CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": 10/05/2022

Project Name, County:	**Mirasol Village Block D, Sacramento County**	
Address:	**1381 Swallowtail Avenue, Sacramento, 95811**	
Type of Project:	**New Construction**	
CalHFA Project Number:	**22015-A/X/N**	**Total Units: 116 (Family)**
Requested Financing by Loan Program:	$30,757,773	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount (Allocated by CDLAC on 6/15/22)**
	Up to $3,192,227	**CalHFA Tax-Exempt Bond (Supplemental) – Conduit Issuance Amount (allocated by CDLAC on 9/28/2022)**
	Up to $11,000,000	**CalHFA Taxable Bond – Conduit Issuance Amount (which may include recycled bonds) (includes 10% cushion)**
	$14,030,000	**CalHFA Tax-Exempt or FFB Permanent Loan with HUD Risk Sharing**
	$5,800,000	**CalHFA MIP Subsidy Loan ($1,687,840 Original Allocation and $4,112,160 Supplemental Allocation)**

DEVELOPMENT/PROJECT TEAM

Developer:	McCormack Baron Salazar, Inc.	**Borrower:**	Twin Rivers Phase 4, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	U.S. Bank National Association
Equity Investor:	U.S. Bancorp Community Development Corporation	**Management Company:**	John Stewart Company
Contractor:	Midstate Construction Corporation	**Architect**	SVA Architects, Inc.
Loan Officer:	N/A	**Loan Specialist:**	Jennifer Beardwood
Asset Manager:	Jessica Doan	**Loan Administration:**	Mirna Ramirez
Legal (Internal):	Paul Steinke	**Legal (External):**	Orrick Herrington & Sutcliffe
Concept Meeting Date:	8/18/2022	**Approval Expiration Date:**	180 days from approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/ US Bank CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN**
	Total Loan Amount	$33,950,000 (T/E) $9,830,000 (Tax)	$14,030,000	Original MIP: $1,687,840 Supplemental MIP: $4,112,160 Total CalHFA MIP Subsidy

				Loan: $5,800,000 ($50,435/restricted unit)
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction	40 year – partially amortizing due in year 17; 1st Lien Position during permanent loan term	17 year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	SOFR + 2.00% (T/E) SOFR + 2.25% (Tax) Underwritten at 4.30% variable rate (T/E) and 4.55% variable rate (Tax)	Underwriting Rate: 6.56% (Fixed Rate locked*) Estimated rate based on a 36 month forward commitment.	Greater of 1% Simple Interest or the Applicable Federal Rate (AFR) at time of MIP closing (3% Simple was used for underwriting purposes)
	Loan to Value (LTV)	LTV is 65% of investment value	LTV is 52% of restricted value	N/A
	Loan to Cost	63%	20%	N/A

** The Agency has determined that the Indicative Rate of 6.56%, and not the Maximum Rate, is the fixed rate that shall be locked upon Borrower's request as set forth in the Indicative Rate Lock Agreement.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#6 Doris O. Matsui	**Assembly:**	#7 Kevin McCarty	**State Senate:**	#6 Richard Pan

Brief Project Description

Mirasol Village Block D (the "Project") is a new construction, family, mixed income Project. It consists of 5 residential buildings. Four (4) buildings will be designed as 3-story walk-ups containing 30 units in a garden-style configuration and one (1) building will be a four-story elevator-served building made up of 86 units. There will be 116 total units, of which 115 will be restricted between 30% and 80% of the Sacramento County Area Median Income (AMI). There will be 28 one-bedroom units (567 s.f.), 43 two-bedroom units (778 s.f.), 32 three-bedroom units (1,089 s.f.) and 12 four-bedroom units (1,293 s.f.). One two-bedroom unit will serve as the manager's unit. All forty-seven (47) of the 30% AMI units will be subsidized by HUD's Project-Based vouchers under the Section 8 program and will be administered by the Sacramento Housing and Redevelopment Agency (SHRA). The 68 remaining units will be non-subsidized LIHTC units serving 60% to 80% AMI levels. The site is currently vacant.

The Project is Phase 4 of the 5-phase Twin Rivers 489 unit residential mixed-income redevelopment of a former public housing complex, of which 455 units will be restricted units and the remaining 34 units will be non-restricted. The former development consists of 218 public housing units. Sacramento Housing Redevelopment Agency (SHRA) relocated all former residents, demolished all structures, and remediated the site prior to the any vertical construction. Below is a chart that outlines the construction timeline and unit breakdown of the 5 phases:

Development Phase	Projected Start Date	Projected Finish Date	Replacement Units (PBV)	Units up to 60% AMI	Units up to 80% AMI	Unrestricted /Market Rate Units	Total
Phase 1 – Block A	Dec-20	Dec-22	56	26	21	1	**104**

Phase 2 – Block B and E	June-20	Sept-22	69	31	22	1	**123**
Phase 3 – Block C	July-22	Dec-23	46	19	0	19	**84**
Phase 4 – Block D	Jan-23	Sept-24	47	43	25	1	**116**
Total Onsite Units			**218**	**119**	**68**	**22**	**427**
Phase 5 – Block F (Offsite Phase)	Jan-24	Jun-25	0	50	0	12	**62**
Total New Units			**218**	**169**	**68**	**34**	**489**

Financing Structure: The Project's financing structure includes financing from tax-exempt bonds, taxable bonds, 4% Federal Tax Credit equity (4% Federal LIHTC allocation), and state housing tax credits, Agency's tax-exempt loan program and Mixed-Income Program (original and supplemental). The project will be income averaging, pursuant to TCAC regulations.

Tax Credits and/or CDLAC Status: The developer received an allocation for 4% tax credits and bond cap from TCAC/CDLAC on June 15, 2022 and an allocation of supplemental tax-exempt bonds from CDLAC on September 28, 2022. The supplemental allocation was requested to add a cushion to the project's 50% aggregate basis requirement (the "50% test") which was at approximately 50% and now will increase to approximately 52%. The supplemental allocation is necessary to accommodate a potential cost increase during construction.

Ground Lease: The owner will enter into a ground lease agreement with The Housing Authority of the County of Sacramento (HACOS) for a term of 99 years (in no event less than 75 years) for a capitalized amount of $520,000, due at construction loan closing. The capitalized ground lease payment will be paid by the HACOS Ground Lease Loan of $468,000 (90%) and the remaining amount of $52,000 (10%) will be paid by other sources available at construction closing. The HACOS Ground Lease Loan will be structured as a residual receipt loan to be paid via pro rata split between other soft debt lenders. The loan term will be 55 years and interest will be the Applicable Federal Rate (AFR).

Project Amenities: The Project includes a BBQ/grill and playground. The project will share use of a community building, pool, and exercise facility with Phase I and II of Mirasol Village through a shared use agreement that runs with the estates and survives through foreclosure to successors and assigns. Construction of the shared amenities is scheduled to be complete by the end of 2022, which is in advance of the anticipated Project completion. Unit amenities will include central heat/AC dishwasher, garbage disposal and washer/dryer.

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

- Grocery stores – 0.27 miles
- Schools – 0.15 to 2.0 miles
- Public Library – 0.90 miles
- Public transit – 0.10 to 0.50 miles
- Retail – 1.05 miles
- Park and recreation – 0.49 miles
- Hospitals – 1.90 miles

		Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project on a vacant parcel of land that was a former public housing site. The former public housing structures were demolished in 2018 and 2019; 47 out of the proposed 116 units will serve as replacement public housing units (the 47 households will have the option to move back to the site after completion), hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this redevelopment. This Project will result in a net increase of 68 new affordable units at the site. See above project description table for more detail. **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 115 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 at least 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	3/2023*	Est. Construction Loan Closing:	11/2022
	Estimated Construction Start:	11/2022	Est. Construction Completion:	07/2024
	Estimated Conversion to Perm Loan(s):		04/2025	

* *On September 28, 2022 CDLAC approved a 90-day extension to the bond issuance deadline from 12/12/22 to 3/12/2023 for all projects that received bond allocation on June 15, 2022.*

SOURCES OF FUNDS

5.

