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 and an approval for Tax-Exempt and Taxable Conduit Issuance

Senior Loan Committee "Approval": 1/5/2024 for Board Meeting on: 1/25/2024

Project Name, County:	**Demaree Street Apartments, Tulare County**	
Address:	**SW Corner of N. Demaree Street & Houston Avenue, Visalia, CA 93291**	
Type of Project:	**New Construction**	
CalHFA Project Number:	23-013-A/X/N	**Total Units: 222 Family**
Requested Financing by Loan Program:	Up to $43,000,000*	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount ($39,000,000 allocated by CDLAC on 8/23/2023)**
	Up to $7,000,000*	**CalHFA Tax-Exempt Recycled Bond – Conduit Issuance Amount (assuming current need is $6,000,000) for Bonneville Loan**
	Up to $12,000,000*	**CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may include recycled bonds) (assuming current need is $10,809,889)**
	$19,437,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,000,000	**CalHFA MIP Subsidy Loan**
*Approval amount includes 10% cushion rounded up to nearest $1M per CalHFA Policy.		

DEVELOPMENT/PROJECT TEAM

Co-Developers:	Maracor Development, Inc. & Pacific West Communities, Inc (See section 29 for details)	**Borrower:**	Visalia Pacific Associates II, a California Limited Partnership
Permanent Lender:	CalHFA	**Construction Lender:**	California Bank & Trust & Bonneville Multifamily Capital
Equity Investor:	Huntington Community Development Corp. (Federal) US Bank (State)	**Management Company:**	ConAm Management Corp.
Contractor:	Pacific West Builders, Inc.	**Architect**	SDG Architects, Inc.
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	Cristina Green	**Loan Administration:**	Dana Delabahan
Legal (Internal):	Flavio Espinosa-Linares/Paul Steinke	**Legal (External):**	Orrick, Herrington, Sutcliffe, LLP
Concept Meeting Date:	11/29/2023	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/** California Bank & Trust (CB&T) & Bonneville Multifamily Capital **CONSTRUCTION LOAN**	**CalHFA PERMANENT LOAN**	**CalHFA MIP SUBSIDY LOAN**
	Total Loan Amount	CB&T: $39,000,000 (T/E), $10,809,889 (Taxable) Bonneville: $6,000,000 (T/E Recycled) Total Bond Issuance: $55,809,889	$19,437,000	$4,000,000 ($18,182/restricted unit)
	Loan Term & Lien Position	CB&T: 30 months - interest only. One 6-month extension available; 1st and 2nd Lien position during construction Bonneville: 3rd Lien position interest-only payable quarterly from a budgeted interest reserve during construction. 3rd Lien position during permanent loan term, 30-year term.	40 year –partially amortizing due in year 30; 1st Lien position during permanent loan term	30 year - Residual Receipts; 2nd Lien position during permanent loan term
	Interest Rate	CB&T: 30-day Term SOFR* + 1.75% adjusted monthly. Underwritten at 6.00% fixed (T/E and taxable) which will be locked at construction closing. Bonneville Multifamily Capital: underwritten at 7.00% fixed interest-only during construction. Variable rate during permanent loan term, with a minimum of 5% and a maximum of 7%, floating at the previous 60-day average of 10-yr UST bond rate + 150 bps, compounded annually. Underwritten at 5.5% fixed rate.	Locked at 6.85%** Rate based on a 36-month forward commitment.	3% simple interest. A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
	Loan to Value (LTV)	71% of investment value	75% of restricted value***	N/A
	Loan to Cost	62%	24%	N/A

**As of 12/15/23 30-day SOFR at 5.34% which equals a 7.09% rate. Construction interest reserve may be resized based on locked rate at construction loan closing. Any resulting funding gaps will be covered by the co-developers until permanent loan conversion.*

***The all-in rate of 6.85% is the final rate locked on 11.21.2023 for the loan closing and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency.*

****Loan to value based on appraisal dated 10/30/2023 prepared by Pacific Real Estate Appraisal.*

	Summary of Material Changes from Initial Commitment Approval
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any
☒	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders • The construction lender at CalHFA initial commitment was Citibank. This has been changed to California Bank & Trust. • The Federal and State tax credit investor at the time of CalHFA initial commitment approval was Boston Financial. This has been changed to Huntington Community Development Corporation (Federal) and US Bank (State).
☐	Changes in Project Scope (for example, addition of non-residential component)
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms • The CalHFA permanent loan request amount at initial commitment was $17,500,000, which has increased by 11% to $19,437,000. • The inclusion of the increased rent limits as released by TCAC on 5/14/2023 allows the project to support more debt. The increase in the CalHFA perm loan generated additional tax credit equity and decreased the deferred developer fee. The increases to the CalHFA perm loan and the tax credit equity offset the additional financing costs, operating reserves and deferred developer fee.

Permanent Sources	Initial Commitment	Final Commitment	Difference	% Increase/ Decrease
CalHFA - Perm Loan	$17,500,000	$19,437,000	$1,937,000	11.1%
CalHFA MIP	$4,000,000	$4,000,000	$0	0.0%
Bonneville	$6,000,000	$6,000,000	$0	0.0%
Housing Authority Tulare County	$3,600,000	$3,600,000	$0	0.0%
Deferred Developer Fee	$4,312,820	$4,139,930	($172,890)	-4.0%
Tax Credit Equity	$39,298,536	$43,106,471	$3,807,935	9.7%
TOTAL PERMANENT SOURCES	**$74,711,356**	**$80,283,401**	**$5,572,045**	**7.5%**
TOTAL PER UNIT	**$336,538**	**$361,637**	**$25,099**	**7.5%**
Permanent Uses	Initial Commitment	Final Commitment	Difference	% Increase/ Decrease
Total Loan Payoffs and Equity	$64,772,598	$70,277,239	$5,504,641	8.5%
Financing Costs	$302,500	$331,555	$29,055	9.6%
Operating Expense Reserve	$558,438	$594,677	$36,239	6.5%
Cash Developer Fee paid at Perm Coversion	$4,765,000	$4,940,000	$175,000	3.7%
Deferred Developer Fees paid from Cashflow	$4,312,820	$4,139,930	($172,890)	-4.0%
TOTAL PERMANENT USES	**$74,711,356**	**$80,283,401**	**$5,572,045**	**7.5%**
TOTAL PER UNIT	**$336,538**	**$361,636.94**	**$25,099**	**7.5%**

☐	Changes in construction schedule and rent-up/conversion timeline
☒	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc. • The changes outlined below, do not, in the opinion of Multifamily Staff represent a negative impact to project viability. • SLC approved Initial Commitment structure (Scenario A): At the time of initial commitment approval in May of 2023, the cashflow analysis reflected the following; ○ Years 1-11: 100% of the property's surplus cash flow after payment of the debt service on CalHFA's first lien permanent loan was to be disbursed Borrower to repay the Deferred Developer Fee (DDF) as a requirement of the LIHTC investor. This scenario resulted in full repayment of the DDF in year 11 of operations.

- Year 11-30: Upon full repayment of the DDF the project cash flow was to be allocated 50% to the borrower and remaining 50% on a pro-rata basis based on loan size) to the repayment of the Bonneville loan and the CalHFA MIP loan (44.12% to Bonneville, 26.47% to County of Tulare, and 29.41% to CalHFA) in accordance to the MIP term sheet. (Please refer to Section 9 for a detail of Bonneville's structure of this bond loan as a subordinate loan in third position behind the CalHFA MIP.

- This structure resulted in an outstanding balance of the MIP Subsidy Loan at the time of maturity (year 30) totaling $4.884 million.

- Proposed Structure (Scenario B): SLC Initial commitment was approved on the condition of obtaining updated Term Sheet for Bonneville financing to reflect the terms indicated in Scenario A. However, the Borrower later notified that the original terms of the Bonneville Term Sheet dated February 21, 2023, will still hold and will require priority of payments to the Bonneville subordinate loan at par with the DDF, and ahead of residual receipts distribution to CalHFA. This is an exception to both the Initial Commitment approval conditions and MIP 2023 Term Sheet. To meet both the Federal tax credit investor (Huntington) requirement to fully repay the DDF by the end of year 14 and the Bonneville loan repayment requirements, the developer is requesting, and multifamily staff is recommending that the surplus cash split be modified as follows:

    - Year 1-14: 50% of surplus cash will be distributed to the Developer to reduce the DDF until the earlier of the end of year 14 or full DDF repayment. The Developer will forgo any unpaid DDF balance at Year 15 and will be hence considered as GP contribution. During this same time 50% will be used to reduce the Bonneville loan debt service. No amount of surplus cash flow will be allocated to MIP principal repayment or debt service.

        - Outcomes related to this change:

            - DDF will have a remaining balance of $1,052,272 at the end of year 14 which will be contributed to the project vs. being fully repaid in year 11 (this has been approved by the Federal tax credit investor, Huntington.

            - The payment amounts to Bonneville loan while the DDF is outstanding will increase from $0 in Scenario A to $3.088 million.

            - No payments will be made toward the MIP loan during this period (the previous structure assumed that MIP would receive a share of the cash flow totaling $311 thousand to pay down principal and interest in years 11-14.

- Year 14-30: 50% of Surplus Cash will be distributed 25% to the Borrower and 25% to Bonneville. The remaining 50% of surplus cash will be disbursed on a pro-rata basis between Bonneville (44.12%), County of Tulare (26.47%) and CalHFA MIP (29.41%).
  - Outcomes related to this change:
    - The Bonneville % of surplus cash after year 14 will change from 22.06% to 47.06%
    - The % of surplus cash distributed to CalHFA after year 14 will remain unchanged at 14.7%.
    - Final outstanding MIP loan balance at year 30 maturity increases from $4,883,593 to $5,194,873.

