,065,440	1,102,731	1,141,326	1,181,273	1,222,617	1,265,409	1,309,698	1,355,538	1,402,982	1,452,086
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700
Real Estate Taxes	1.25%	54,400	55,080	55,769	56,466	57,171	57,886	58,610	59,342	60,084	60,835	61,596	62,365
Other Taxes & Insurance	3.50%	88,400	91,494	94,696	98,011	101,441	104,991	108,666	112,469	116,406	120,480	124,697	129,061
DEBT SERVICE PAYMENTS	Lien #												
Perm	1	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409
Supplemental MIP	4	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**
CASH FLOW AFTER DEBT SERVICE		**304,432**	**346,958**	**389,843**	**433,070**	**476,622**	**520,480**	**564,623**	**609,030**	**653,677**	**698,540**	**743,591**	**788,802**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.19**	**1.21**	**1.23**	**1.25**	**1.27**	**1.29**	**1.31**	**1.33**	**1.35**	**1.38**
Date Prepared:	08/29/22									Senior Staff Date:	9/7/22		

LESS: Asset Management Fee	3%	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,153
.ESS: Partnership Management Fee	3%	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	16,127	16,611
net CF available for distribution		**289,432**	**331,508**	**373,929**	**416,679**	**459,739**	**503,091**	**546,712**	**590,582**	**634,676**	**678,968**	**723,432**	**768,038**
Deferred developer fee repayment	7,065,059	7,065,059	6,775,627	6,444,119	6,070,190	5,653,510	5,193,771	4,690,680	4,143,968	3,553,386	2,918,710	2,239,741	1,516,309
	100%	289,432	331,508	373,929	416,679	459,739	503,091	546,712	590,582	634,676	678,968	723,432	768,038
		6,775,627	6,444,119	6,070,190	5,653,510	5,193,771	4,690,680	4,143,968	3,553,386	2,918,710	2,239,741	1,516,309	748,271

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12
Payments for Residual Receipt Payments		*50%*											
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-	-
MIP	*12.95%*	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental MIP	*13.48%*	-	-	-	-	-	-	-	-	-	-	-	-
Glendale Housing Authority - Land	*32.12%*	-	-	-	-	-	-	-	-	-	-	-	-
Glendale Housing Authority - Dev Fu	*41.45%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
MIP---Simple	*3.00%*	5,000,000	5,150,000	5,300,000	5,450,000	5,600,000	5,750,000	5,900,000	6,050,000	6,200,000	6,350,000	6,500,000	6,650,000
Supplemental MIP---Simple	*3.00%*	5,203,625	5,359,734	5,515,843	5,671,951	5,828,060	5,984,169	6,140,278	6,296,386	6,452,495	6,608,604	6,764,713	6,920,821
Glendale Housing Authority - Land---	*3.00%*	12,400,000	12,772,000	13,155,160	13,549,815	13,956,309	14,374,999	14,806,248	15,250,436	15,707,949	16,179,187	16,664,563	17,164,500
Glendale Housing Authority - Dev Fu	*3.00%*	16,000,000	16,480,000	16,974,400	17,483,632	18,008,141	18,548,385	19,104,837	19,677,982	20,268,321	20,876,371	21,502,662	22,147,742
Total Residual Receipts Payments		**38,603,625**	39,761,734	40,945,403	42,155,398	43,392,510	44,657,552	45,951,363	47,274,804	48,628,765	50,014,162	51,431,938	52,883,063