Construction Sources and Uses				
Sources	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
US Bank - Conduit - Tax Exempt	$30,757,773	1st/4.30%/Interest Only	Total Acquisition costs	$545,000
US Bank - Conduit - Taxable	$9,830,000	2nd/4.55%/Interest Only	Construction/Rehab Costs	$48,813,226
US Bank - Conduit - Tax-Exempt	$3,192,227	1st/5.00%/Interest Only	Soft Costs	$4,371,299
HACOS Ground Lease Loan	$468,000	3rd/3.92%/Residual Receipts	Hard Cost contingency	$2,440,765
HACOS Choice Neighborhood Loan	$1,372,791	4th/4.00%/Residual Receipts	Soft Cost contingency	$605,624
SHRA County ARPA	$4,500,000	5th/4.00%/Residual Receipts	Financing Costs	$3,451,970
SHRA Loan City Loan (MIHF/HTF/HOPWA)	$3,330,000	6th/4.00%/Residual Receipts	Local Impact Fees	$1,421,809
SHRA HOME	$2,970,000	7th/4.00%/Residual Receipts	Developer Fees	$1,301,406
HACS Housing Authority (HAF)	$2,700,000	8th/4.00%/Residual Receipts	Other Costs	$1,631,612
Investor Equity Contribution	$6,193,785	N/A	Operating Reserves	$731,865

TOTAL	**$65,314,576**			**$65,314,576**
TOTAL PER UNIT	**$563,057**			
Permanent Sources and Uses				
Sources:	**Amount**	**Details (Lien Position/Rate/Debt Type)**	**Uses**	**Amount**
CalHFA Perm Loan	$14,030,000	1st/6.56%/40 yr amortization due in yr 17	Total Loan Payoffs and Equity	$65,314,576
CalHFA MIP Loan	$1,687,840	2nd/3.00%/Residual Receipts	Financing costs	$277,650
CalHFA Supplemental MIP Loan	$4,112,160	2nd/3.00%/Residual Receipts	Soft costs	$229,750
HACOS Ground Lease Loan	$468,000	3rd/3.92%/Residual Receipts	Operating Reserves	$1,042,880
HACOS Choice Neighborhood Loan	$1,372,791	4th/4.00%/Residual Receipts	Developer Fees	$3,498,594
SHRA County ARPA	$5,000,000	5th/4.00%/Residual Receipts		
SHRA Loan City Loan (MIHF/HTF/HOPWA)	$3,700,000	6th/4.00%/Residual Receipts		
SHRA HOME	$3,300,000	7th/4.00%/Residual Receipts		
HACS Housing Authority (HAF)	$3,000,000	8th/4.00%/Residual Receipts		
Accrued Soft Interest During Construction	$323,736	N/A		
CTCAC/CDLAC Deposit Refund	$100,000	N/A		
Deferred Developer Fees	$2,300,000	N/A		
Investor Equity Contribution	$30,968,923	N/A		
TOTAL	**$70,363,450**			**$70,363,450**
TOTAL PER UNIT	**$606,581**			

* Repayment of the CalHFA Supplemental MIP allocation shall have priority over the Original MIP Loan allocation in accounting for the repayment of the MIP Loan.

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

At the time of CalHFA's initial commitment (March 2022), the developer estimated the total development cost (TDC) to be $62,125,034 or $535,561/unit. 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 Borrower submitted a supplemental bond request on 8/25/2022 and was awarded supplemental bond allocation on 9/28/2022.

On the sources side, there were cost adjustments related predominantly to; 1) market related increases driving CalHFA's higher interest rate and spreads, and the recent increase in Fair Market Rents for Sacramento County (used to determine the rental subsidies for the 47 units) which resulted in a $547,148 increase to the permanent loan amount; 2) increase in investor equity contribution of $3,796,643; 3) reduction for the accrued soft interest of $217,535. On the Uses side, cost increases were related to; 1) increased construction hard costs of $5,749,693; 2) increased construction and permanent financing costs of $1,432,610; 3) increased other soft costs of $201,363; 4) increased reserves of $515,248; 5) increased local impact and permitting costs of $339,502. Overall, the deficit in the updated budget is $4,112,160.

The Borrower has requested a $4,112,160 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 Approval**
1 - CalHFA Perm Loan (prior to removal of 25bps cushion)	$13,482,852	$14,030,000	$547,148	$4,717	4.06%
2 – Tax Credit Equity Increase	$27,172,280	$30,968,923	$3,796,643	$32,730	13.97%
3 – Accrued Soft Interest Reduction	$541,271	$323,736	-$217,535	-$1,875	-40.19%
Total Changes in Sources (A)	**$41,196,403**	**$45,322,659**	**$4,126,256**	**$35,571**	**10.02%**

USES - Major Cost Changes Description	**Initial Commitment Amount $**	**Current Proposed Amount $**	**Increase/ Reduction $**	**Per unit Cost Adjustment**	**% Adjustment of IC Approval**
1 - Construction hard cost	$43,433,198	$49,182,891	$5,749,693	$49,566	13.24%
2 – Arch / Engineering Fee reduction	$545,800	$520,500	-$25,300	-$218	-4.64%
3 – Const. + Perm Loan cost increase	$3,286,757	$4,719,367	$1,432,610	$43,420	53.24%
4 – Legal Fees from Lender	$682,200	$735,000	$53,000	$457	7.77%
5 – Reserves	$1,259,497	$1,774,745	$515,248	$4,442	40.91%
6 – Contingency	$2,660,076	3,046,389	$383,313	$3,330	14.52%
7 – Local Impact and Permit fees	$1,529,488	$1,868,990	$339,502	$2,927	22.20%
8 – Misc. Soft Cost changes	$915,775	$830,625	-$85,150	-$734	-9.30%
9 – Acquisition (adjusted out predev. costs)	$672,500	$545,000	-$127,500	-$1,099	-18.96%
Total Changes in Uses (B)	**$54,985,091**	**$63,223,507**	**$8,238,416**	$71,021	14.98%
		Current Funding Gap (A-B):	**-$4,112,160**		
Gap Funding sources:					
		Increase in CalHFA Perm Loan (Rate lock without 25bps cushion):	**$0**		
		Supplemental MIP Request:	**$4,112,160**		
		Gap funding Sources Total:	**$4,112,160**		
		Remaining Funding Gap:	**$0**		

Hard Cost/Soft Cost changes: The Project experienced significant increases in the cost of construction due to COVID, labor shortages and supply chain issues that resulted in the construction costs budget increasing by $5.7M. As reflected on the above chart, most other budget line items increased as a result of loan financing costs related to macroeconomic factors, such as inflation.

Deferred Developer Fee: The current budget reflects no increase to the total developer’s fee ($4,800,000) and the deferred developer’s fee ($2,300,000).

Perm Loan & Equity Contribution Adjustment: During final underwriting, the original CalHFA permanent loan of $13,482,852 was increased by $547,148 to $14,030,000. The Investor Equity Contribution increased by $3,796,643 from $27,172,280 to $30,968,923.

At final underwriting, to mitigate the funding gap of $4,112,160 CalHFA was able to increase the perm loan due to HACOS, via Sacramento Housing Redevelopment Agency, confirming that HAP Contract Rents will be 110% of the 2023 FMRs (Fair Market Rent), which were published by HUD on September 1, 2022.

The estimated funding gap after exhausting all resources available to the project totals approximately $4,112,160 .