Developer Fee	$9,079,930	
Deferred Developer Fee	$4,139,930	46%

	Scenario A	Scenario B
Surplus Cash to repay DDF	100%	50%
Bonneville priority payment while DDF is outstanding	No. 100% surplus cash applied to DDF repayment	Yes. 50% at par with DDF 50% of surplus cash while DDF is outstanding
Bonneville priority thereafter	No. 50% surplus cash shared pro-rata between Bonneville and CalHFA MIP loan for residual receipts payments	Yes. 25% priority distribution in addition to the pro rata share of residual receipts
Full DDF Repayment	Year 11	$1,052,272 Outstanding year 14
MIP Payments Years 11-14	$311,280	$0
MIP Balance at year 30	$4,883,593	$5,194,873
MIP UPB after Refinance	$0	$0

☒ Significant changes in Operating budget assumptions

- The Effective Gross Income has increased by $173,520 which is attributed to the inclusion of increased rent limits as released by TCAC on 5/14/2023.
- The total operating expenses have decreased by $7,500. The developer attributes the changes to operating expenses based on feedback from their internal asset management team.
- The overall changes to the operating budget result in an increase of the Project's Net Operating Income (NOI) by $172,344, while the debt service increased by $160,081 (based on the interest rate lock executed on 11/21/23 as outlined above) , and increasing the surplus cash after debt service by $12,263. Overall, the changes to NOI and Debt Service provide very little change to the operating performance of the property and result in a nominal reduction to the 1st year DSCR by 1bps, as described in the chart below.

	Initial	Final	Difference	% Increase/ Decrease
Effective Gross Income	2,580,072	2,753,592	173,520	6.7%
Vacancy	129,004	137,680	8,676	6.7%
Total Income	**2,451,068**	**2,615,912**	**164,844**	**6.7%**
Admin Exp	17,140	28,190	11,050	64.5%
Mgmt Fee	79,000	83,900	4,900	6.2%
Utilities	160,000	165,800	5,800	3.6%
Payroll/PR Taxes	259,760	295,860	36,100	13.9%
Insurance	99,900	87,000	(12,900)	-12.9%
Maintenance	244,200	193,400	(50,800)	-20.8%
Other OpEx*	102,100	100,450	(1,650)	-1.6%
Total OpEx	**962,100**	**954,600**	**(7,500)**	**-0.8%**
NOI	**1,488,968**	**1,661,312**	**172,344**	**11.6%**
Debt Service	1,264,028	1,424,109	160,081	12.7%
Surplus Cash	224,940	237,203	12,263	5.5%
DSCR	1.18	1.17	(0.01)	-0.8%
*Other OpEx				
Misc Tax/License	1,150	1,150	-	0.0%
Supportive Services	18,000	18,000	-	0.0%
Transit Passes			-	0.0%
Replacement Reserve	55,500	55,500	-	0.0%
CalHFA Monitoring Fee	7,500	7,500	-	0.0%
Other Monitoring Fees		7,800	7,800	100.0%
Taxes	5,200	10,500	5,300	101.9%
Trustee Fees	14,750		(14,750)	-100.0%
Total Other Income	102,100	100,450	(1,650)	-1.6%

☒ Changes in CalHFA required reserves

- The required operating expense reserve has increased by $38,145 which is attributed to the project increasing its operating expenses as described below.

	Initial	Final	Difference	%
Total Operating Expenses/Reserves	962,100	954,600	(7,500)	-0.8%
Debt Service Payment	1,264,028	1,424,109	160,081	12.7%
Required Operating Reserve (3mo)	556,532	594,677	38,145	6.9%

☐ Changes in Affordability Restrictions including Unit distribution for regulated units

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#21 Jim Costa	**Assembly:**	#32 Vince Fong	**State Senate:**	# 12 Shannon Grove

	Brief Project Description	**Demaree Street Apartments** (the "Project") is a new construction, family, mixed-income project. It consists of 8, three-story residential walk-up buildings and a one-story building containing a leasing office, community room, and other amenities. There will be 222 total units, 220 of which will be restricted between 30% and 80% of the Tulare County Area Median Income ("AMI"). There will be 90 one-bedroom units (600 sf), 75 two-bedroom units (854 sf), and 57 three-bedroom units (1,118 sf). Two of the three-bedroom units will serve as unrestricted manager's units. The site is currently comprised of one vacant residential structure and a large storage structure that will both be demolished during the course of construction. The project is located in federally designated disaster recovery area. **Borrower:** Pacific West Communities, Inc. (PWC) and Maracor Development, Inc. (Maracor) are Co-Sponsors on this deal with Maracor listed as an Emerging Developer with a higher ownership percentage (0.0052%) in the project than PWC (0.0024%). The managing general partner, Kaweah Management, will own 0.0024% and the remaining (99.99%) will be owned by the tax credit investor. PWC and Maracor have previously collaborated on 5 affordable housing deals (all currently are under construction) in which Maracor was listed as a GP. This will be the first affordable housing project that PWC and Maracor are co-sponsoring. Maracor has no experience in affordable housing developments, their development experience has been limited to retail, mixed-use, and market rate residential in California. Kaweah Management Company (Kaweah) is a nonprofit public benefit corporation and the Managing General Partner. Kaweah was formed in 1977 and has provided non-profit status to over 26 LIHTC projects (1,059 units). Please see Section 30 for further details on the structure of the Borrower entity. **Evidence of Site Control & Expiration Date:** In June 2021 Maracor Development, Inc. entered into a Purchase and Sale Agreement with an unrelated individual, Kap Su Davis, for an amount of $3,100,000 which is included in the development budget. On February 1, 2023, Maracor assigned the PSA and subsequent amendments to the Borrower, Visalia Pacific Associates II, for the amount of $3,250,000 ($3,100,000 original contract price + $150,000 extension fee not applicable towards Purchase Price). **Financing Structure:** The Project's financing structure includes financing from tax-exempt bonds, taxable bonds, recycled tax-exempt bonds, 4% Federal Tax Credit equity, State Tax Credit equity, a subordinate loan from the Housing Authority of Tulare County, a loan from the Agency's tax-exempt loan program and a loan from the Mixed Income Program. **Tax Credits and/or CDLAC Status:** The developer received an allocation for 4% Federal and State tax credits, and bond cap from TCAC/CDLAC on 8/23/2023. The bond cap requested is approximately 50.41% of the aggregate basis requirement to satisfy the TCAC 50% test.

		Ground Lease: Not applicable. **Project Amenities:** The Project will include a community space, exercise room, and laundry room as well as a playground, dog park, and swimming pool. Unit amenities will include central heating, central air, refrigerator, stove/oven, washer/dryer hookups, dishwasher, and garbage disposal.
		Local Resources and Services: For CTCAC/CDLAC purposes, the Project is located within a Highest Resource area per CTCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.15 miles • Schools – 1-2 miles • Public Library – 2.25 miles • Public transit – 0.01 miles • Park and recreation – 0.5 miles • Hospital – 2.3 miles **Non-displacement <u>and</u> No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial and/or Other (i.e., Parking) Space:** The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 220 units of affordable housing with a range of restricted rents between 30% AMI and 80% AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	2/19/2024	Est. Construction Loan Closing:	2/2024
	Estimated Construction Start:	2/2024	Est. Construction Completion:	2/2026
	Estimated Stabilization and Conversion to Perm Loan(s):		8/2026	

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	**Amount**	**% of Total**
CB&T- Tax Exempt- Conduit (construction loan) 1st lien position, 6.00% rate, interest only- 36-month term including 6-month extension	$39,000,000	48.6%
CB&T- Taxable- Conduit (construction loan) 2nd lien position, 6.00% rate, interest only- 36-month term including 6-month extension	$10,809,889	13.5%
Bonneville- Tax Exempt Recycled- Conduit (const-perm loan) 3rd lien position, 7.00% fixed interest-only,	$6,000,000	7.5%
Hsg. Auth. of Tulare County (subordinate loan) 4th lien position, 2.00% rate, residual receipts, due in 55-years from perm loan conversion.	$3,600,000	4.5%
Deferred Developer Fee (Developer Fee, Deferral)	$8,829,930	11.00%
Deferred Costs (Cost Deferral) - $1,350,000 post-construction interest reserve (funded by equity at construction completion) - $594,678 operating expense reserve (funded by equity at permanent)	$1,944,678	2.4%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/Federal credit and $0.89/State credit	$10,098,904	12.5%
TOTAL CONSTRUCTION SOURCES	**$80,283,401**	**100%**
TOTAL PER UNIT	**$361,637**	
Uses	**Amount**	**% of Total**
Total Land/Acquisition/Demolition/Predevelopment Costs	$3,950,312	4.9%
Construction Costs	$49,773,923	62.0%
Soft Costs	$1,952,600	2.4%
Hard Cost contingency (5.92% of hard costs)	$2,550,000	3.2%
Soft Cost contingency (2.84% of other costs)	$800,000	1.0%
Financing Costs	$6,065,055	7.6%
Local Impact/Permit Fees (City of Visalia)	$5,104,013	6.4%
Deferred Developer Fee	$4,139,930	5.2%
Cash Portion Developer Fee (Paid After Completion)	$4,940,000	6.2%
Other Costs (A&E, legal, other soft costs)	$412,890	0.5%
Operating Reserves (refer to section 13 for details)	$594,678	0.7%
TOTAL CONSTRUCTION USES	**$80,283,401**	**100.0%**
TOTAL PER UNIT	**$361,637**	

Permanent Sources and Uses

Sources	Amount	% of Total
CalHFA Tax Exempt Perm (permanent loan) 1st lien position, 30-year term with 40-year amortization Rate locked at 6.85%	$19,437,000	24.2%
CalHFA - MIP (subordinate loan) 2nd lien position, 30-year term, residual receipts Underwritten at 3.00% fixed	$4,000,000	5.0%
Bonneville (subordinate loan) 3rd lien position, 30-year term, Underwritten at 6.00% fixed	$6,000,000	7.5%
Housing Authority of Tulare County (subordinate loan) 4th lien position, 55-year term, residual receipts Underwritten at 2.00% fixed	$3,600,000	4.5%
Deferred developer Fee (Developer Fee, Deferral) (46% of total developer fee)	$4,139,930	5.2%
Tax Credit Equity (Equity, LIHTC Investor) @ $0.85/Federal credit and $0.89/State*	$43,106,417	53.7%
TOTAL PERMANENT SOURCES	**$80,283,401**	**100.0%**
TOTAL PER UNIT	**$361,637**	
Uses	**Amount**	**% of Total**
Total Loan Payoffs and Equity	$70,871,916	88.3%
Financing costs	$331,555	0.4%
Cash Developer Fee paid at Perm Conversion	$4,940,000	6.2%
Deferred Developer Fees paid from cashflow	$4,139,930	5.1%
TOTAL PERMANENT USES	**$80,283,401**	**100.0%**
TOTAL PER UNIT	**$361,637**	

Subsidy Efficiency: $4,000,000 ($18,182 per MIP restricted units).