PROJECTED PERMANENT LOAN CASH FLOWS — **515 Pioneer Drive**

Final Commitment — Project Number 22-014-A/X/S

	YEAR	13	14	15	16	17	18	19	20	21	22	23	24
RENTAL INCOME	**CPI**												
Restricted Unit Rents	2.50%	6,947,873	7,121,570	7,299,609	7,482,100	7,669,152	7,860,881	8,057,403	8,258,838	8,465,309	8,676,942	8,893,865	9,116,212
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%	27,435	28,121	28,824	29,544	30,283	31,040	31,816	32,611	33,426	34,262	35,119	35,997
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**6,975,308**	**7,149,691**	**7,328,433**	**7,511,644**	**7,699,435**	**7,891,921**	**8,089,219**	**8,291,449**	**8,498,735**	**8,711,204**	**8,928,984**	**9,152,208**
VACANCY ASSUMPTIONS	**Vacancy**												
Restricted Unit Rents	5.00%	347,394	356,079	364,980	374,105	383,458	393,044	402,870	412,942	423,265	433,847	444,693	455,811
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%	1,372	1,406	1,441	1,477	1,514	1,552	1,591	1,631	1,671	1,713	1,756	1,800
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**348,765**	**357,485**	**366,422**	**375,582**	**384,972**	**394,596**	**404,461**	**414,572**	**424,937**	**435,560**	**446,449**	**457,610**
EFFECTIVE GROSS INCOME (EGI)		**6,626,542**	**6,792,206**	**6,962,011**	**7,136,061**	**7,314,463**	**7,497,325**	**7,684,758**	**7,876,877**	**8,073,799**	**8,275,643**	**8,482,535**	**8,694,598**
OPERATING EXPENSES	**CPI / Fee**												
Administrative Expenses	3.50%	1,045,629	1,082,226	1,120,104	1,159,308	1,199,884	1,241,880	1,285,345	1,330,332	1,376,894	1,425,085	1,474,963	1,526,587
Management Fee	4.97%	329,207	337,437	345,873	354,520	363,383	372,467	381,779	391,323	401,106	411,134	421,412	431,948
Utilities	3.50%	462,387	478,571	495,321	512,657	530,600	549,171	568,392	588,285	608,875	630,186	652,243	675,071
Operating & Maintenance	3.50%	1,502,909	1,555,511	1,609,954	1,666,302	1,724,623	1,784,984	1,847,459	1,912,120	1,979,044	2,048,311	2,120,001	2,194,201
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700	33,700
Real Estate Taxes	1.25%	63,145	63,934	64,734	65,543	66,362	67,192	68,031	68,882	69,743	70,615	71,497	72,391
Other Taxes & Insurance	3.50%	133,578	138,254	143,093	148,101	153,284	158,649	164,202	169,949	175,897	182,054	188,426	195,021
DEBT SERVICE PAYMENTS	**Lien #**												
Perm	1	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409
Supplemental MIP	4	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**
CASH FLOW AFTER DEBT SERVICE		**834,142**	**879,579**	**925,078**	**970,604**	**1,016,116**	**1,061,574**	**1,106,933**	**1,152,148**	**1,197,170**	**1,241,946**	**1,286,422**	**1,330,539**
DEBT SERVICE COVERAGE RATIO		**1.40**	**1.42**	**1.44**	**1.46**	**1.48**	**1.51**	**1.53**	**1.55**	**1.57**	**1.59**	**1.61**	**1.63**
Date Prepared:	08/29/22							Senior Staff Date:	9/7/22				

		13	14	15	16	17	18	19	20	21	22	23	24
LESS: Asset Management Fee	3%	4,277	4,406	4,538	4,674	4,814	4,959	5,107	5,261	5,418	5,581	5,748	5,921
.ESS: Partnership Management Fee	3%	17,109	17,622	18,151	18,696	19,256	19,834	20,429	21,042	21,673	22,324	22,993	23,683
net CF available for distribution		**812,755**	**857,551**	**902,390**	**947,234**	**992,045**	**1,036,781**	**1,081,397**	**1,125,846**	**1,170,078**	**1,214,042**	**1,257,680**	**1,300,936**
Deferred developer fee repayment	7,065,059	748,271	-	-	-	-	-	-	-	-	-	-	-
	100%	748,271	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-

	YEAR	13	14	15	16	17	18	19	20	21	22	23	24
Payments for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Payment %*	32,242	428,775	451,195	473,617	496,023	518,390	540,698	562,923	585,039	607,021	628,840	650,468
MIP	*12.95%*	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental MIP	*13.48%*	8,522	113,333	119,259	125,185	131,108	137,020	142,916	148,791	154,636	160,446	166,214	171,930
Glendale Housing Authority - Land	*32.12%*	10,357	137,728	144,930	152,132	159,329	166,514	173,680	180,818	187,922	194,983	201,992	208,939
Glendale Housing Authority - Dev Fu	*41.45%*	13,363	177,714	187,006	196,300	205,586	214,857	224,103	233,314	242,480	251,591	260,635	269,599
Total Residual Receipts Payments	**100.00%**	32,242	428,775	451,195	473,617	496,023	518,390	540,698	562,923	585,039	607,021	628,840	650,468
Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
MIP---Simple	*3.00%*	6,800,000	6,950,000	7,100,000	7,250,000	7,400,000	7,550,000	7,700,000	7,850,000	8,000,000	8,150,000	8,300,000	8,450,000
Supplemental MIP---Simple	*3.00%*	7,076,930	7,224,517	7,267,292	7,304,142	7,335,066	7,360,067	7,379,156	7,392,348	7,399,666	7,401,139	7,396,801	7,386,696
Glendale Housing Authority - Land---	*3.00%*	17,679,435	18,199,461	18,607,717	19,021,019	19,439,517	19,863,373	20,292,761	20,727,864	21,168,882	21,616,026	22,069,523	22,529,617
Glendale Housing Authority - Dev Fu	*3.00%*	22,812,174	23,483,176	24,009,957	24,543,250	25,083,248	25,630,159	26,184,207	26,745,631	27,314,686	27,891,646	28,476,804	29,070,474
Total Residual Receipts Payments		54,368,539	55,857,154	56,984,967	58,118,411	59,257,831	60,403,600	61,556,124	62,715,843	63,883,234	65,058,811	66,243,129	67,436,787