	The Borrower has requested an increase to the MIP Subsidy Loan of $4,112,160. Pursuant to the TCAC/CDLAC requirements, this project must begin construction by March 2023. A $4,112,160 increase in the MIP supplemental subsidy ($35,758/unit) results in an overall MIP Regulated Unit amount of $50,435 per restricted unit. The original MIP and Supplemental MIP total $5,800,000. **Subsidy Efficiency:** The Initial MIP commitment for this Project was $1,687,840 ($14,677 per MIP restricted units). The Current proposed MIP commitment is $5,800,000 ($50,435 per MIP restricted units). Staff is recommending an exception to the per unit Allocation Limit of $50,000 given that the property meets the project cap of $8,000,000 maximum. 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: $30,191,420 ($262,534 per TCAC restricted unit). **Rental Subsidies**: The Project will be subsidized by 47 HUD Project-Based vouchers under the Section 8 program for an initial term of 20 years which is longer than the CalHFA loan term of 17 years, with an option to renew upon request from owner less than 2 years prior to expiration. The rental subsidy contract will be administered by SHRA. **Other State Subsidies:** The Project will not be funded by other state funds. **Other Locality Subsidies:** The Project will be funded by locality funds; Housing Authority of the County of Sacramento (HACOS) Ground Lease Loan ($468,000), HACOS Choice Neighborhood Loan ($1,372,791), Housing Authority of the City of Sacramento (HACS) HAF Loan ($3,000,000), Sacramento Housing and Redevelopment Agency (SHRA) City Loan MIHF/HTF/HOPWA ($3,700,000), SHRA HOME Loan ($3,300,000) and SHRA County ARPA Loan ($5,000,000). **Cost Containment Strategy:** The project, phase 4, benefits from lessons learned from the previous phases, as the same design and construction team with the same team members have been working together for over 3 years on the same master site. The building design and specifications will be similar to previous phases, retaining items that worked and using alternatives for items that have not worked. Third-party consultants have been retained to complete feasibility and cost review of the plans and specifications. The General Contractor will solicit multiple bids per trade and share all bids received with the project team. The GC contract will be a guaranteed maximum price (GMP) and all qualifications and exclusions will be carefully scrutinized. The team will work to minimize allowances and create a VE/Add Alternate list to monitor through the construction period. The GC will be required to maintain a critical path schedule. The Request for Information (RFI) and submittal process will be managed through Procore. **High Cost Explanation:** The total development cost per unit is $606,581, which is high. Following are some of the major contributing factors of high cost: • Construction costs are based on a cost estimate assuming a December 2022 construction start, though the developer has seen unprecedented hard cost escalation in recent years • The construction of the Project is subject to Federal Davis Bacon and State Prevailing Wages, which attributes to approximately 15% of total hard cost budget. Deducting these costs results in an adjusted total development cost of approximately $501,434 per unit.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project received 4% federal tax credits which is projected to generate equity representing 43% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and has experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 80% of AMI. On average, the rents are between 22% to 76% below market rents based on current appraisal.
- 47 units will be supplemented by HUD's Project-Based vouchers under the Section 8 program administered by Sacramento Housing and Redevelopment Agency (SHRA) for a term of 20 years with an automatic option to renew.
- The Loan-to-Value will be 49%, which is well below and meets the Agency's maximum allowable LTV of 90%. This results in less risk to the Agency.
- The locality has invested in the success of the Project as demonstrated by a HACOS Ground Lease Loan ($468,000), HACOS Choice Neighborhood Loan ($1,372,791), HACS HAF Loan ($3,000,000), SHRA City Loan MIHF/HTF/HOPWA ($3,700,000), SHRA HOME Loan ($3,300,000) and SHRA County ARPA Loan ($5,000,000). The locality funds total an aggregate amount of $16,840,791.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,500,000, which could be available to cover cost overruns and/or unforeseen issues during construction.

8.	**Project Weaknesses with Mitigants:**

- The exit analysis assumes a 2% increase to the appraisal cap rate (resulting in 6.5%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.56%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan and a portion of the Supplemental MIP loan allocation in the estimated amount of $194,953, leaving an amount of $5,632,625 of the Supplemental MIP allocation (including principal and accrued interest) plus the full amount of the original MIP loan in the estimated amount of $2,447,368 (principal and accrued interest), the total estimated amount of the MIP Loan at refinance is $8,079,993. This is expected by CalHFA given the requirement that the MIP loans be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP loans is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the 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 Project budget indicates a deficit of approximately $4.4M. The Borrower has requested an increase to the initially committed MIP subsidy loan to facilitate the progression of this shovel ready project to construction. Refer to section 5 for detailed explanation.

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

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, or (iii) MIP loan not to exceed 50% of the CalHFA perm loan. This project is receiving just over $50K per MIP regulated unit but still under the $8 million project cap and less than 50% of the CalHFA perm loan. This 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.
- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
  The loans will be secured by the fee interest of the improvements; however, a HUD Restrictive Covenant will be recorded prior to the ground lease and will encumber the fee interest in the land, and therefore be ahead of the CalHFA loans on title. This is required and therefore allowable under our underwriting guidelines for HUD owned properties. The final HUD Restrictive Covenant will be subject to Agency's review and approval prior to construction loan closing.
- CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum TCAC rents if rental subsidies are no longer available.
- CalHFA requires that MIP affordability covenants be recorded in senior position 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 herein or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- All MIP Loan principal and interest will be 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.
- Prior to construction loan closing, receipt of a Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from all local (city and county) lenders.
- 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 lender(s). 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.
- 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 (may be shared with other residual receipt lenders on a pro rata basis, if applicable). 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 (or may be shared with other residual receipt lenders on a pro rata basis, if applicable) and reducing the Deferred Developer Fee.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Receipt of NEPA review completion prior to construction loan closing.
- Prior to construction loan closing, removal from title of the Declarations of Trust (1960, as amended, 1991, and 1992) from the Housing Authority of the County of Sacramento.

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 $4,112,160 was not part of the Initial Commitment approved by SLC, 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 40% of the total units at or below 60% AMI; with 30% of the total units (35 units) at or below 60% AMI and 10% of the total units (12 units) at or below 50% of AMI for 55 year(s).

*The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (12 units) be restricted at or below 30% of AMI, 20% of total units (24 units) be restricted at or below 50% of AMI, and 10% of total units (12 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 67 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:

- **HUD will restrict 47 units at or below 80% of AMI at initial lease up for a term of 40 years.
- CTCAC will restrict 115 units at or below 80% AMI for 55 years
- The locality's affordability restrictions are anticipated to be at or below 80% AMI (refer to the below chart for further details).

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	47	-	8	23	12	4	40.5%
40%	0	-	-	-	-	-	0.0%
50%	0	-	-	-	-	-	0.0%
60%	43	-	7	8	20	8	37.1%
80%	25	-	13	12	-	-	21.6%
100%	0	-	-	-	-	-	0.0%
110%	0	-	-	-	-	-	0.0%
120%	0	-	-	-	-	-	0.0%
Manager's Unit	1	-	-	1	-	-	0.9%
Total	**116**	**0**	**28**	**44**	**32**	**12**	**100.0%**

The average affordability restriction is 52% of AMI based on 115 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% AMI	50% AMI	60% AMI	65% AMI	80% AMI	<= 120% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1	**55**		12	35					47	41%
CalHFA MIP*	2	**55**	12	24			12*	67		115	99%
HACOS Ground Lease	3	**99**					115			115	99%
HACOS Choice Neighborhood Loan	4	**55**					115			115	99%
SHRA County ARPA	5	**55**			22					22	19%

SHRA City (MIHF-HTF-HOPWA)	6	**55**			8					8	7%
SHRA (HOME)	7	**20**		5		10				15	13%
HACS Housing Authority City of Sacramento (HAF)	8	**57**					13			13	11%
Tax Credit	9	**55**	47		43	25				115	99%
HAP Use Agreement**	10	**20**	47							47	41%

13.	**Geocoder Information**

Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Low	Below Poverty line:	75%
Minority Census Tract:	73%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$1,042,880 OER amount is size based on 6 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.
	Transitional Operating Reserve (TOR):	N/A

15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	20 years with option to renew upon request from owner less than 2 years prior to expiration.
	End Year DSCR:	1.37	**Annual Replacement Reserve Per Unit:**	$500/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% 5%	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% 1.50%
	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 the leasehold interest in the land as the HUD Restrictive Covenant and Ground Lease terms do not permit lenders to secure their loans against the Fee Estate (See Specific Conditions for Approval).