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

- 4% Federal Tax Credits (Huntington): $29,705,630 ($135,026 per TCAC restricted unit). This includes eligible basis boost due to inclusion of solar improvements.
- State Tax Credits (US Bank) (certificated)*: $18,950,000 ($86,136 per TCAC restricted unit).

*The Project includes Certificated State Tax Credits, which increases the pricing value of the credits. These credits will be contributed to the Project as a State Tax Credit Loan from Kaweah Management Company, who will execute a promissory note in the estimated amount of $16,865,000 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 0% interest and be repaid over time through the Borrower's portion of surplus cash over 55 years.

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

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

	Other Locality Subsidies: The Project will be funded by locality funds; The Housing Authority of Tulare County - $3,600,000 subordinate loan. **Cost Containment Strategy:** 1. The contractor, Pacific West Builders, Inc. (“PWB”) employs a development department whose sole responsibility is to manage and track the conceptual design process through the permitting phase. The developer of the Project, Pacific West Communities, Inc. (“PWC”), employs several Project Managers (“PM”) who coordinate efforts between the Borrower, PWB, design team, and local planning agencies from the entitlement phase through project completion. 2. The PM and Site Superintendent have developed a detailed critical path schedule for the course of construction.. 3. PWC has engaged with the related General Contractor on over 100 affordable housing developments and is familiar and comfortable with the Standard Agreement and General Conditions Between the Owner and Constructor (Stipulated Sum) (Consensus Docs 200) (“General Contract”) which is the general contract utilized by PWB on each project. 4. PWB utilizes a specialized construction document control software package that tracks all RFI’s (pre-bid and construction), including submittals, shop drawings, construction drawings, and daily logs. The mandatory use of this software is written into PWB’s subcontracts. RFI’s are automatically set to be returned within three (3) business days, with the architect taking the lead on all coordination efforts between professional services and their divisions. It is expected that the architect will manage all coordination between engineers, the design team, and their respective drawing sheets as they relate to each other prior to closing the RFI. 5. PWB utilizes Smartbidnet to send out specific and specialized invitations to bid to subcontractors. This database includes information and contacts from previous projects and other construction databases (SmartInsight, ConstructConnect) to match other potential subcontractors. PWB’s standard practice is to receive three (3) bids per trade before making team selections based on PWB’s internal criteria. High-Cost explanation: Not applicable ($361,637 per unit).
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project has received 4% federal and state tax credits which is projected to generate equity representing 53.7% of total permanent financing sources. Huntington Community Development Corporation will be the investor and is paying $0.85/credit for the federal credits (Huntington), and $0.89/credit for state credits (US Bank).
- PWC, one of two co-developers/co-sponsors 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. The 80% AMI rents are between 16% and 72% below market rents based on an appraisal dated October 30, 2023, and prepared by Pacific Real Estate Appraisal.
- The locality has invested in the success of the Project as demonstrated by the $3,600,000 loan from the Housing Authority of Tulare County.
- The estimated cash developer fee that will be collected and shared by the co-developers, at or prior to permanent loan conversion is $4,940,000, which could be available to cover cost overruns at permanent loan conversion.
- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the Project’s first mortgage. As part of the exit analysis scenario CalHFA stress tests the strength of the project economics by assuming an interest rate of 9.85% which is 3% above the current underwriting interest rate. Additionally, the exit analysis is also stressed with the assumption of a cap rate of 8.05% which is 2% above current market cap rates as defined by the appraisal. Based on these assumptions, the Project continues to have the ability to refinance and fully repay the balance of the Agency’s permanent first lien loan and the outstanding principal and accrued interest of the MIP loan ($4,883,593) at maturity in year 30.

8.	Project Weaknesses with Mitigants:

- The total estimated deferred developer's fee is not anticipated to be fully repaid by the end of year 14 (for Scenario B). The developer has confirmed that they will forgo any outstanding developer fee in year 14 and treat the amount as a developer's contribution which does not reduce the eligible basis or the tax credits available to the project. This condition will be documented in the investor commitment letter and/or LPA.
- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the Project's first mortgage. As part of the exit analysis scenario CalHFA stress tests the strength of the project economics by assuming an interest rate of 9.85% which is 3% above the current underwriting interest rate for used in the final underwriting at refinance in Year 29. Additionally, the exit analysis is also stressed with the assumption of a cap rate of 8.05% which is 2% above current market cap rates as defined by the appraisal. Based on these assumptions, the Project continues to have the ability to refinance and fully repay the balance of the Agency's permanent first lien loan and the outstanding principal and accrued interest of the MIP loan ($4,883,593) at maturity in year 29. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. This shall be documented in the CalHFA MIP loan documents.
- A Phase I Environmental Site Assessment (ESA) performed by KCE Matrix, dated December 19, 2023, identified contaminated soil and recommends minimal remediation actions as described in section 21 that will be included in the GC contract. There is an estimated $10,000 included in the construction budget for soil remediation.
- The City is requiring an Affordable Housing Agreement to be recorded senior to all debt and restrictions. This is mitigated by CalHFA's requirement of a standstill agreement that will be executed at permanent loan closing.

9.	Underwriting Standards or Term Sheet Variations

- The Financial Analysis (FA) for the projected cash-flow from operations assumes the operating expenses provided by the Developer which are 0.8% lower than the recommendations in the Appraisal ordered by CalHFA (See Section 17 for line-item comments on operating expense variations). This resulted in nominally higher Net Operating Income (NOI) for debt service and is recognized as an underwriting risk if the actual operating costs are higher than Developer estimate. This risk is mitigated by the property management agent's certification confirming the reasonableness of the operating budget and also the Developer's and Property Manager's experience with operating similar projects in the area. Additionally, actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.
- The Financial Analysis (FA) for the projected cash-flow from operations assumes the operating expenses provided by the Developer $4,300 per unit per annum (PUPA) which is $200 lower than the TCAC minimum (but within the 15% waiver threshold of $4,500 PUPA). This resulted in nominally higher Net Operating Income (NOI) for debt service and is recognized as an underwriting risk if the actual operating costs are higher than Developer estimate. This risk is mitigated by the property management agent's certification confirming the reasonableness of the operating budget and also the Developer's and Property Manager's experience with operating similar projects in the area. Approvals of the proposed operating expense budget are required from CalHFA, investor, all the lenders, and CTAC prior to construction closing. Additionally, actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.
- [Scenario B]: Per MIP Term Sheet, the surplus cash from project operations is shared 50/50 between the Developer and the Residual Receipt Lenders (on a pro-rata basis). However, the Investor Letter of Interest ("LOI") requires the Developer Fee to be paid within 14 years which requires prioritizing of DDF repayment over CalHFA residual receipt loan repayment. Additionally, the Bonneville subordinate bond loan requires priority of payments at par with DDF for year 1-14 ahead of residual receipt loan repayment. This results in no residual receipts payments available to CalHFA in year 1-14 vs. 50% required by the MIP Term Sheet and is an Underwriting and Term Sheet variation. Starting Year 15, the surplus cash will be split 50% to Developer and Bonneville (25% each) and 50% to CalHFA to be applied towards MIP loan repayment. The developer has confirmed that they will forgo any outstanding developer fee in year 14 and treat the amount as a developer's contribution which does not reduce the eligible basis or the tax credits available to the project. This condition will be documented in the investor commitment letter and/or LPA.
- The locality is requiring the Borrower to encumber the Property by recording an Affordable Housing Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement. Prior to

construction loan closing and closing of the CalHFA loans, the City Affordable Housing Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- Any default as to any loans by the Agency for the Development shall constitute a default under any other loans by the Agency for the Development.
- No site work or construction shall commence prior to the issuance of a HUD Risk-Share Firm Approval Letter.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
- Subject to receipt and CalHFA approval of a subordination agreement subordinating TCAC's interests, if required by CalHFA, to the Agency loans prior to permanent loan closing.
- Receipt of a certification by the engineer on record that the Project has been built to current seismic code which is acceptable to the Agency prior to permanent loan closing.
- An estoppel as to the lien priority of the Agency loans and approval of the Agency's form of subordination agreement by all subordinate lenders prior to construction closing.
- All MIP Loan principal and interest will be due and payable at full repayment of CalHFA permanent loan.
- The Project's proposed operating expense is $648 below, but still within the 15% waiver threshold, of the CTCAC minimum per unit requirement of $4,500 per unit per year. Approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required prior to construction closing.
- As described in section 9, The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) and priority distributions to the Bonneville subordinate loan until the earlier of year 14 of operations is complete or full repayment of the DDF to meet the requirements of the Bonneville subordinate loan and tax credit investor. Thereafter, the surplus cash split shall be 25% to Borrower, 25% going to Bonneville, and the remaining 50% of surplus cash to Residual Receipt lender to be split on a pro-rata basis between CalHFA MIP, County of Tulare, and Bonneville loan repayment. 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 lenders' approvals of the total deferred developer's fee structure and residual receipt split. In addition, the Borrower must provide evidence of investor approvals of the total deferred developer's fee structure, allowable partnership fees (including but not limited to LP and GP Management fees), and residual receipt share consistent with the MIP Term Sheet and the Financial Analysis summary attached to this Final Commitment Staff Report. Residual receipt lenders must also agree to defer the payments on their loans.
- The total deferred developer's fee of $4,139,930 will not be fully repaid by year 14 per project cashflow, therefore the owner must provide evidence of investor approval of the total deferred developer's fee structure. Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution.
- The locality is requiring the Borrower to encumber the Property by recording an "Affordable Housing Agreement" (AHA) prior to issuance of a building permit. The Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards. The AHA is expected to be recorded in senior position which may, in CalHFA's discretion, require a standstill agreement that will standstill certain provisions of the AHA in the event CalHFA takes ownership of the Project. The standstill agreement between the locality and CalHFA will include, but is not limited to (1) acknowledgement that the affordability restrictions are not foreclosable, and enforcement is limited to, specific performance or injunction; and (2) the standstill of certain reporting, penalty, and other non-affordability provisions in the event CalHFA acquires the project.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the City will require the Affordable Housing Agreement will be recorded 1st (ahead of) CalHFA Bond and CalHFA MIP Regulatory Agreement as described above and in Section 9.
- Prior to permanent loan closing, in order for CalHFA to waive the flood insurance requirement, developer must provide satisfactory evidence that the buildings located in AE flood zone have been elevated above the flood plain.
- Closing on construction financing will be subject to final Limited Partnership agreement (LPA) being substantially consistent to the assumptions made at time of final commitment and as reflected in the attached Financial Analysis Summary attached to this Final Commitment Staff Report, and that it is acceptable to CalHFA, in its sole discretion.
- Evidence of lot merger prior to, or at construction loan closing.