PROJECTED PERMANENT LOAN CASH FLOWS							515 Pioneer Drive
Final Commitment						Project Number	22-014-A/X/S
	YEAR	25	26	27	28	29	30
RENTAL INCOME	CPI						
Restricted Unit Rents	2.50%	9,344,117	9,577,720	9,817,163	10,062,592	10,314,157	10,572,011
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%	36,897	37,819	38,764	39,734	40,727	41,745
Parking & Storage Income	2.50%	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**9,381,014**	**9,615,539**	**9,855,927**	**10,102,326**	**10,354,884**	**10,613,756**
VACANCY ASSUMPTIONS	Vacancy						
Restricted Unit Rents	5.00%	467,206	478,886	490,858	503,130	515,708	528,601
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%	1,845	1,891	1,938	1,987	2,036	2,087
Parking & Storage Income	50.00%	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**469,051**	**480,777**	**492,796**	**505,116**	**517,744**	**530,688**
EFFECTIVE GROSS INCOME (EGI)		**8,911,963**	**9,134,762**	**9,363,131**	**9,597,209**	**9,837,139**	**10,083,068**
OPERATING EXPENSES	CPI / Fee						
Administrative Expenses	3.50%	1,580,018	1,635,318	1,692,554	1,751,794	1,813,107	1,876,565
Management Fee	4.97%	442,746	453,815	465,160	476,789	488,709	500,927
Utilities	3.50%	698,699	723,153	748,463	774,660	801,773	829,835
Operating & Maintenance	3.50%	2,270,999	2,350,483	2,432,750	2,517,897	2,606,023	2,697,234
Ground Lease Payments	3.50%	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	33,700	33,700	33,700	33,700	33,700	33,700
Real Estate Taxes	1.25%	73,296	74,212	75,140	76,079	77,030	77,993
Other Taxes & Insurance	3.50%	201,846	208,911	216,223	223,791	231,623	239,730
DEBT SERVICE PAYMENTS	Lien #						
Perm	1	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409	2,099,409
Supplemental MIP	4	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**	**2,099,409**
CASH FLOW AFTER DEBT SERVICE		**1,374,238**	**1,417,452**	**1,460,115**	**1,502,154**	**1,543,494**	**1,584,056**
DEBT SERVICE COVERAGE RATIO		**1.65**	**1.68**	**1.70**	**1.72**	**1.74**	**1.75**
Date Prepared:	08/29/22					Senior Staff Date:	9/7/22

LESS: Asset Management Fee	3%	6,098	6,281	6,470	6,664	6,864	7,070
.ESS: Partnership Management Fee	3%	24,394	25,125	25,879	26,655	27,455	28,279
net CF available for distribution		**1,343,746**	**1,386,045**	**1,427,766**	**1,468,835**	**1,509,175**	**1,548,707**
Deferred developer fee repayment	7,065,059	-	-	-	-	-	-
	100%	-	-	-	-	-	-
		-	-	-	-	-	-