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

The exit analysis assumes a 2% increase to the appraisal cap rate (resulting in 6.5%) and a 3% increase of the underwriting interest rate at loan maturity (resulting in 9.56%). Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan and a portion of the Supplemental MIP loan allocation in the estimated amount of $194,953, leaving an amount of $5,632,625 of the Supplemental MIP allocation (including principal and accrued interest) plus the full amount of the original MIP loan in the estimated amount of $2,447,368 (principal and accrued interest), the total estimated amount of the MIP Loan at refinance is $8,079,993. This is expected by CalHFA given the requirement that the MIP loans be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP loans is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the 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: 08/16/2022**

- The Appraisal dated 08/16/2022, prepared by Burger Valuation Consultants, values the land at $3,130,000.
- The cap rate of 4.5% and projected net operating income are generally aligned with the proposed Project net operating income and were used to determine the appraised value of the subject site.
- The proposed operating expenses, with the exception of insurance and payroll, are consistent with and are reasonable based on the appraisal report.
- The as-restricted stabilized value is $27,200,000, which results in the Agency's permanent first lien loan to value (LTV) of 49%. The combined LTV, including MIP subsidy loan is 69%.
- The absorption rate is 3-6 months and generally consistent with the market study.

Market Study: Newport Realty Advisors **Dated: 01/31/2022**

Regional Market Overview

- The Primary Market Area includes downtown Sacramento and all the neighborhoods within proximity to the subject site, measuring 2.4 miles north-south and 4.5 miles east-west (population of 60,883) and the Secondary Market Area ("SMA") is the City of Sacramento (population of 515,281).
- The general population in the PMA is anticipated to increase by 0.41% per year.
- Unemployment in the Sacramento MSA is 4.4% (most recent data available was in December 2021), which indicates that the region is experiencing stronger employment rates than the prior year.

Local Market Area Analysis

- **Supply:**
  - There are currently 7-8 family LIHTC projects within a 3-mile radius of the subject property and they are 98.5% occupied (6 vacant units out of 392) with long wait lists.
  - There are 3 affordable projects under construction which is anticipated to complete in late 2022 and beyond; two (2) out of the three (3) projects are not family projects.
- **Demand/Absorption:**
  - The project will need to capture 4.1% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 25 units per month and reach stabilized occupancy within 4.4 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located on the north side of North 12 Street and east side of Pipevine Street (new street), in the City of Sacramento, Sacramento County.
- The site is currently vacant, with level topography at street grade, measuring approximately 2.48 acres and is generally irregular in shape.
- The site is zoned R-SPD, 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.

20.	Form of Site Control & Expiration Date

The current owner, the Housing Authority of the County of Sacramento (HACOS), of the site and the Project developer, McCormack Baron Salazar, Inc., entered into an Option to Lease dated 12/12/2017 for an amount of $10 and have executed three amendments that extend the option. The most recent third amendment expires on 12/31/2023. The Option to Lease will be assigned to the Project owner, Twin Rivers Phase 4, L.P., prior to construction loan closing.

The owner will enter into a ground lease agreement with HACOS for a term of 99 years (in no event less than 75 years) for a capitalized amount of $520,000, due at construction loan closing. The capitalized ground lease payment will be paid by the HACOS Ground Lease Loan of $468,000 (90%) and the remaining amount of $52,000 (10%) will be paid by other sources available at construction closing. The HACOS Ground Lease Loan will be structured as a residual receipt loan to be paid via pro rata split between other soft debt lenders. The loan term will be 55 years and interest will be the Applicable Federal Rate (AFR).

21.	Current Ownership Entity of Record

Title is currently vested in The Housing Authority of the County of Sacramento as the fee owner.

22.	Environmental Review Findings	Dated: February 4, 2022

- A Phase I Environmental Site Assessment performed by SCA Environmental, Inc., dated 02/04/2022 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.
- A NEPA review has been initiated and will be completed by Partner Engineering and Science, Inc., prior to construction loan closing.

23.	Seismic	Requires Earthquake Insurance: ☐ Yes ☒ No

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

24.	Relocation	Requires Relocation: ☐ Yes ☒ Not Applicable

The Project will be located on a former public housing site. The Housing Authority of the County of Sacramento is solely responsible for relocation and has relocated all residents prior to the demolition of the existing residential public housing structures back in 2018 and 2019. The redevelopment of the site consists of a total of 5 phases. Phase 1 ando 3 are under construction and are slated to complete by December 2022 and December 2023, respectively. Phase 2 was completed in September 2022. The subject property will be Phase 4 of the redevelopment. A total of 218 households were temporarily relocated offsite during the construction period of Phase 1 to 4. 171 households will have the option to move back to Phase 1 to 3 and the remaining 47 households will have the option to move back to Phase 4 (subject property).

PROJECT DETAILS

25.	Residential Areas:				
		Residential Square Footage:	100,472	Residential Units per Acre:	47
		Community Area Sq. Ftg:	N/A	Total Parking Spaces:	58
		Supportive Service Areas:	N/A	Total Building Sq. Footage:	129,685
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:	Four 3-story garden-style residential buildings and one 4-story elevator-serviced residential building with surface parking spaces.			
28.	Construction/Rehab Scope	Requires Demolition: ☐ Yes ☒ No			

- The subject site is new construction.
- The contract will be structured as a Guaranteed Maximum Price (GMP) contract with an estimated 12% for builder overhead, profit, and general requirements, which aligns with TCAC's allowable limit. TCAC's allowable limit is 14%.

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 has established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	Borrower Affiliated Entities

- Managing General Partner: Mirasol Village Block D, LLC, a California limited liability company; 0.0049% interest
  - Sole Member: Sacramento Housing Authority Repositioning Program Inc (SHARP), a California nonprofit public benefit corporation
- Administrative General Partner: Twin Rivers Phase 4 MBS GP, Inc., a California limited liability company and an affiliate of MBA Properties; 0.0051% interest
  - Sole Member: MBA Properties, Inc.

Investor Limited Partner: U.S. Bancorp Community Development Corporation; 99.99% interest

31.	Developer/Sponsor

McCormack Baron Salazar (MBS) builds and operates housing and other real estate across the country. MBS has completed 191 projects (27,000 units) nationally. Currently, MBS has 29 projects (3,783 units) under construction and 53 projects (4,974 units) in their pipeline of projects. Three projects (Bernal Dwellings, Hayes Valley South, and Hayes Valley North (Conduit only)) are in the CalHFA portfolio or pipeline.

Projects In CalHFA Pipeline	Total Units	Perm Loan Amount	MIP/Other Subsidy Loan Amount	Target/Actual Construction Closing	Target Perm Closing	Under Construction?	Progressing as Expected?	Notes
1. Hayes Valley South - Perm and Earned Surplus	110	$25,475,329	$3,500,000	6/26/2020	10/28/2022	No	Yes	
2. Hayes Valley North – Conduit only	84	$0	$0	1/19/2021	11/30/2022	Yes	Not Available	
Subtotal:	**194**	**$25,475,329**	**$3,500,000**					

Project In CalHFA Portfolio	Total Units	Original Perm Loan Amount	Origination Date	Current Perm Loan Balance Amount	Current MIP/Other Subsidy Loan Amount	Maturity Date	Regulatory Restriction Exp. Date	Operating as Expected?	RR Balance	OER Balance
1. Bernal Dwellings - Perm and Earned Surplus	160	$21,780,000	9/29/2022	$21,780,000	$3,500,000	9/1/2039	9/1/2077	Yes	$225,000	$1,638,293
Subtotal:	**160**	**$21,780,000**		**$21,780,000**	**$3,500,000**					
Aggregate Total:	**354**			**$47,255,329**	**$7,000,000**					

32.	Management Agent

The Project will be managed by The John Stewart Company, which has extensive experience in managing similar affordable housing projects in the area and manages 55 projects in CalHFA's portfolio. All projects are operating as expected. Twelve of the 55 projects have CalHFA Permanent Loans (Albany Creekside, Alexis Apartments, Barnard Park Villas, Camden Place, Cesar Chavez Plaza, Eleanor Roosevelt Circle, Mandela Gateway, Napa Creek Manor, Rumford Plaza, Stanley Avenue, The Arc Apartments, and Whittier Downey SE aka Puesta Del Sol).