AFFORDABILITY

11.	CalHFA Affordability (Occupancy and Rent) Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (67 units) at or below 60% AMI; with 10% of the total units (23 units) at or below 50% AMI for 55 years.

Number of Units and Percentage of AMI Rents Restricted by each Agency								
Regulating Agency	Number of Units Restricted For Each AMI Category						Total Units	Percentage
	Lien	30%	50%	60%	80%	120%	Regulated	Regulated
City Aff. Hsg. Agreement	1st	22	23	131	44		**220**	100%
CalHFA Bond	2nd		23	67			**90**	41%
CalHFA MIP	3rd		45		23	152	**220**	100%
Tulare County HA Loan	4th	22	23	131	44		**220**	100%
CTCAC	5th	22	23	131	44		**220**	100%
TOTALS		**22**	**45**	**131**	**44**	**152**	**220**	**100%**

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (45 units) be restricted at or below 50% of AMI, 10% of total units (23 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 152 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.

For purposes of MIP subsidy efficiency analysis, the underwriting of permanent first lien loan is typically required to be sized based on the maximum CTCAC income and rent limits.

The City of Visalia Affordable Housing Agreement will restrict 220 units between 30% and 80% of AMI. The locality is requiring the Borrower to encumber the Property by recording the Affordable Housing Agreement in first position senior to the CalHFA Bond Regulatory Agreement and CalHFA MIP Regulatory Agreement.

The Rent Summary Table is outlined below, which reflects the total number of units for the applicable target occupancy (AMI):

Rent Limit Summary Table					
	1-bdrm	2-bdrm	3-bdrm	Total	% Total
30%	**9**	**8**	**5**	**22**	**10%**
50%	**10**	**8**	**5**	**23**	**10%**
60%	**65**	**51**	**15**	**131**	**59%**
80%	**6**	**8**	**30**	**44**	**20%**
Manager	**0**	**0**	**2**	**2**	**1%**
Total	**90**	**75**	**57**	**222**	
AMI Avg	**57.2%**	**57.9%**	**67.3%**	**60.0%**	

The average affordability restriction is 60% of AMI based on County of Tulare TCAC-restricted units.

12.	Geocoder Information			
	Central City:	Yes	Underserved:	No
	Low/Mod Census Tract:	Upper	Below Poverty line:	5.9%
	Minority Census Tract:	47.9%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	Capitalized Reserves:	
	Replacement Reserves (RR):	$0 Capitalized replacement reserve. Year 1 $55,500 Annual replacement reserve based on $250 per unit per year. CalHFA will hold this reserve and the reserve payments will inflate by 1% annually.
	Operating Expense Reserve (OER):	$594,678 The USRM requires that the OER amount be sized based on a minimum between 3 to 6 months of operating expenses, first lien debt service, and annual replacement reserves deposits. For this Project, 3 months of operating expense, reserves, and debt service ("OER") is required to be held for the life of the CalHFA permanent loan. The OER may be based on 3 months of total operating expense, reserves, and debt service if the developer provides evidence that, within the last 2 years, they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement. 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):	Not applicable.

14.	Cash Flow Analysis			
	1st Year DSCR:	1.17	**Project-Based Subsidy Term:**	N/A
	End Year DSCR (year 30):	2.06	**Annual Replacement Reserve Per Unit:**	$250/unit
	Residential Vacancy Rate*: **Subsidy Vacancy Rate:**	5.00% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

*Vacancy rates, inflation factors and required replacement reserves are as outlined in the appraisal dated 10/30/2023

- The threshold requirements for the proposed OER budget have been met based on 3 months of total operating expense, reserves, and debt service.
- For purposes of CalHFA's DSCR covenant, the Project underwriting must show a minimum of 1.15 DSCR for the term of the permanent loan.

15.	Loan Security
• The CalHFA Perm loan will be secured by a 1st lien Deed of Trust and MIP Subsidy loan by a 2rd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower's interest in the above-described Project site and improvements, Project revenues and escrows A locality Affordable Housing Agreement will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust.	
16.	Balloon Exit Analysis Applicable: ☒ Yes ☐ No
The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the Project's first mortgage. As part of the exit analysis scenario CalHFA stress tests the strength of the project economics by assuming an interest rate of 9.85% which is 3% above the current underwriting interest rate. Additionally, the exit analysis is also stressed with the assumption of a cap rate of 8.05% which is 2% above current market cap rates as defined by the appraisal. Based on these assumptions, the Project continues to have the ability to refinance and fully repay the balance of the Agency's permanent first lien loan and the outstanding principal and accrued interest of the MIP loan ($5,194,873) at maturity in year 29. Any substantial deviation to the residual receipt payment structure, DDF amount and schedule, partnership fees (as approved by the Agency and payable prior to residual receipt payments) and/or exit analysis as reflected in the Financial Analysis Summary attached to this Staff Report will require Agency approval and will be at the Agency's sole discretion.	

APPRAISAL AND MARKET ANALYSIS

17. Appraisal Review **Dated: October 30, 2023**

- The Appraisal dated October 30, 2023, prepared by Pacific Real Estate Appraisal, values the land at $3,375,000.
- The cap rate of 6.05% and projected $1,560,839 of net operating income were used to determine the appraised value of the subject site. The Borrower's estimated NOI is $1,661,312 which is approximately $100,473 (6.4%) higher than the estimated NOI on the appraisal report and is due to the following reasons:
  - The Borrower indicated an effective gross income of $2,615,912 that is $5,027 (0.19%) higher than the appraisal.
  - The Borrower indicated total operating expenses of $954,600 which is $95,446 (9%) lower than the appraisal.
  - The Borrower indicated management fees of $83,900 which are $20,535 (20%) lower than the appraisal.
  - The Borrower indicated a replacement reserve deposit amount of $250/unit compared to the appraisal which uses $400/unit. The Borrower is approximately $33,383 lower (~38%) than the appraisal amount.

  Considering these deviations, the Developer's proposed operating expenses are used for underwriting purposes since they are reasonable based on the Developer's experience with operating a similar project in the area and per the property management agent's certification and property management agreement. Actual operating expenses will be used for underwriting prior to permanent loan closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement.

- The as-restricted stabilized value is $26,010,000, which results in the Agency's permanent first lien loan to value (LTV) of 75%. The combined LTV, including MIP subsidy loan is 90%.
- The capture rate is 9.02%, which is 2.42% higher than the market study's determination of 6.6%. The absorption rate is expected to take 6 months, which is 6 months less than indicated in the market study. These discrepancies are attributed to the market study being predicated on 2022 income and expense limits whereas the appraisal was based on 2023 limits.
- The cap rate of 6.05% is based on the most recent information on comparable properties, which is 2 months old. Assuming an increase in cap rates due to current market conditions by 50 basis-points (6.55%), the LTV would be 69%. Stressing the cap further and adding 100 basis-points to the cap rate (7.05%) would result in an LTV of 73%, which is still within the underwriting requirement of 90% or less.

	Market Study:	KINETIC VALUATION GROUP, INC.	Dated: March 16, 2023

Regional Market Overview

- The Primary Market Area ("PMA") is the city of Visalia and portions of Tulare, Farmersville, and other small communities in the area (population of 256,586) and the Secondary Market Area ("SMA") is Tulare County (population of 476,934).
- The general population in the PMA has increased between 2010 and 2022 by 12% and is anticipated to increase slightly (1.2%) by 2027.
- Unemployment in the SMA was 8.2% in December 2022, which is above the year ago estimate of 8.1% as well as the overall rate for California (3.7%) and the nation (3.3%) during that time. Per the appraisal, the unemployment rate in the SMA in September 2023 was 9.7%, which is higher than rates for several surrounding counties (Fresno – 6.7%, Kings – 7.0%, Madera – 6.6%, Merced – 7.7%).
- Per the appraisal, median home value for area within 5 miles of the subject is $304,984, and the median rent in that area is $982. The subject property rents will be on average 66% below the area median.

Local Market Area Analysis

- **Supply:**
  - There are currently 22 family projects in the PMA, and several of the affordable developments maintain waiting lists for all unit types with limited vacancies.
  - In the PMA there are no other proposed construction projects that will compete directly with the subject property.
- **Demand/Absorption:**
  - The Project will need to capture 6.6% of the total demand for family units in the PMA. With proper marketing and pre-leasing, the affordable units are anticipated to lease up at a rate of 18-22 units per month and reach full occupancy within 10-12 months of opening.

DEVELOPMENT SUMMARY

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

- The property is located on the southwest corner of North Demaree Street and Houston Avenue, in the City of Visalia, Tulare County.
- The site is currently comprised of one vacant residential structure and a large storage structure that will both be demolished during the course of construction, with level topography at street grade, measuring approximately 7.62 acres and is irregular in shape.
- The site consists of 3 contiguous parcels (077-660-021-000, 077-660-022-000, and 077-660-024-000) that will be merged prior to start of construction.
- The northern portion of the site is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain. The southern portion of the site is located in an AE zone, which is defined as "An area inundated by 1% annual chance flooding, for which BFEs have been determined." The Project is currently subject to flood insurance; however, the developer intends to construct the buildings that are located in the AE zone above the flood plain. Flood insurance is currently included in the Project's operating expenses, but this may be waived at permanent loan closing if the developer provides evidence acceptable to CalHFA that the buildings are elevated above the flood plain.

19. Form of Site Control & Expiration Date

In June 2021 Maracor Development, Inc. entered into a Purchase and Sale Agreement with an unrelated individual, Kap Su Davis, for an amount of $3,100,000 which is included in the development budget. On February 1, 2023, Maracor assigned the PSA and subsequent amendments to the Borrower, Visalia Pacific Associates II, for the amount of $3,250,000 ($3,100,000 original contract price + $150,000 extension fee not applicable towards Purchase Price).

20.	Current Ownership Entity of Record
Title is currently vested in Kap Su Davis, Surviving Trustee of The 2000 Davis Family Revocable Trust dated July 13, 2000.	