	YEAR	25	26	27	28	29	30
Payments for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	*Payment %*	671,873	693,023	713,883	734,417	754,588	774,354
MIP	*12.95%*	-	-	-	-	-	-
Supplemental MIP	*13.48%*	177,588	183,178	188,692	194,120	199,451	204,675
Glendale Housing Authority - Land	*32.12%*	215,815	222,608	229,309	235,905	242,384	248,733
Glendale Housing Authority - Dev Fu	*41.45%*	278,470	287,236	295,882	304,393	312,753	320,945
Total Residual Receipts Payments	**100.00%**	671,873	693,023	713,883	734,417	754,588	774,354
Balances for Residual Receipt Payments							
RESIDUAL RECEIPTS LOANS	*Interest Rate*						
MIP---Simple	*3.00%*	8,600,000	8,750,000	8,900,000	9,050,000	9,200,000	9,350,000
Supplemental MIP---Simple	*3.00%*	7,370,875	7,349,396	7,322,326	7,289,743	7,251,732	7,208,390
Glendale Housing Authority - Land---	*3.00%*	22,996,567	23,470,649	23,952,160	24,441,417	24,938,754	25,444,533
Glendale Housing Authority - Dev Fu	*3.00%*	29,672,989	30,284,709	30,906,014	31,537,312	32,179,038	32,831,656
Total Residual Receipts Payments		68,640,431	69,854,753	71,080,500	72,318,471	73,569,525	74,834,580

MIXED-INCOME LOAN PROGRAM (2022)

California Housing Finance Agency

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/index.htm. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, 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 that 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).

Kevin Brown, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Jennifer Beardwood, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8805
jbeardwood@calhfa.ca.gov

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 if the city or county as a rule does not issue building permits prior to the completion of grading, then 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 pursuant to CTCAC regulations designated on the CTCAC/HCD (California Department of Housing and Community Department) Opportunity Area Map.
2. **Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than 20% of total MIP allocation or funding of two projects, whichever is less, for the respective year.
3. **County Cap:** No one county may receive more than 25% 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 may not be limited to, 1) competitively bidding out all major subcontractor and self-performing trades and 2) engaging a 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 construction loan closing and closing of the MIP subordinate loan. 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") at year 1 ("Initial DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case-by-case basis, if deemed necessary. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained through the term of the CalHFA permanent first lien loan,
- 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 shall be 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 three 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 bond cap, state tax credits, and MIP per adjusted unit shall be prioritized for MIP funding considerations. The bond cap, 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 evidence of project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations within the respective year, • 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 construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three 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 comparable projects within the past five 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 comparable projects within the past five years. **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three comparably financed projects over the last five years. **Architects** new to CalHFA must provide information for three comparable projects they designed that were built and occupied within the past five years in California. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three comparable (in design) projects built in the past five years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three comparable projects built in the past five years, and they must have overseen the projects from construction start to final completion. **Tax Credit Investors** must have closed/executed at least five investor limited partnership agreements for a comparable deal structure using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three years.

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 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 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 the year 1 DSCR underwritten at the time of final loan approval and final commitment through the term of the CalHFA permanent first lien loan. The Initial DSCR must not exceed 1.20.
Construction First Lien Loan	Must be 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 (IIG), Affordable Housing and Sustainable Communities (AHSC) and Transit Oriented Development (TOD) housing programs. Inclusion of these programs is contingent upon restrictions that are compatible with the MIP program requirements outlined herein. Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's sole 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 resulting from 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 subsidy 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, 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, which are based on the HUD and locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years: a. 30% of total units at or below 50% of AMI. Of these, a minimum of 10% of total units must be at or below 30% of AMI, b. 10% of total units between 60% and 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below, and c. Remaining 60% of total units at or below 120% of AMI (with the exception of any non-restricted manager's unit(s)) OR at the affordability restrictions consistent with CTCAC requirements. d. The minimum range between the lowest and highest occupancy target levels must be at least 40%. (Deviations from the above requirements will only be considered if Market Study supports such deviations.) 2. If applicable, tax credit transactions that are income-averaged must have a maximum average affordability up to 60% of AMI across all CTCAC restricted units.
Mixed-Income Project Occupancy Requirements (Continued)	**MAXIMUM ALLOWABLE RENTS:** Rents for all restricted units must be at least 10% below market rents for the MIP affordability term as evidenced by a current market study or appraisal. This threshold will be analyzed at time of application and again at CalHFA's final commitment approval and may be monitored on an ongoing basis for the MIP affordability term. 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. For underwriting purposes, CTCAC and locality maximum rents for the respective target income limits must be used. 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 of MIP loan closing, at CalHFA's sole discretion. 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 not to exceed 30% of the applicable income restriction required in the Agency's Regulatory Agreement.
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 $60,000 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 pursuant to CTCAC regulations 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. **Lien Position**: Second lien position, after CalHFA permanent first lien loan. 4. **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. 5. **Affordability Term**: 55 years. 6. **Prepayment**: May be prepaid at any time without penalty. 7. **Subordination**: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s) 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. 8. **Funded**: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	**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. **Other Fees:** Refer to CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 01/25/2022

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. • 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. • Perm Loan Funding Fee: $110,000 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.