33.	**Service Provider**	**Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**
In order to meet CTCAC's requirements, the Borrower has elected to provide a Service Coordinator. The expense for these services is currently within the approved line-item operating budget. Services (family strengthening and self-improvement programs; increasing community participation; building resident leadership skills; strengthening community partnerships with schools, early childhood, youth programs, employment training, and senior services; performing annual resident surveys; and providing service coordination support to households) will be conducted onsite. CTCAC requires site services for 15 years, however, the Borrower is anticipating to provide services for an indefinite term.		
34.	**Contractor**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The general contractor (GC) is Midstate Construction Corporation, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. The GC and the developer have completed one project, Twin Rivers Phase 2 (123 units) in September 2022 together and are working on two projects (Twin Rivers Phase 1 – (104 units) scheduled to be completed in December 2022 and Twin Rivers Phase 3 (84 units) scheduled to be completed in December 2023).		
35.	**Architect**	**Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The architect is SVA Architects, Inc., 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 developer have worked on 3 affordable and 3 market rate projects in California that have been completed in the last five years and are working on 7 affordable projects in the development stage.		
36.	**Local Review via Locality Contribution Letter**	
The locality, Sacramento Housing and Redevelopment Agency, 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 22015-A/X/N**

Project Full Name	Mirasol Village Block D	**Borrower Name:**	Twin Rivers Phase 4, LP
Project Address	1381 Swallowtail Avenue	**Managing GP:**	Mirasol Village Block D, LLC
Project City	Sacramento	**Developer Name:**	McCormack Baron Salazar, Inc.
Project County	Sacramento	**Investor Name:**	RBC Community Investments
Project Zip Code	95811	**Prop Management:**	John Stewart Company
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.48
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	100,472
Total Residential Units:	116	**Residential Units Per Acre:**	46.77
Total Number of Buildings:	5		
Number of Stories:	3 and 4	**Covered Parking Spaces:**	0
Unit Style:	Other	**Total Parking Spaces:**	58
Elevators:	1		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
US Bank - Conduit - Tax Exempt	30,757,773	0.850%	36	--	4.300%
US Bank - Conduit - Taxable	9,830,000	0.850%	36	--	4.550%
US Bank - Conduit - Tax- Exempt	3,192,227	0.850%	36	--	4.300%
HACOS Ground Lease Loan	468,000	--	660	--	3.920%
HACS Housing Authority (HAF)	2,700,000	--	684	--	4.000%
HACOS Choice Neighborhood Loan	1,372,791	--	660	--	4.000%
SHRA County ARPA	4,500,000	--	660	--	4.000%
SHRA Loan City Loan (MIHF/HTF/HOPWA)	3,330,000	--	660	--	4.000%
SHRA HOME	2,970,000	--	660	--	4.000%
--	--	NA	NA	NA	NA
Investor Equity Contribution	6,193,785	NA	NA	NA	NA
Total:	**65,314,576**	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	14,030,000	1.000%	17	40	6.560%
MIP	1,687,840	1.000%	17	NA	3.000%
Supplemental MIP	4,112,160	1.000%	17.00	N/A	3.000%
HACOS Ground Lease Loan	468,000	--	55	55	3.920%
HACOS Choice Neighborhood Loan	1,372,791	--	55	55	4.000%
SHRA County ARPA	5,000,000	--	55	55	4.000%
SHRA Loan City Loan (MIHF/HTF/HOPWA)	3,700,000	--	55	55	4.000%
SHRA HOME	3,300,000	--	55	55	4.000%
Accrued Soft Interest During Construction	323,736	NA	NA	NA	NA
Deferred Developer Fees	2,300,000	NA	NA	NA	NA
CTCAC/CDLAC Deposit Refund	100,000	NA	NA	NA	NA
Investor Equity Contributions	30,968,923	NA	NA	NA	NA
Total:	**70,363,450**	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	7/19/22	**Capitalization Rate:**	4.50%
Investment Value ($)	67,292,000	**Restricted Value ($)**	27,200,000
Construct/Rehab LTC	67%	**CalHFA Permanent Loan to Cost**	20%
Construct/Rehab LTV	65%	**CalHFA 1st Permanent Loan to Value**	52%
		Combined CalHFA Perm Loan to Value	73%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	Required	

Permanent Loan

Operating Expense Reserve Deposit	$1,042,880	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$500	Cash

Date Prepared: 10/3/22 Senior Staff Date: 10/5/22

UNIT MIX AND RENT SUMMARY	Final Commitment
Mirasol Village Block D	Project Number 22015-A/X/N

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	1	1	567	28	42
Flat	2	1	778	44	132
SFR	3	1	1,089	32	144
Townhome	4	2	1,293	12	72
-	-	-	-	-	0
-	-	-	-	-	0
				116	390

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	65%	80%	120%
CalHFA Bond	0	0	12	35	0	0	0
CalHFA MIP	12	0	24	0	0	12	67
Tax Credit	47	0	0	43	0	25	0
Housing Authority City of Sacramento (HACS-HAF)	0	0	0	0	0	13	0
SHRA County (HOME)	0	0	5	0	10	0	0
SHRA City (MIHF-HTF-HOPWA)	0	0	0	8	0	0	0
HACOS Choice Neighborhood Loan	0	0	0	0	0	115	0
SHRA County ARPA	0	0	0	22	0	0	0
HACOS Ground Lease	0	0	0	0	0	115	0
HAP Use Agreement	47	0	0	0	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
1 Bedroom	**CTCAC**	**30%**	8	$488	$1,975	$1,487	25%
	CTCAC	**60%**	7	$1,057		$918	54%
	CTCAC	**80%**	13	$1,437		$538	73%
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
2 Bedrooms	**CTCAC**	**30%**	23	$581	$2,200	$1,619	26%
	CTCAC	**60%**	8	$1,264		$936	57%
	CTCAC	**80%**	12	$1,720		$480	78%
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**30%**	12	$666	$2,500	$1,834	27%
	CTCAC	**60%**	20	$1,456		$1,044	58%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
4 Bedrooms	**CTCAC**	**30%**	4	$735	$3,050	$2,315	24%
	CTCAC	**60%**	8	$1,616		$1,434	53%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
5 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
Date Prepared:	10/3/22					Senior Staff Date:	10/5/22

SOURCES & USES OF FUNDS					Final Commitment
Mirasol Village Block D			Project Number		22015-A/X/N
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
US Bank - Conduit - Tax Exempt	30,757,773				0.0%
US Bank - Conduit - Taxable	9,830,000				0.0%
US Bank - Conduit - Tax- Exempt	3,192,227				0.0%
HACOS Ground Lease Loan	468,000				0.0%
HACOS Choice Neighborhood Loan	1,372,791				0.0%
SHRA County ARPA	4,500,000				0.0%
HACS Housing Authority (HAF)	2,700,000				0.0%
-	-				0.0%
SHRA HOME	2,970,000				0.0%
SHRA Loan City Loan (MIHF/HTF/HOPWA)	3,330,000				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	6,193,785				0.0%
Perm		14,030,000	14,030,000	120,948	19.9%
MIP		1,687,840	1,687,840	14,550	2.4%
Supplemental MIP		4,112,160	4,112,160	35,450	5.8%
HACS Housing Authority (HAF)		3,000,000	3,000,000	25,862	4.3%
HACOS Ground Lease Loan		468,000	468,000	4,034	0.7%
HACOS Choice Neighborhood Loan		1,372,791	1,372,791	11,834	2.0%
SHRA County ARPA		5,000,000	5,000,000	43,103	7.1%
SHRA Loan City Loan (MIHF/HTF/HOPWA)		3,700,000	3,700,000	31,897	5.3%
SHRA HOME		3,300,000	3,300,000	28,448	4.7%
-		-	-	-	0.0%
CTCAC/CDLAC Deposit Refund		100,000	100,000	862	0.1%
Accrued Soft Interest During Construction		323,736	323,736	2,791	0.5%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		2,300,000	2,300,000	19,828	3.3%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		30,968,923	30,968,923	266,973	44.0%
TOTAL SOURCES OF FUNDS	**65,314,576**	**70,363,450**	**70,363,450**	**606,581**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**65,314,576**	**70,363,450**	**70,363,450**	**606,581**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**65,314,576**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	520,000	-	520,000	4,483	0.7%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	25,000	-	25,000	216	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**545,000**	**-**	**545,000**	**4,698**	**0.8%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	5,784,108	-	5,784,108	49,863	8.2%
Structures (Hard Cost)	37,261,761	-	37,261,761	321,222	53.0%
General Requirements	2,109,393	-	2,109,393	18,184	3.0%
Contractor Overhead	645,688	-	645,688	5,566	0.9%
Contractor Profit	2,376,454	-	2,376,454	20,487	3.4%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	635,822	-	635,822	5,481	0.9%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**48,813,226**	**-**	**48,813,226**	**420,804**	**69.4%**