21.	**Environmental Review Findings** **Dated: December 19, 2023**

- A Phase I Environmental Site Assessment performed by KCE Matrix, dated December 19, 2023, recommended that the following recognized environmental conditions be addressed:
  - Workshop area and above ground storage drums – remove and dispose of the top 6-12 inches of area soil in the immediate vicinity of the storage drums.
  - Three stockpiles of soil – the analytical results indicated trace to very low concentrations of contaminants, and KCE recommended these results along with additional sampling and analysis be performed to properly characterize the stockpiles of soil before removal and disposal.
  - After conducting extensive sampling on the subject area of concern, KCE Matrix found that there is very minimal impact. KCE Matrix found that only 11 tons (one-half of one truck) of soil would need to be excavated and removed during upcoming site development and demolition activities. KCE Matrix will arrange for the trucking and disposal. The resulting work described above is such a small scope that it does not rise to the level of creating a formal Soil Management Plan (SMP) in KCE Matrix's expert opinion.
-
- A NEPA review has been initiated and will be completed prior to construction loan closing.

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

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

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

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

PROJECT DETAILS

24.	**Residential Areas:**				
		Residential Square Footage:	179,831	**Residential Units per Acre:**	29.13
		Community Area Sq. Ft:	3,508	**Total Parking Spaces:**	337
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	185,575
25.	**Mixed-Use Project:** ☐ Yes ☒ No				
		Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
		Master Lease:	**N/A**	**Number of Parking Spaces:**	N/A
26.	**Construction Type:**	8, three-story residential walk-up buildings with cement plaster finish on the walls, composite wood railings for decks and patios, and shingled roofs.			
27.	**Construction/Rehab Scope** **Requires Demolition:** ☒ Yes ☐ No				

- The subject is new construction which will include demolition of existing structures and will be included in the GC contract scope of work.
- The Contractor is an affiliate of the Borrower entity. The construction contract will be structured as a Stipulated Sum contract.
- Soil remediation, as recommended by the Phase I ESA, is included in the development budget for an estimated amount of $10,000.
- **Green Design Features:**
  The Project is designed to comply with 2022 California Green Building Standards Code which includes mandatory requirements involving:
  - Solar PV panels installation for renewable energy,
  - Water and energy efficiencies,

- Indoor air quality,
- Use of sustainable building materials.
- The Project will also comply with the TCAC minimum construction standards, which include requirements for energy efficient appliances and water efficient landscaping.

28.	**Construction Budget Comments:**

- CalHFA will require a copy of an independent review of the costs by a 3rd Party consultant, engaged by the construction lender, prior to construction loan closing. Agency may commission its own cost review report, if determined necessary, in its sole discretion.
- The developer has established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29.	**Borrower Affiliated Entities**

- Managing General Partner: Kaweah Management Company a California Nonprofit Public Benefit Corporation; 0.0024% interest
- Co-Administrative General Partner and co-developer/sponsor: TPC Holdings IX, LLC an Idaho Limited Liability Company; 0.0024% interest
  - Member: TPC Enterprise Holdings, LLC, Member
  - Manager: Pacific West Communities
- Co-Administrative General Partner and co-developer/sponsor: Demaree Apartments, LLC a California limited liability company; 0.0052% interest
  - Christopher M. Hawke (co-manager 50% ownership interest)
  - Bradford S. Dickason (co-manager 50% ownership interest)
- Investor Limited Partner: The Huntington Community Development Corporation; 99.99% interest

30.	**Developer/Sponsor**

Pacific West Communities, Inc. (PWC) and Maracor Development, Inc. (Maracor) are Co-Sponsors (co-developers) on this deal with Maracor listed as an Emerging Developer. PWC and Maracor have previously collaborated on 5 affordable housing deals (all currently are under construction) in which Maracor was listed as a GP. This will be the first affordable housing project that PWC and Maracor are co-sponsoring.

Maracor has no experience in affordable housing developments in California, their development experience has been limited to retail, mixed-use, and market rate residential.

PWC is a vertically integrated for-profit developer that has extensive experience developing and constructing affordable housing projects similar to this Project across the western United States. PWC currently has 22 projects (20 affordable) with a total of 1,500 units in their pipeline and 36 projects (affordable) under construction. PWC has completed 46 projects (45 affordable) with a total of 4,500 units in CA within the last five years.

As of October 2023, PWC has 3,342 affordable units in the pipeline which includes 1,462 affordable units under construction which includes 7 projects in CalHFA's development pipeline as described below.

Projects In CalHFA Development Pipeline	Total Units	CalHFA Perm Loan Amount	MIP/Other Subsidy Loan Amount	Target/Actual Construction Closing	Target Perm Closing	Under Construction?	Progressing as Expected?	Notes
Stevens Creek Promenade (subject property)	173	$36,052,500	$4,000,000 (MIP 2023)	Feb-24	Oct-26	No	N/A	N/A
Demaree St Apts	222	$19,437,000	$4,000,000 (MIP 2023)	Feb-24	Aug-26	No	N/A	N/A
Alamo Street Apts	271	$52,000,000	$7,000,000 (MIP 2021)	6/15/2022	Jun-25	Yes (63% Complete)	Yes	N/A
Fiddyment Apts	330	$37,400,000	$8,000,000 (MIP 2022)	12/22/2022	Dec-25	Yes (21% Complete)	Yes	N/A
La Vista Residential	176	$24,300,000	$8,270,000 (MIP 2022)	12/27/2022	Dec-25	Yes (41% Complete)	Yes	N/A
Village at Burlingame	132	$0 (CalHFA preferred perm lender)	$9,700,000 (MIP 2019)	4/14/2020	Feb-24	No 100% complete	Yes	Project in lease-up period
Glen Loma Ranch	158	$0 (CalHFA preferred perm lender)	$7,850,000 (MIP 2019)	4/8/2020	10/19/2023	No 100% Complete	Yes	Pending AM Transfer
Total	**1,462**	**$133,137,000**	**$48,820,000**					

Currently PWC has 8 projects (1,101 units) in the CalHFA portfolio, and all are performing as expected, as described below.

Project Name	Total Units	Reg Units	Original Loan Amount	Origination Date	Current Balance Amount	Maturity Date	Rate	DSCR Avg (3 yrs.)	Occ. Avg (3 yrs.)	RR Balance	Operating Expense Reserve Balance	Transitional Operating Reserve Balance
Courtyards at Kimball	131	54	$6,500,000 (MIP 2020)	11/3/2023	$6,500,000	11/3/1953	2.75	n/a	n/a	n/a	n/a	n/a
Cedar Grove (fka The Redwood Apts)	96	95	$15,000,000 $4,750,000 (MIP 2020)	06/20/2023 06/20/2023	$14,945,061 $4,750,000	07/01/2040 07/01/2040	3.70 2.75	n/a	n/a	16,085	385,264	n/a
Frishman Hollow II	68	67	$7,072,700 $4,388,000 (MIP 2020)	02/02/2023 02/02/2023	$7,024,267 $4,388,000	03/01/2040 03/01/2040	4.00 2.75	n/a	n/a	14,245	223,685	n/a
Gateway Station Apartments	240	48	**No Loan -Only Monitoring CDLAC Compliance and Occupancy Compliance Only**									
Parkside at Vast	216	88	**No Loan -Only Monitoring CDLAC Compliance**									
Peterson Place (fka Parkway Apts)	72	30	$7,875,000 $3,350,000 (MIP 2020)	10/20/2022 10/20/2022	$7,794,362 $3,350,000	11/01/2039 11/01/2039	4.04 2.75	n/a	n/a	36,651	211,097	n/a
Stoneman	230	228	**No Loan -Only Monitoring CDLAC Compliance**									
The Aspens at South Lake MHSA	48	6	$948,770	04/02/2013	$948,770	04/01/2068	3.00	n/a	n/a	n/a	n/a	n/a
8 projects	**1101**	**616**	**$108,420,470**		**$49,700,459**							

Kaweah Management Company (Kaweah) is a nonprofit public benefit corporation and the Managing General Partner. Kaweah was formed in 1977 and has provided non-profit status to over 26 LIHTC projects (1,059 units). Other than the subject property, Kaweah does not have any other projects in CalHFA's development pipeline.

31.	Management Agent

ConAm Management Corporation will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages 20 projects in CalHFA's portfolio that are all performing as expected.

The developer and ConAm have partnered on over 35 projects.

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

Central Valley Coalition for Affordable Housing (CVCAH) will provide instructor-led adult education classes (84 hours/year) and health and wellness services and programs (243 hours/year). The expense for these services, totaling $18,000.00, is currently included in the proposed operating budget. Services will be conducted onsite pursuant to a 15-year contract, and residents will not be charged for utilizing these services.

The developer and CVCAH have partnered on 75 projects.

33.	Contractor	Experienced with CalHFA? ☒ Yes ☐ No

The general contractor (GC) is Pacific West Builders, Inc. (PWB), which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. PWB is affiliated with the developer, The Pacific Companies. PWB currently has 36 projects (all affordable) under construction and 41 (40 affordable) completed projects within the last five years. PWB is the general contractor on 5 projects in CalHFA's development pipeline, including the subject property.

34.	Architect	Experienced with CalHFA? ☒ Yes ☐ No

The architect is SDG 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 experience working together and have completed 12 projects previously.

35.	Local Review via Locality Contribution Letter

The locality, The City of Visalia, returned the local contribution letter stating they strongly support the Project.

36	Approval Recommendation
36a	Staff Recommendation and Final Commitment Approval

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

Any material deviation from the original financing structure, project changes, underwriting assumptions, failure to meet closing conditions, or the failure to meet a condition of the Final Commitment Letter, if issued, can result in the Agency's decision to not proceed with the financing of the project at any stage during underwriting and prior to the closing of the Agency's financing.

36b	Senior Loan Committee Recommendation

Senior Loan Committee recommends approval of the Final Commitment of the described financing in the amounts requested, subject to the above proposed terms and conditions.