Kevin Brown, Housing Finance Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Jennifer Beardwood, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8805
jbeardwood@calhfa.ca.gov

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 available1 • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount for each three-month extension. • Breakage Fee (if applicable): due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 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 (i.e., 30% @ 60% 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). A RRNA for a longer time period may be required if the Perm Loan term is greater than 20 years. • 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).

Last revised: 5/2022

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.

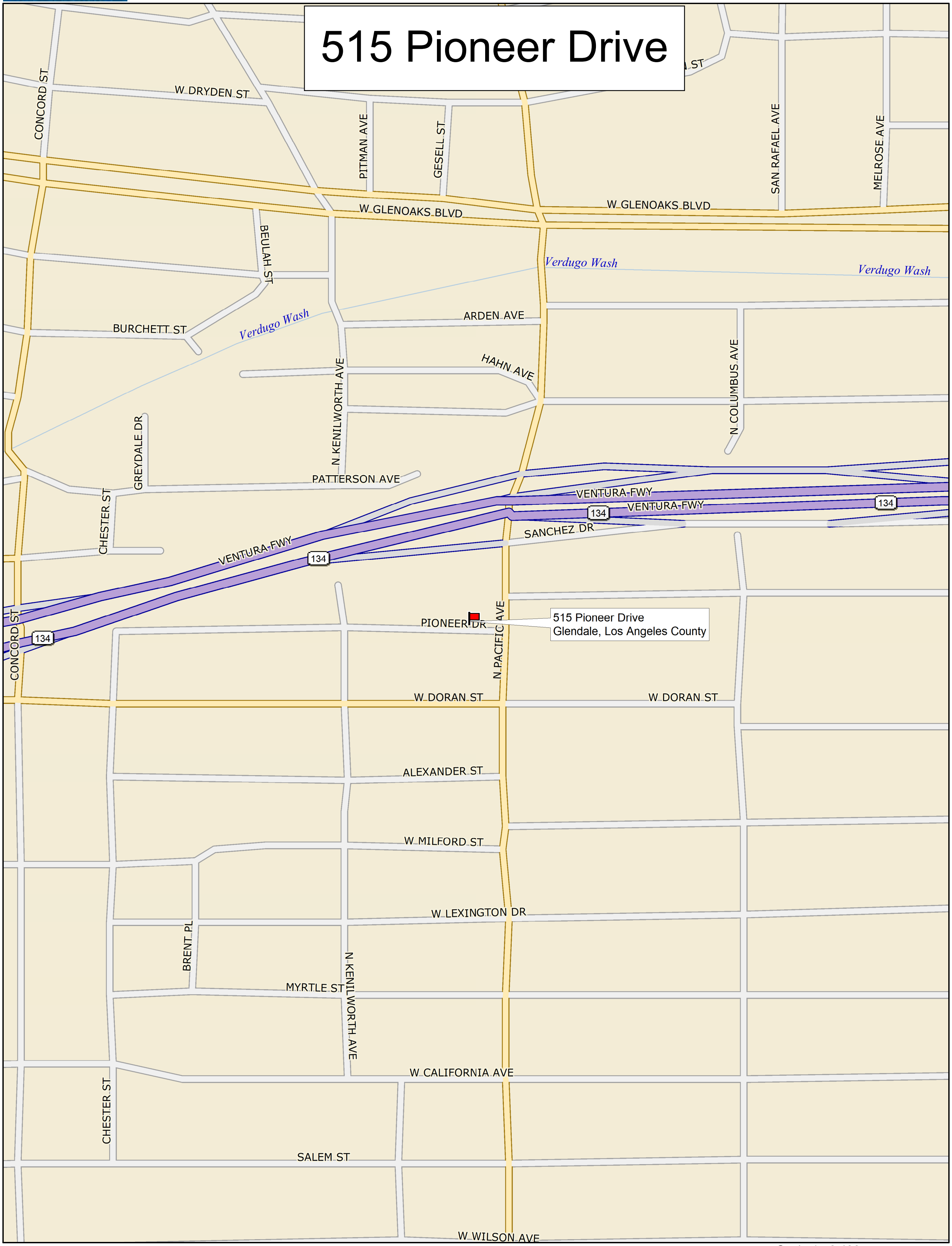
Qualifications	• Available to for-profit, nonprofit or public agency sponsors. • Nonprofit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond 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.