SOURCES & USES OF FUNDS					Final Commitment
Mirasol Village Block D			Project Number	22015-A/X/N	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,411,607	-	1,411,607	12,169	2.0%
Supervision	520,536	-	520,536	4,487	0.7%
TOTAL ARCHITECTURAL FEES	**1,932,143**	**-**	**1,932,143**	**16,656**	**2.7%**
SURVEY & ENGINEERING FEES					
Engineering	520,500	-	520,500	4,487	0.7%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	520,500	-	520,500	4,487	0.7%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,440,765	-	2,440,765	21,041	3.5%
Soft Cost Contingency Reserve	605,624	-	605,624	5,221	0.9%
TOTAL CONTINGENCY RESERVES	3,046,389	-	3,046,389	26,262	4.3%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
US Bank - Conduit - Tax Exempt	2,757,799	-	2,757,799	23,774	0.0391936
US Bank - Conduit - Taxable	-	-	-	-	0
US Bank - Conduit - Tax- Exempt	-	-	-	-	0.0%
HACOS Ground Lease Loan	-	-	-	-	0.0%
HACOS Choice Neighborhood Loan	-	-	-	-	0.0%
SHRA County ARPA	-	-	-	-	0.0%
Loan Fees					
US Bank - Conduit - Tax Exempt	261,364	-	261,364	2,253	0.4%
US Bank - Conduit - Taxable	83,555	-	83,555	720	0.1%
US Bank - Conduit - Tax- Exempt	27,134	-	27,134	234	0.0%
HACOS Ground Lease Loan	-	-	-	-	0.0%
HACOS Choice Neighborhood Loan	-	-	-	-	0.0%
SHRA County ARPA	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating Income)	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	155	0.0%
Real Estate Taxes During Rehab	-	-	-	-	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevailing, etc.)	-	-	-	-	0.0%
Insurance During Rehab	690,180	-	690,180	5,950	1.0%
Title & Recording Fees	75,000	-	75,000	647	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Other: Accrued Soft Interest During Construction	323,736	-	323,736	2,791	0.5%
Bond Issuer Fee	49,390	-	49,390	426	0.1%
-	157,100	-	157,100	1,354	0.2%
TOTAL CONST/REHAB PERIOD COSTS	**4,443,258**	**-**	**4,443,258**	**38,304**	**6.3%**

SOURCES & USES OF FUNDS					Final Commitment
Mirasol Village Block D			Project Number	22015-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	70,150	70,150	140,300	1,209	0.2%
MIP	8,439	8,439	16,878	146	0.0%
Supplemental MIP	20,561	20,561	41,122	355	0.1%
HACS Housing Authority (HAF)	-	-	-	-	0.0%
HACOS Ground Lease Loan	-	-	-	-	0.0%
HACOS Choice Neighborhood Loan	-	-	-	-	0.0%
SHRA County ARPA	-	-	-	-	0.0%
SHRA Loan City Loan (MIHF/HTF/HOPWA)	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	948	0.2%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	25,000	25,000	216	0.0%
Year 1 - Taxes & Special Assessments and Insurance	-	-	-	-	0.0%
CalHFA Fees	-	-	-	-	0.0%
Other Lender Expenses	43,500	43,500	87,000	750	0.1%
Other (Cost of Issuance)	179,468	-	179,468	1,547	0.3%
TOTAL PERMANENT LOAN COSTS	**322,118**	**277,650**	**599,768**	**5,170**	**0.9%**
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	302	0.0%
Other Permanent Loan Legal Fees	212,500	212,500	425,000	3,664	0.6%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	275,000	-	275,000	2,371	0.4%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	**505,250**	**229,750**	**735,000**	**6,336**	**1.0%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	(0)	1,042,880	1,042,880	8,990	1.5%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	731,865	-	731,865	6,309	1.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
-	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**731,865**	**1,042,880**	**1,774,745**	**15,300**	**2.5%**
REPORTS & STUDIES					
Appraisal Fee	8,000	-	8,000	69	0.0%
Market Study Fee	12,000	-	12,000	103	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	80,000	-	80,000	690	0.1%
HUD Risk Share Environmental / NEPA Review Fee	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**100,000**	**-**	**100,000**	**862**	**0.1%**

SOURCES & USES OF FUNDS					Final Commitment
Mirasol Village Block D			Project Number	22015-A/X/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	68,096	-	68,096	587	0.1%
CDLAC Fees	14,206	-	14,206	122	0.0%
Local Permits & Fees	447,181	-	447,181	3,855	0.6%
Local Impact Fees	1,421,809	-	1,421,809	12,257	2.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	75,000	-	75,000	647	0.1%
Accounting & Audits	40,000	-	40,000	345	0.1%
Advertising & Marketing Expenses	92,800	-	92,800	800	0.1%
Financial Consulting	-	-	-	-	0.0%
Construciton Management	369,665	-	369,665	3,187	0.5%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Master Planning)	424,664	-	424,664	3,661	0.6%
Other (CTCAC/CDLAC Deposit)	100,000	-	100,000	862	0.1%
TOTAL OTHER COSTS	**3,053,421**	**-**	**3,053,421**	**26,323**	**4.3%**
SUBTOTAL PROJECT COSTS	**64,013,170**	**66,864,856**	**65,563,450**	**565,202**	**93.2%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	1,301,406	3,498,594	4,800,000	41,379	6.8%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**1,301,406**	**3,498,594**	**4,800,000**	**41,379**	**6.8%**
TOTAL PROJECT COSTS	**65,314,576**	**70,363,450**	**70,363,450**	**606,581**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Mirasol Village Block D	**Project Number**		**22015-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,524,948	$ 13,146	68.15%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	830,448	7,159	37.11%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	-	-	0.00%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,355,396**	**$ 20,305**	**105.26%**
Less: Vacancy Loss	**$ 117,769**	**$ 1,015**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,237,627**	**$ 21,320**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 257,628	$ 2,221	$ 0
Management Fee	109,066	940	4.87%
Social Programs & Services	50,000	431	2.23%
Utilities	127,832	1,102	5.71%
Operating & Maintenance	111,901	965	5.00%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	65	0.34%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	52,903	456	2.36%
Other Taxes & Insurance	318,049	2,742	14.21%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 1,034,879**	**$ 8,921**	**46.25%**
Replacement Reserve	$ 58,000	$ 500	2.59%
TOTAL OPERATING EXPENSES	**$ 1,092,879**	**$ 9,421**	**48.84%**
NET OPERATING INCOME (NOI)	**$ 1,144,748**	**$ 9,869**	**51.16%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 992,880	$ 8,559	44.37%
Supplemental MIP	$ -	-	0.00%
HACS Housing Authority (HAF)	$ -	-	0.00%
HACOS Ground Lease Loan	$ -	-	0.00%
HACOS Choice Neighborhood Loan	$ -	-	0.00%
SHRA County ARPA	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 992,880**	**$ 8,559**	**44.37%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 151,868**	**$ 1,309**	**6.79%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.15**	**to 1**	
Date: 10/3/22		Senior Staff Date:	10/05/22