Forward to Executive Director for action on 1.10.2024

____ Date: _________________

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Tiena Johnson Hall
C=US, OU=Executive Office, O=California Housing Finance Agency, CN=Tiena Johnson Hall, E=tjohnsonhall@calhfa.ca.gov
I am approving this document
12.1.3

____ Date: 1/12/2024

Tiena Johnson Hall
Executive Director
CalHFA

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

Project Summary

Project Full Name:	Demaree Street Apartments	Borrower Name:	Visalia Pacific Associates II, a California
Project Address:	0	Managing GP:	Kaweah Management Company
Project City:	Visalia	Developer Name:	Pacific West Communities, Inc.
Project County:	Tulare	Investor Name:	Huntington Comm. Dev. Corp.
Project Zip Code:	93291	Prop Management:	ConAm Management Corporation
		Tax Credits:	4%
Project Type:	Other (Specify below)	Total Land Area (acres):	7.62
Tenancy/Occupancy:	Large Family	Residential Square Footage (w/o Manager's Unit):	179,831
Total Residential Units:	222	Residential Units Per Acre (Density):	29
Total Number of Buildings:	9	Common Area Square Footage:	2,236
Number of Stories:	3	Commercial Square Footage:	0
Unit Style:	Flat	Covered Parking Spaces:	222
Elevators:	0	Uncovered Parking Spaces:	115
Construction Type:	New Construction	Total Parking Spaces:	337
		Year Built	N/A

Acq/Construction/Rehab Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Mo.)	Interest Rate
C. CB&T- Tax Exempt- Conduit (construction loan)	1	Int. Only, Fixed, Simple	$39,000,000	36	6.00%
C. CB&T- Taxable- Conduit (construction loan)	2	Int. Only, Fixed, Simple	$10,809,889	36	6.00%
C. Bonneville- Tax Exempt Recycled- Conduit (const-perm loan)	3	Deferred, Fixed, Simple	$6,000,000	36	7.00%
C. Hsg. Auth. of Tulare County (subordinate loan)	4	Deferred, Fixed, Simple	$3,600,000	36	2.00%
C. Deferred Developer Fee	N/A	Developer Fee, Deferral	$8,829,930	36	0.00%
C. Deferred Costs	N/A	Cost Deferral	$1,944,678	N/A	N/A
C. Tax Credit Equity	N/A	Equity, LIHTC Investor	$10,098,904	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
	N/A	0	N/A	N/A	N/A
			$80,283,401		

Permanent Financing	Lien Priority	Debt Type	Loan Amount ($)	Loan Term (Yr.)	Amort. Period (Yr.)	Interest Rate
P. CalHFA Tax Exempt Perm (permanent Loan)	1	Fixed, Compounding, Amort.	$19,437,000	30	40	6.85%
P. Bonneville (subordinate loan)	3	Fixed, Compounding, R.R	$6,000,000	30	N/A	5.50%
P. CalHFA - MIP (subordinate loan)	2	Fixed, Simple, R.R	$4,000,000	30	N/A	3.00%
P. Hsg. Auth. of Tulare County (subordinate loan)	4	Fixed, Simple, R.R	$3,600,000	30	N/A	2.00%
P. Deferred developer Fee	N/A	Developer Fee, Deferral	$4,139,930	N/A	N/A	N/A
P. Solar Tax Credit Equity	N/A	Equity, LIHTC Investor	$997,500	N/A	N/A	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	$42,108,971	N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
	N/A	$0		N/A	N/A	N/A
			80,283,401			

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	10/30/2023	Capitalization Rate (%):	6.05%	
Investment Value ($):	$68,140,000	Restricted Value ($):	$26,010,000	USRM Req
Construct/Rehab Loan To Cost (%):	62%	CalHFA Permanent Loan to Cost (%):	24.21%	80.00%
Construct/Rehab Loan To Value (%):	73%	CalHFA Permanent Loan to Value (%):	75%	90.00%
Land Value	$3,375,000	Combined All CalHFA Loan to Value (%):	90%	

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan (if applicable)			
Payment/Performance Bond:	No	Construction Period (Months):	24
Completion Guarantee Letter of Credit:	No	Lease-up period (Months)	3
		Perm Loan Foward Period (Months):	36
Permanent Loan			
Operating Expense Reserve Deposit	$ 594,678.00	Annual Lease Payment (Stabilized Year)	
Initial Replacement Reserve Deposit	$ -		
Annual Replacement Reserve Per Unit	$250		
HUD Risk Share Insurance Requested:	Yes		

Unit Mix and Rent Summary

Project Unit Mix					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
	SRO/Studio				0
Flat	1 Bedroom	1	600	90	135
Flat	2 Bedrooms	1	858	75	225
Flat	3 Bedrooms	2	1,118	57	257
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	182,076	222	617

Number of Units and Percentage of AMI Rents Restricted by each Agency										
Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	80%	120%	N/A	Regulated	Regulated
CalHFA Bond	2nd	22		23	131				**176**	80%
CalHFA MIP	4th			45		23	152		**220**	100%
CTCAC	3rd	22		23	131	44			**220**	100%
County of Tulare - HA Loan	5th	22		23	131	44			**220**	100%
City Aff. Hsg. Agreement	1st	22		23	131	44			**220**	100%
County [Add Funding Type]									**0**	0%
County [Add Funding Type]									**0**	0%
HAP Use Agreement									**0**	0%
Local Dev Agreement									**0**	0%
Density Bonus or CUP									**0**	0%
Ground Lease									**0**	0%
Other									**0**	0%
TOTALS		22	0	23	131	44	0	N/A	**220**	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% below Market Rents
Studios							
1 Bedroom					$1,525		
	CTCAC	30%	9	425		$1,100	28%
	CTCAC	50%	10	$734.00		$791	48%
	CTCAC	60%	65	$889.00		$636	58%
	CTCAC	80%	6	$1,199.00		$326	79%
2 Bedroom					$1,825		
	CTCAC	0.3	8	497		$1,328	27%
	CTCAC	50%	8	$868		$957	48%
	CTCAC	60%	51	$1,054		$771	58%
	CTCAC	80%	8	$1,426		$399	78%
3 Bedrooms					$1,925		
	CTCAC	0.3	5	554		$1,371	29%
	CTCAC	50%	5	$983		$942	51%
	CTCAC	60%	15	$1,198		$727	62%
	CTCAC	80%	30	$1,627		$298	85%
4 Bedrooms							

Total Number of Units Per Above	**220**	**Average AMI:**	**59.41%**
Market Rate Units Not Shown Above	**2**		
Total Project Units	**222**		

Sources and Uses of Funds

23-013-A/X/N

SOURCES OF FUNDS	Const/Rehab $	Permanent $	Total Project Sources of Funds: Sources ($)	Per Unit ($)	% of Total	% of Category
C. CB&T- Tax Exempt- Conduit (construction loan)	39,000,000				48.58%	48.58%
C. CB&T- Taxable- Conduit (construction loan)	10,809,889				13.46%	13.46%
C. Bonneville- Tax Exempt Recycled- Conduit (const-perm loan)	6,000,000				7.47%	7.47%
C. Hsg. Auth. of Tulare County (subordinate loan)	3,600,000				4.48%	4.48%
C. Deferred Developer Fee	8,829,930				11.00%	11.00%
C. Deferred Costs	1,944,678				2.42%	2.42%
C. Tax Credit Equity	10,098,904				12.58%	12.58%
P. CalHFA Tax Exempt Perm (permanent Loan)		19,437,000	19,437,000	87,554	24.21%	24.2%
P. Bonneville (subordinate loan)		6,000,000	6,000,000	27,027	7.47%	7.5%
P. CalHFA - MIP (subordinate loan)		4,000,000	4,000,000	18,018	4.98%	5.0%
P. Hsg. Auth. of Tulare County (subordinate loan)		3,600,000	3,600,000	16,216	4.48%	4.5%
P. Deferred developer Fee		4,139,930	4,139,930	18,648	5.16%	5.2%
P. Solar Tax Credit Equity		997,500	997,500	4,493	1.24%	1.2%
P. Tax Credit Equity		42,108,971	42,108,971	189,680	52.45%	52.5%
TOTAL SOURCES OF FUNDS	**80,283,401**	**80,283,401**	**80,283,401**	**361,637**		
TOTAL USES OF FUNDS (BELOW)	**80,283,401**	**80,283,401**	**80,283,401**	**361,637**		
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**			

USES OF FUNDS	Const/Rehab $	Permanent $	Total Project Uses of Funds: Uses ($)	Per Unit ($)	%TDC	% of Category
TOTAL EQUITY AND LOAN PAYOFF		**80,283,401**				
LAND COST/ACQUISITION						
Land Cost or Value	3,100,000		3,100,000	13,964	3.86%	78.5%
Demolition	115,520		115,520	520	0.14%	2.9%
Legal	4,680		4,680	21	0.01%	0.1%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	580,112		580,112	2,613	0.72%	14.7%
Predevelopment Interest/Holding Costs	150,000		150,000	676	0.19%	3.8%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	-		-	-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
	-			-		0.0%
TOTAL LAND COST/ACQUISITION	**3,950,312**	-	**3,950,312**	17,794	4.92%	100.0%

USES OF FUNDS (contd)	Const/Rehab	Permanent	Total Project Uses of Funds			
	$	$	Uses ($)	Per Unit ($)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other: (Specify)	-		-	-		
	-			-		
TOTAL REHAB COSTS	-	-	-	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	3,330,000		*3,330,000*	15,000	4.15%	6.7%
Structures	39,725,488		39,725,488	178,944	49.48%	79.8%
General Requirements	2,618,136		2,618,136	11,793	3.26%	5.3%
Contractor Overhead	925,075		925,075	4,167	1.15%	1.9%
Contractor Profit	2,775,224		2,775,224	12,501	3.46%	5.6%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	400,000		400,000	1,802	0.50%	0.8%
Third-Party Construction Management	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	**49,773,923**	-	**49,773,923**	**224,207**	62.00%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	550,000		550,000	2,477	0.69%	53.7%
Survey/Engineering	325,000		325,000	1,464	0.40%	31.7%
Supervision	150,000		150,000	676	0.19%	14.6%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	1,025,000	-	1,025,000	4,617	1.28%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	4,050,000		4,050,000	18,243	5.04%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	4,050,000					100.0%
Construction Origination/Loan Fees	253,500		253,500	1,142	0.32%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	253,500					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	100,000		100,000	450	0.12%	12.1%
Title & Recording	100,000		100,000	450	0.12%	12.1%
Taxes	120,000		120,000	541	0.15%	14.5%
Insurance	387,600		387,600	1,746	0.48%	46.8%
CDLAC Fee	-			-		0.0%
CalHFA Issuer Fee	-			-		0.0%
CalHFA Inspection	-			-		0.0%
Other	-			-		0.0%
Construction Lender Costs (Legal, Etc.)	120,000		120,000	541	0.15%	14.5%
Subtotal:	**$ 827,600**					100.0%
TOTAL CONSTRUCTION COST	5,131,100	-	5,131,100		6.4%	