Kevin Brown, Housing Finance Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

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

Last revised: 03/2022

515 Pioneer Drive



TN
MN (11.6°E)

Scale 1 : 6,400

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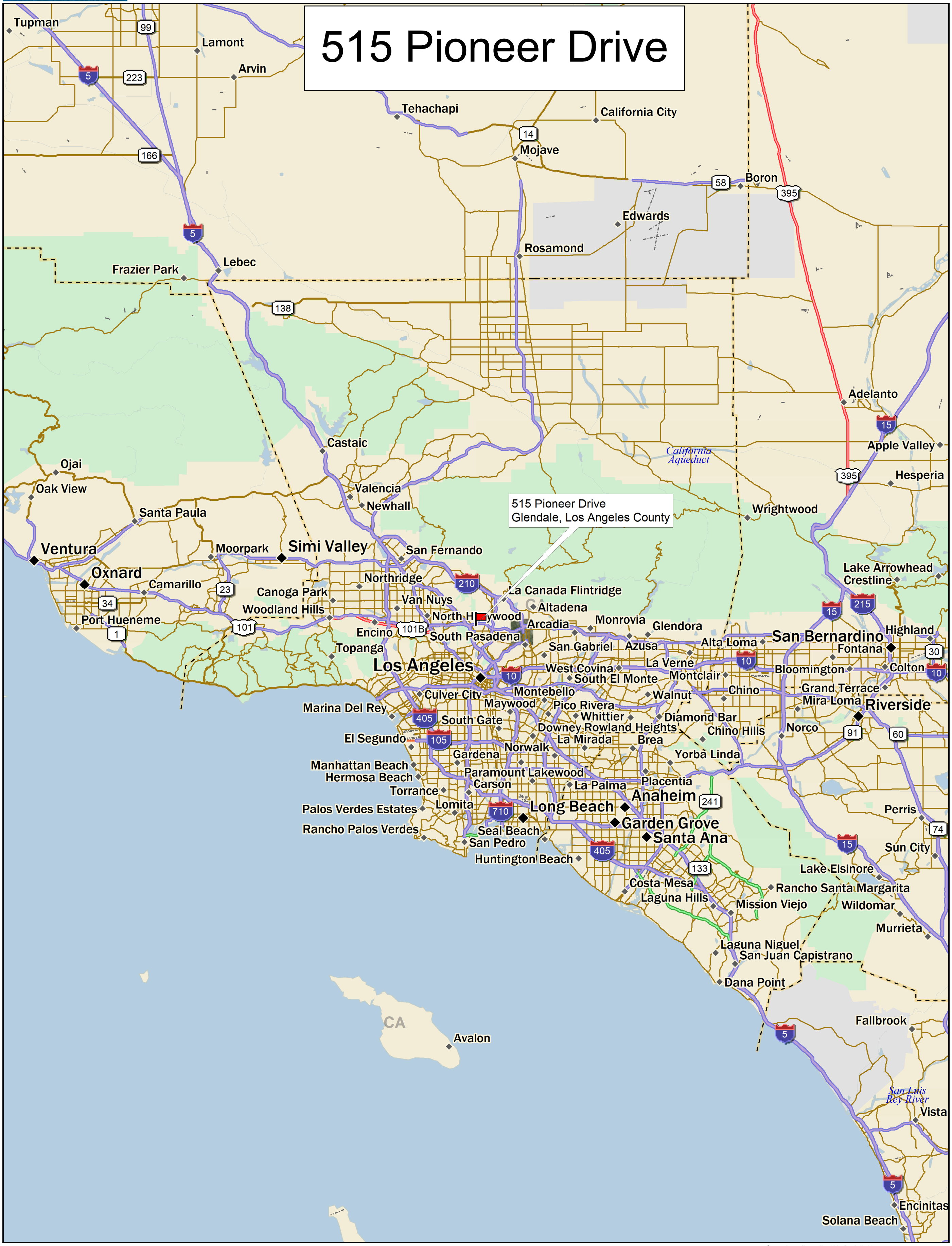
0 40 80 120 160 200 m

1" = 533.3 ft

Data Zoom 15-0

DeLorme Street Atlas USA® 2010



Data use subject to license.

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TN

MN (11.6°E)

Scale 1 : 1,100,000

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0 10 20 30 40 50 km

1" = 17.36 mi

Data Zoom 7-5