PROJECTED PERMANENT LOAN CASH FLOWS										Mirasol Village Block D					
Final Commitment									Project Number	22015-A/X/N					
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
RENTAL INCOME	CPI														
Restricted Unit Rents	2.50%	1,524,948	1,563,072	1,602,148	1,642,202	1,683,257	1,725,339	1,768,472	1,812,684	1,858,001	1,904,451	1,952,062	2,000,864	2,050,886	2,102,158
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	830,448	842,905	855,548	868,382	881,407	894,628	908,048	921,668	935,494	949,526	963,769	978,225	992,899	1,007,792
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,355,396**	**2,405,976**	**2,457,697**	**2,510,584**	**2,564,664**	**2,619,967**	**2,676,520**	**2,734,352**	**2,793,495**	**2,853,977**	**2,915,831**	**2,979,089**	**3,043,784**	**3,109,950**
VACANCY ASSUMPTIONS	Vacancy														
Restricted Unit Rents	5.00%	76,247	78,154	80,107	82,110	84,163	86,267	88,424	90,634	92,900	95,223	97,603	100,043	102,544	105,108
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	41,522	42,145	42,777	43,419	44,070	44,731	45,402	46,083	46,775	47,476	48,188	48,911	49,645	50,390
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**117,770**	**120,299**	**122,885**	**125,529**	**128,233**	**130,998**	**133,826**	**136,718**	**139,675**	**142,699**	**145,792**	**148,954**	**152,189**	**155,497**
EFFECTIVE GROSS INCOME (EGI)		**2,237,626**	**2,285,678**	**2,334,812**	**2,385,055**	**2,436,431**	**2,488,969**	**2,542,694**	**2,597,635**	**2,653,820**	**2,711,278**	**2,770,040**	**2,830,135**	**2,891,595**	**2,954,452**
OPERATING EXPENSES	CPI / Fee														
Administrative Expenses	3.50%	307,628	318,395	329,539	341,073	353,010	365,366	378,153	391,389	405,087	419,265	433,940	449,128	464,847	481,117
Management Fee	4.87%	109,066	111,408	113,803	116,252	118,756	121,317	123,935	126,613	129,352	132,153	135,017	137,946	140,942	144,005
Utilities	3.50%	127,832	132,306	136,937	141,730	146,690	151,824	157,138	162,638	168,330	174,222	180,320	186,631	193,163	199,924
Operating & Maintenance	3.50%	111,901	115,818	119,871	124,067	128,409	132,903	137,555	142,369	147,352	152,510	157,847	163,372	169,090	175,008
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	52,903	53,564	54,234	54,912	55,598	56,293	56,997	57,709	58,431	59,161	59,901	60,649	61,407	62,175
Other Taxes & Insurance	3.50%	318,049	329,181	340,702	352,627	364,969	377,742	390,963	404,647	418,810	433,468	448,640	464,342	480,594	497,415
Required Reserve Payments	1.00%	58,000	58,580	59,166	59,757	60,355	60,959	61,568	62,184	62,806	63,434	64,068	64,709	65,356	66,009
TOTAL OPERATING EXPENSES		**1,092,879**	**1,126,752**	**1,161,751**	**1,197,917**	**1,235,287**	**1,273,904**	**1,313,810**	**1,355,050**	**1,397,668**	**1,441,712**	**1,487,232**	**1,534,276**	**1,582,899**	**1,633,153**
NET OPERATING INCOME (NOI)		**1,144,747**	**1,158,926**	**1,173,061**	**1,187,138**	**1,201,144**	**1,215,065**	**1,228,884**	**1,242,585**	**1,256,152**	**1,269,566**	**1,282,808**	**1,295,858**	**1,308,696**	**1,321,299**
DEBT SERVICE PAYMENTS	Lien #														
Perm	1	992,880	992,880	992,880	992,880	992,880	992,880	992,880	992,880	992,880	992,880	992,880	992,880	992,880	992,880
Supplemental MIP	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HACS Housing Authority (HAF)	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HACOS Ground Lease Loan	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HACOS Choice Neighborhood Loan	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SHRA County ARPA	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**992,880**	**992,880**	**992,880**	**992,880**	**992,880**	**992,880**	**992,880**	**992,880**	**992,880**	**992,880**	**992,880**	**992,880**	**992,880**	**992,880**
CASH FLOW AFTER DEBT SERVICE		**151,867**	**166,046**	**180,180**	**194,258**	**208,264**	**222,184**	**236,003**	**249,705**	**263,272**	**276,686**	**289,928**	**302,978**	**315,816**	**328,419**
DEBT SERVICE COVERAGE RATIO		**1.15**	**1.17**	**1.18**	**1.20**	**1.21**	**1.22**	**1.24**	**1.25**	**1.27**	**1.28**	**1.29**	**1.31**	**1.32**	**1.33**
Date Prepared:	10/03/22								Senior Staff Date:		10/5/22				
LESS: Asset Management Fee	3%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343
LESS: Partnership Management Fee	3%	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159	20,764	21,386	22,028
net CF available for distribution		**131,867**	**145,446**	**158,962**	**172,403**	**185,754**	**198,999**	**212,122**	**225,107**	**237,936**	**250,590**	**263,049**	**275,294**	**287,301**	**299,048**

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Deferred developer fee repayment	2,300,000	2,300,000	2,168,133	2,022,687	1,863,725	1,691,322	1,505,568	1,306,570	1,094,447	869,340	631,404	380,814	117,765	-	-
	100%	131,867	145,446	158,962	172,403	185,754	198,999	212,122	225,107	237,936	250,590	263,049	117,765	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-
		2,168,133	2,022,687	1,863,725	1,691,322	1,505,568	1,306,570	1,094,447	869,340	631,404	380,814	117,765	-	-	-

Payments for Residual Receipt Payments		*50%*													
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-	78,764	143,650	149,524
MIP	*7.45%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental MIP	*18.16%*	-	-	-	-	-	-	-	-	-	-	-	20,177	36,800	38,304
HACS Housing Authority (HAF)	*13.25%*	-	-	-	-	-	-	-	-	-	-	-	10,437	19,034	19,813
HACOS Ground Lease Loan	*2.07%*	-	-	-	-	-	-	-	-	-	-	-	1,628	2,969	3,091
HACOS Choice Neighborhood Loan	*6.06%*	-	-	-	-	-	-	-	-	-	-	-	4,776	8,710	9,066
SHRA County ARPA	*22.08%*	-	-	-	-	-	-	-	-	-	-	-	17,394	31,724	33,021
SHRA Loan City Loan (MIHF/HTF/HOPWA)	*16.34%*	-	-	-	-	-	-	-	-	-	-	-	12,872	23,476	24,436
Total Residual Receipts Payments	**85.42%**	**-**	-	-	-	-	-	-	-	-	-	-	67,284	122,713	127,730

Balances for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS	*Interest Rate*														
MIP---Simple	*3.00%*	1,687,840	1,738,475	1,789,110	1,839,746	1,890,381	1,941,016	1,991,651	2,042,286	2,092,922	2,143,557	2,194,192	2,244,827	2,295,462	2,346,098
Supplemental MIP---Compounding	*3.00%*	4,112,160	4,235,525	4,358,890	4,482,254	4,605,619	4,728,984	4,852,349	4,975,714	5,099,078	5,222,443	5,345,808	5,469,173	5,572,360	5,658,925
HACS Housing Authority (HAF)---Simple	*4.00%*	3,000,000	3,120,000	3,240,000	3,360,000	3,480,000	3,600,000	3,720,000	3,840,000	3,960,000	4,080,000	4,200,000	4,320,000	4,429,563	4,530,529
HACOS Ground Lease Loan---Compounding	*3.92%*	468,000	486,346	504,691	523,037	541,382	559,728	578,074	596,419	614,765	633,110	651,456	669,802	686,519	701,895
HACOS Choice Neighborhood Loan---Simple	*4.00%*	1,372,791	1,427,703	1,482,614	1,537,526	1,592,438	1,647,349	1,702,261	1,757,172	1,812,084	1,866,996	1,921,907	1,976,819	2,026,955	2,073,157
SHRA County ARPA---Compounding	*4.00%*	5,000,000	5,200,000	5,400,000	5,600,000	5,800,000	6,000,000	6,200,000	6,400,000	6,600,000	6,800,000	7,000,000	7,200,000	7,382,606	7,550,882
SHRA Loan City Loan (MIHF/HTF/HOPWA) ---!	*4.00%*	3,700,000	3,848,000	3,996,000	4,144,000	4,292,000	4,440,000	4,588,000	4,736,000	4,884,000	5,032,000	5,180,000	5,328,000	5,463,128	5,587,653