USES OF FUNDS (contd)		Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
PERMANENT FINANCING COSTS							
Origination/Loan Fees		331,555		331,555	1,493	0.41%	100.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):		**$ 331,555.00**	**$ -**	**$ 331,555.00**			100.0%
Credit Enhancement & Application Fees		-		-	-		
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):		**$ -**	**$ -**	-			0.0%
Title & Recording (closing costs)		-		-	-		0.0%
Taxes		-		-	-		0.0%
Insurance		-		-	-		0.0%
		-			-		0.0%
		-			-		0.0%
		-			-		0.0%
Bond Counsel		80,000		$ 80,000.00	360	0.10%	19.4%
TOTAL PERMANENT FINANCING COSTS		**411,555**	**-**	**411,555**	185385.14%	0.5%	19.4%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES							
Lender Legal Paid by Applicant		100,000		100,000	45045.05%	0.1%	100.0%
		-					0.0%
		-					0.0%
Subtotal (Should Match Legal Paid by Applicant Amount):	**$ -**						
Financial Consulting, Application Preparation/Review		-		-	-		0.0%
Entitlement Services, Building Permit Expediting		-		-	-		0.0%
Tenant File Review Services		-		-	-		0.0%
Other: (Specify)		-		$ -	-		0.0%
	$ -	-			-		0.0%
TOTAL LEGAL FEES		**100,000**	**-**	**100,000**	**450**	0.12%	100.0%
RESERVES							
Rent Reserves		-		-	-		0.0%
Capitalized Rent Reserves		-		-	-		0.0%
Operating Expense Reserve		594,678		594,678	2,679	0.74%	30.6%
Transition Operating Reserve		-			-		0.0%
Initial Replacement Reserve		-			-		0.0%
Investor Required Reserve		-			-		0.0%
Post Construction Interest		1,350,000		$ 1,350,000.00	6,081	1.68%	69.4%
TOTAL RESERVES		**1,944,678**	**-**	**1,944,678**	**8,760**	2.4%	100.0%
CONTINGENCY COSTS							
Contruction Hard Cost Contingency	5.92%	2,550,000		*2,550,000*	11,486	3.18%	76.1%
Soft Cost Contingency	2.84%	800,000		*800,000*	3,604	1.00%	23.9%
TOTAL CONTINGENCY COSTS		**3,350,000**	**-**	**3,350,000**	**15,090**	4.17%	100.0%

USES OF FUNDS (contd)	Const/Rehab $	Permanent $	Total Project Uses of Funds Uses ($)	Per Unit ($)	%TDC	% of Category
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	$ 121,906		$ 121,906	549	0.15%	2.2%
Environmental Audit	$ 25,000		$ 25,000	113	0.03%	0.5%
Local Development Impact Fees	$ 4,336,013		$ 4,336,013	19,532	5.40%	78.6%
Permit Processing Fees	$ 768,000		$ 768,000	3,459	0.96%	13.9%
Capital Fees	$ -		$ -	-		0.0%
Marketing	$ 170,984		$ 170,984	770	0.21%	3.1%
Furnishings	$ 60,000		$ 60,000	270	0.07%	1.1%
Market Study	$ 10,000		$ 10,000	45	0.01%	0.2%
Accounting/Reimbursables	$ 15,000		$ 15,000	68	0.02%	0.3%
Appraisal Costs	$ 10,000		$ 10,000	45	0.01%	0.2%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
	$ -			-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
Other: (Specify)	$ -		$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	**5,516,903**	**-**	**5,516,903**	**24,851**	6.87%	100.0%
SUBTOTAL PROJECT COSTS	**71,203,471**	**-**	**71,203,471**	**297,623**	88.69%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	9,079,930		9,079,930	40,901	11.3%	100.0%
Processing Agent Fees	-		-	-		0.0%
Broker Fees Paid to Related Party	-		-	-		0.0%
Construction Management by Developer	-		-	-		0.0%
	-			-		0.0%
Other: (Specify)	-		$ -	-		0.0%
TOTAL DEVELOPER FEES & COSTS	**9,079,930.00**	**-**	**9,079,930**	**40,901**	11.3%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	**80,283,401.00**	**80,283,401**	**80,283,401**	**361,637**	**100%**	
NET BUDGET SURPLUS/DEFICIT	**-**	**-**	**-**			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Rental Income				
Restricted Unit Rents	2.50%	$ 2,720,292	$ 12,254	98.79%
Unrestricted Unit Rents	2.50%	$ -	$ -	0.00%
Commercial Rents	2.00%	$ -	$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	$ -	$ -	0.00%
Other Project Based Subsidy	1.50%	$ -	$ -	0.00%
Other Income				
Laundry Income	2.50%	$ 33,300	$ 150	1.21%
Parking & Storage Income	2.50%	$ -	$ -	0.00%
	0.00%		$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		**$ 2,753,592**	**12,404**	
VACANCY RATES	**%**			
Restricted Unit Rents	5.00%	$ 136,015	$ 613	98.79%
Unrestricted Unit Rents	5.00%	$ -	$ -	0.00%
Commercial Rents	50.00%	$ -	$ -	0.00%
Project Based Rental Subsidy	5.00%	$ -	$ -	0.00%
Other Project Based Subsidy	5.00%	$ -	$ -	0.00%
Laundry Income	5.00%	$ 1,665	$ 8	1.21%
Parking & Storage Income	50.00%	$ -	$ -	0.00%
-	0.00%	$ -	$ -	0.00%
TOTAL VACANCY LOSS		**$ 137,680**	**620**	
EFFECTIVE GROSS INCOME (EGI)		**$ 2,615,912**	**11,783**	

OPERATING EXPENSES				
Administrative Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Advertising	3.50%	$ 2,400	11	0.3%
Legal	3.50%	$ 2,000	9	0.2%
Accounting/Audit	3.50%	$ 5,000	23	0.5%
Security	3.50%	$ -	0	0.0%
Telephone, Office Expenses, Misc. Admin	3.50%	$ 18,790	85	2.0%
Total Administrative Expenses:	3.50%	$ 28,190	127	3.0%
Management Fee	**3.50%**	$ 83,900	378	8.8%
Utilities	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Fuel	3.50%	$ 200	1	0.0%
Gas	3.50%	$ 2,200	10	0.2%
Electricity	3.50%	$ 14,400	65	1.5%
Water/Sewer	3.50%	$ 149,000	671	15.6%
	3.50%		0	0.0%
Total Utilities:	3.50%	$ 165,800	747	17.4%
Payroll Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
On-site Managers	3.50%	$ 95,000	428	10.0%
Number of Staff:	4			
Maintenance Personnel	3.50%	$ 112,100	505	11.7%
Number of Rent-Free Units:	2			
Payroll Taxes, Workers Comp, Benefits	3.50%	$ 88,760	400	9.3%
Total Payroll/Payroll Taxes:		$ 295,860	1,333	31.0%
Insurance	**3.50%**	$ 87,000	392	9.1%
Maintenance	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Painting	3.50%	$ 10,000	45	1.0%
Repairs	3.50%	$ 46,400	209	4.9%
Trash Removal	3.50%	$ 71,000	320	7.4%
Exterminating	3.50%	$ 2,700	12	0.3%
Grounds	3.50%	$ 33,100	149	3.5%
Elevator	3.50%	$ -	0	0.0%
Cleaning & Building Supplies	3.50%	$ 30,200	136	3.2%
Total Maintenance:	3.50%	$ 193,400	871	20.3%
Other Operating Expenses	**% Increase**	**Amount**	**Per Unit**	**% of Category**
Licenses	3.50%	$ 350	2	0.0%
State Tax	3.50%	$ 800	4	0.1%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
(specify here)	3.50%	$ -	0	0.0%
Total Other Expenses:	3.50%	$ 1,150	5	0.1%
Total Annual Residential Operating Expenses		**$ 855,300**	**3,853**	89.6%
Transit Pass/Internet	3.50%	$ -	0	0.0%
Total Annual Services Amenities Budget	2.50%	$ 18,000	81	1.9%
Total Annual Reserve for Replacement	1.00%	$ 55,500	250	5.8%
Total Annual Monitoring Fees	0.00%	$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	$ 7,500		
Total Annual Real Estate Taxes	1.25%	$ 10,500	47	1.1%
Specialty Locality Taxes (community facilities district, mello roos, etc.)	2.00%	$ -	0	0.0%
Annual Issuer & Trustee Fees:	3.50%	$ 7,800	35	0.8%
Other (Specify):	3.50%	$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		**$ 954,600**	**4,300**	100%
NET OPERATING INCOME (NOI)		**$ 1,661,312**		

DEBT SERVICE PAYMENTS		**Amount**	**Per Unit**	
P. CalHFA Tax Exempt Perm (permanent Loan)		$ 1,424,109	$ 6,415	
			$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		**$ 1,424,109**		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		**$ 237,203**		
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.17**		

Operating Proforma Summary

					Comments
Total Units	222		Construction Start Date	2/1/2024	
Regulated Units	0		Construction Completion Date	2/1/2026	
Manager Units (Market Rate)	2		Construction Period (months)	24	
Total Residential Square Feet	179,831		Lease-up Commencement Date:	Feb-26	
Avg Sq Ft/Unit	182,076		Lease-up Completion Date	May-26	
Rental Subsidies?	0		Lease-up Period (months)	3	
No. of Units with Rental Subsidies	0		Perm Conversion Date	Aug-26	
Rental Subsidy Contract Term (Initial)	0		Lease-up Completion to Perm (months)	6	<-Calc error. Actually 3mo