PROJECTED PERMANENT LOAN CASH FL0WS				
Final Commitment				
	YEAR	**15**	**16**	**17**
RENTAL INCOME	**CPI**			
Restricted Unit Rents	2.50%	2,154,712	2,208,579	2,263,794
Unrestricted Unit Rents	2.50%	-	-	-
Commercial Rents	2.00%	-	-	-
Project Based Rental Subsidy	1.50%	1,022,909	1,038,253	1,053,827
Other Project Based Subsidy	1.50%	-	-	-
Income during renovations	0.00%	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-
Laundry Income	2.50%	-	-	-
Parking & Storage Income	2.50%	-	-	-
Miscellaneous Income	2.50%	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,177,621**	**3,246,832**	**3,317,620**
VACANCY ASSUMPTIONS	**Vacancy**			
Restricted Unit Rents	5.00%	107,736	110,429	113,190
Unrestricted Unit Rents	7.00%	-	-	-
Commercial Rents	50.00%	-	-	-
Project Based Rental Subsidy	5.00%	51,145	51,913	52,691
Other Project Based Subsidy	3.00%	-	-	-
Income during renovations	20.00%	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-
Laundry Income	5.00%	-	-	-
Parking & Storage Income	50.00%	-	-	-
Miscellaneous Income	50.00%	-	-	-
TOTAL PROJECTED VACANCY LOSS		**158,881**	**162,342**	**165,881**
EFFECTIVE GROSS INCOME (EGI)		**3,018,740**	**3,084,491**	**3,151,739**
OPERATING EXPENSES	**CPI / Fee**			
Administrative Expenses	3.50%	497,956	515,384	533,423
Management Fee	4.87%	147,139	150,344	153,621
Utilities	3.50%	206,921	214,163	221,659
Operating & Maintenance	3.50%	181,134	187,473	194,035
Ground Lease Payments	3.50%	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-
Real Estate Taxes	1.25%	62,952	63,739	64,536
Other Taxes & Insurance	3.50%	514,824	532,843	551,493
Required Reserve Payments	1.00%	66,670	67,336	68,010
TOTAL OPERATING EXPENSES		**1,685,095**	**1,738,783**	**1,794,276**
NET OPERATING INCOME (NOI)		**1,333,645**	**1,345,708**	**1,357,464**
DEBT SERVICE PAYMENTS	**Lien #**			
Perm	1	992,880	992,880	992,880
Supplemental MIP	2	-	-	-
HACS Housing Authority (HAF)	8	-	-	-
HACOS Ground Lease Loan	3	-	-	-
HACOS Choice Neighborhood Loan	4	-	-	-
SHRA County ARPA	5	-	-	-
-	6	-	-	-
MIP Annual Fee (applicable for MIP only deals	7	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**992,880**	**992,880**	**992,880**
CASH FLOW AFTER DEBT SERVICE		**340,764**	**352,828**	**364,583**
DEBT SERVICE COVERAGE RATIO		**1.34**	**1.36**	**1.37**
Date Prepared:	10/03/22			

LESS: Asset Management Fee	3%	7,563	7,790	8,024
LESS: Partnership Management Fee	3%	22,689	23,370	24,071
net CF available for distribution		**310,513**	**321,668**	**332,489**

	YEAR	**15**	**16**	**17**
Deferred developer fee repayment	2,300,000	-		
	100%	-		
		-	-	-
		-	-	-

Payments for Residual Receipt Payments				
RESIDUAL RECEIPTS LOANS	*Payment %*	155,256	160,834	166,245
MIP	*7.45%*	-	-	-
Supplemental MIP	*18.16%*	39,773	41,202	42,588
HACS Housing Authority (HAF)	*13.25%*	20,572	21,311	22,028
HACOS Ground Lease Loan	*2.07%*	3,209	3,325	3,436
HACOS Choice Neighborhood Loan	*6.06%*	9,414	9,752	10,080
SHRA County ARPA	*22.08%*	34,287	35,519	36,714
SHRA Loan City Loan (MIHF/HTF/HOPWA)	*16.34%*	25,372	26,284	27,168
Total Residual Receipts Payments	**85.42%**	132,627	137,392	142,014

Balances for Residual Receipt Payments				
RESIDUAL RECEIPTS LOANS	*Interest Rate*			
MIP---Simple	*3.00%*	2,396,733	2,447,368	2,498,003
Supplemental MIP---Compounding	*3.00%*	5,743,986	5,827,578	5,909,741
HACS Housing Authority (HAF)---Simple	*4.00%*	4,630,717	4,730,144	4,828,833
HACOS Ground Lease Loan---Compounding	*3.92%*	717,150	732,287	747,308
HACOS Choice Neighborhood Loan---Simple	*4.00%*	2,119,002	2,164,500	2,209,660
SHRA County ARPA---Compounding	*4.00%*	7,717,861	7,883,574	8,048,055
SHRA Loan City Loan (MIHF/HTF/HOPWA) ---!	*4.00%*	5,711,217	5,833,845	5,955,561

MIXED-INCOME LOAN PROGRAM (2022)

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).

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Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in the California Debt Limit Allocation Committee's (CDLAC) Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include, but not be limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, sponsor is expected to start the NEPA process shortly after CalHFA verifies application completeness and determines that the project is ready to move forward with an initial commitment ("notification date"). The NEPA clearance and HUD's firm approval letter will be required prior to construction loan closing.
2. **General Contractor and/or Third Party Construction Services Engagement:** At the time of application, applicant must provide evidence that the applicant or developer has engaged a general contractor or third-party construction services company to provide construction services including, but not limited to, value engineering, bid/budget services, and constructability review of plans and designs. In addition, the proposed construction budget is based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
3. **Disposition and Development Agreement:** Applicant must provide a copy of the disposition and development agreement, if applicable.
4. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation, unless an extension has been approved by California Tax Credit Allocation Committee (CTCAC), CDLAC, and CalHFA, as applicable. Within the 180-day period, the following items must be submitted to CalHFA in their final form:
    a. A complete, updated application form along with a detailed explanation of any changes from the initial application,
    b. An executed construction contract,
    c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
    d. Binding commitments for any other financing required to complete project construction,
    e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
    f. Payment of all construction lender fees,
    g. Copies of buildings permits (a grading permit does not suffice to meet this requirement, except 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

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

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for initial debt service coverage ratio (include any financing with amortizing debt). If a Project includes CalHFA's subsidy loan, the maximum DSCR at year 1 shall not exceed 1.20, unless CalHFA approves a higher DSCR at its own discretion. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained as the minimum DSCR through the term of the Perm Loan. CalHFA may require the initial DSCR to be higher than the minimum 1.15x, if deemed necessary to meet the Agency's underwriting requirements. • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Legal Fee at Perm Loan closing. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction loan closing. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • 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.

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Rate & Terms (subject to change)	Interest Rate: • 17-Year Balloon Loans: 15-Year "AAA" Municipal Market Data (MMD) plus CalHFA spread • 30-Year Balloon and Fully Amortizing Loans: 30-Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 3.00% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 40 Year Amortization • Term: Fully Amortizing, and 17- or 30-Year Balloons 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).

<table>
<tr><td>Occupancy Requirements (continued)</td><td>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.</td></tr>
<tr><td>Due Diligence</td><td>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.</td></tr>
<tr><td>Required Impounds and Reserves</td><td>• 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).</td></tr>
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CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after March 1, 2022

CalHFA California Housing Finance Agency

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications	• Available to for-profit, nonprofit or public agency sponsors. • Nonprofit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA required for tax-exempt issuances) and is credited toward the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 18.75 basis points of the Bond amount if lesser than or equal to $20 million. 2. If more than $20 million: $37.500 + 5 basis points for the amount above $20 million. • Annual Administrative Fee: 5 bps of the tax-exempt bond issuance amount due at construction loan closing and due annually thereafter until permanent loan conversion. After permanent loan conversion, billed annually in advance, 5 bps of unpaid principal balance amount of tax-exempt bond financed loan(s) until bonds are fully redeemed. Minimum Annual Administrative Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period. For taxable only issuances, annual administrative fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions. If used in conjunction with a CalHFA permanent loan product, the annual administrative fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual administrative fee. • Public Sale: Additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be rent restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (i.e., 30% @ 60% AMI; 10% @ 50% AMI). • Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the later of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

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