Project Unit Mix	Average	Number of	30%	40%	50%	60%	80%	120%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	600	90	9	0	10	65	6	0	
2 Bedrooms	858	75	8	0	8	51	8	0	
3 Bedrooms	1,118	55	5	0	5	15	30	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	44,004	220							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	30	
Adjusted Gross Income	2,720,292	3,002,693	3,397,272	3,843,701	5,566,826	
Other Income/Subsidies	33,300	36,757	41,587	47,052	68,145	
Projected Vacancy and Discount Loss	137,680	151,973	171,943	194,538	281,749	
Effective Gross Income (EGI)	2,615,912	2,887,478	3,266,916	3,696,216	5,353,222	
Total Operating Expenses	954,600	1,086,584	1,278,738	1,506,319	2,474,076	
Reserve For Replacement	55,500	57,754	60,700	63,796	74,065	
Net Operating Income (NOI)	1,661,312	1,800,894	1,988,178	2,189,897	2,879,147	
Total Debt Service & Other Payments	1,424,109	1,424,109	1,424,109	1,424,109	1,424,109	
Cash Flow After Debt Service	237,203	376,785	564,069	765,788	1,455,038	
Debt Service Coverage Ratio	1.17	1.26	1.40	1.54	2.02	
Income/Expense Ratio	2.74	2.66	2.55	2.45	2.16	
Less:						
LP Management Fee	10,000	10,000	10,000	10,000	0	
GP Partnership Management Fee	22,200	22,200	22,200	22,200	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	50%	50%	50%	25%	25%	
Cumulative Developer Distribution	102,502	685,579	1,825,095	3,271,055	7,483,494	
Residual Receipts %	50%	50%	50%	75%	75%	
Cumulative Residual Repts Repayment	102,502	685,579	1,825,095	3,637,849	16,275,166	
Unpaid CalHFA loan Balance						
Perm Loan	19,341,360	18,886,239	18,111,266	17,020,808	10,289,488	
MIP Subordinate (RR) Loan	0	0	0	366,794	727,519	
Reserves Balances:						
Operating Reserve	594,678	594,678	594,678	594,678	594,678	
Rent Reserve	0					
Transition Operating Reserve	0	0	0	0	0	
Replacement Reserve	0					
Other Reserve						

Cashflow Projections											
	YEAR	1	2	3	4	5	6	7	8	9	10
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 2,720,292	$ 2,788,299	$ 2,858,007	$ 2,929,457	$ 3,002,693	$ 3,077,761	$ 3,154,705	$ 3,233,572	$ 3,314,412	$ 3,397,272
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	33,300	34,133	34,986	35,860	36,757	37,676	38,618	39,583	40,573	41,587
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 2,753,592**	**$ 2,822,432**	**$ 2,892,993**	**$ 2,965,317**	**$ 3,039,450**	**$ 3,115,437**	**$ 3,193,323**	**$ 3,273,156**	**$ 3,354,984**	**$ 3,438,859**
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 136,015	$ 139,415	$ 142,900	$ 146,473	$ 150,135	$ 153,888	$ 157,735	$ 161,679	$ 165,721	$ 169,864
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,665	1,707	1,749	1,793	1,838	1,884	1,931	1,979	2,029	2,079
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 137,680**	**$ 141,122**	**$ 144,650**	**$ 148,266**	**$ 151,973**	**$ 155,772**	**$ 159,666**	**$ 163,658**	**$ 167,749**	**$ 171,943**
EFFECTIVE GROSS INCOME (EGI)		**$ 2,615,912**	**$ 2,681,310**	**$ 2,748,343**	**$ 2,817,052**	**$ 2,887,478**	**$ 2,959,665**	**$ 3,033,656**	**$ 3,109,498**	**$ 3,187,235**	**$ 3,266,916**
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 28,190	$ 29,177	$ 30,198	$ 31,255	$ 32,349	$ 33,481	$ 34,653	$ 35,866	$ 37,121	$ 38,420
Management Fee	3.50%	83,900	86,837	89,876	93,021	96,277	99,647	103,135	106,744	110,480	114,347
Utilities	3.50%	165,800	171,603	177,609	183,825	190,259	196,918	203,811	210,944	218,327	225,968
Payroll/Payroll Taxes	3.50%	295,860	306,215	316,933	328,025	339,506	351,389	363,687	376,417	389,591	403,227
Insurance	3.50%	87,000	90,045	93,197	96,458	99,835	103,329	106,945	110,688	114,562	118,572
Maintenance	3.50%	193,400	200,169	207,175	214,426	221,931	229,699	237,738	246,059	254,671	263,584
Other Operating Expenses	3.50%	8,950	9,263	9,587	9,923	10,270	10,630	11,002	11,387	11,785	12,198
Services & Amenities	2.50%	18,000	18,450	18,911	19,384	19,869	20,365	20,874	21,396	21,931	22,480
Reserve for Replacement	1.00%	55,500	56,055	56,616	57,182	57,754	58,331	58,914	59,504	60,099	60,700
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
Real Estate & Specialty Taxes	1.25%	10,500	10,631	10,764	10,899	11,035	11,173	11,313	11,454	11,597	11,742
TOTAL OPERATING EXPENSES		**$ 954,600**	**$ 985,945**	**$ 1,018,365**	**$ 1,051,899**	**$ 1,086,584**	**$ 1,122,461**	**$ 1,159,572**	**$ 1,197,958**	**$ 1,237,665**	**$ 1,278,738**
NET OPERATING INCOME (NOI)		**$ 1,661,312**	**$ 1,695,365**	**$ 1,729,978**	**$ 1,765,153**	**$ 1,800,894**	**$ 1,837,203**	**$ 1,874,085**	**$ 1,911,540**	**$ 1,949,570**	**$ 1,988,178**
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Tax Exempt Perm (permanent Loan)	1	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109
TOTAL DEBT SERVICE		**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**
CASH FLOW AFTER DEBT SERVICE		**$ 237,203**	**$ 271,257**	**$ 305,869**	**$ 341,044**	**$ 376,785**	**$ 413,095**	**$ 449,976**	**$ 487,431**	**$ 525,462**	**$ 564,069**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.17**	**1.19**	**1.21**	**1.24**	**1.26**	**1.29**	**1.32**	**1.34**	**1.37**	**1.40**
DSCR CHECK (USRM)		**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**	**Target**

LP Management Fee	0.0%	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
GP Partnership Management Fee	0.0%	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200
Cashflow available for distribution		**$ 205,003**	**$ 239,057**	**$ 273,669**	**$ 308,844**	**$ 344,585**	**$ 380,895**	**$ 417,776**	**$ 455,231**	**$ 493,262**	**$ 531,869**

Max Percent to DDF and Bonneville	***100%***	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Distribution to Developer and Special to Bonneville	***100%***	**205,003**	**239,057**	**273,669**	**308,844**	**344,585**	**380,895**	**417,776**	**455,231**	**493,262**	**531,869**
Distribubution to Developer	***50%***	$ 102,502	$ 119,528	$ 136,834	$ 154,422	$ 172,292	$ 190,447	$ 208,888	$ 227,615	$ 246,631	$ 265,935
Special Distribution to Bonneville	***50%***	102,502	119,528	136,834	154,422	172,292	190,447	208,888	227,615	246,631	265,935
Deferred developer fee start balance		4,139,930	4,037,428	3,917,900	3,781,066	3,626,644	3,454,351	3,263,904	3,055,016	2,827,401	2,580,770
Deferred Developer fee payment	**13**	102,502	119,528	136,834	154,422	172,292	190,447	208,888	227,615	246,631	265,935
Deferred Developer fee end balance		$ 4,037,428	$ 3,917,900	$ 3,781,066	$ 3,626,644	$ 3,454,351	$ 3,263,904	$ 3,055,016	$ 2,827,401	$ 2,580,770	$ 2,314,835
Actual Additional Developer Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	*50%*	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Payment %	-	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP (subordinate loan)	*29.41%*	-	-	-	-	-	-	-	-	-	-
P. Bonneville (subordinate loan)	*44.12%*	-	-	-	-	-	-	-	-	-	-
P. Hsg. Auth. of Tulare County (subordinate loan)	*26.47%*	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Surplus Cash Check		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	1	2	3	4	5	6	7	8	9	10
P. CalHFA - MIP (subordinate loan)	*3.00%*	$ 4,000,000	$ 4,120,000	$ 4,240,000	$ 4,360,000	$ 4,480,000	$ 4,600,000	$ 4,720,000	$ 4,840,000	$ 4,960,000	$ 5,080,000
P. Bonneville (subordinate loan)	*5.50%*	6,000,000	6,227,498	6,450,482	6,668,425	6,880,766	7,086,916	7,286,249	7,478,105	7,661,785	7,836,552
P. Hsg. Auth. of Tulare County (subordinate loan)	*2.00%*	3,600,000	3,672,000	3,744,000	3,816,000	3,888,000	3,960,000	4,032,000	4,104,000	4,176,000	4,248,000
0											
0											
0											
0											
0											
Total Residual Receipts Payments		**$ 13,600,000**	**$ 14,019,498**	**$ 14,434,482**	**$ 14,844,425**	**$ 15,248,766**	**$ 15,646,916**	**$ 16,038,249**	**$ 16,422,105**	**$ 16,797,785**	**$ 17,164,552**

Cashflow Projections

	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	**Inflation %**										
Restricted Unit Rents	2.50%	$ 3,482,204	$ 3,569,259	$ 3,658,490	$ 3,749,953	$ 3,843,701	$ 3,939,794	$ 4,038,289	$ 4,139,246	$ 4,242,727	$ 4,348,795
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	42,627	43,692	44,785	45,904	47,052	48,228	49,434	50,670	51,937	53,235
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**$ 3,524,831**	**$ 3,612,951**	**$ 3,703,275**	**$ 3,795,857**	**$ 3,890,753**	**$ 3,988,022**	**$ 4,087,723**	**$ 4,189,916**	**$ 4,294,664**	**$ 4,402,030**
VACANCY AND OTHER LOSSES	**%**										
Restricted Unit Rents	5.00%	$ 174,110	$ 178,463	$ 182,925	$ 187,498	$ 192,185	$ 196,990	$ 201,914	$ 206,962	$ 212,136	$ 217,440
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,131	2,185	2,239	2,295	2,353	2,411	2,472	2,533	2,597	2,662
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		**$ 176,242**	**$ 180,648**	**$ 185,164**	**$ 189,793**	**$ 194,538**	**$ 199,401**	**$ 204,386**	**$ 209,496**	**$ 214,733**	**$ 220,102**
EFFECTIVE GROSS INCOME (EGI)		**$ 3,348,589**	**$ 3,432,304**	**$ 3,518,111**	**$ 3,606,064**	**$ 3,696,216**	**$ 3,788,621**	**$ 3,883,337**	**$ 3,980,420**	**$ 4,079,931**	**$ 4,181,929**
OPERATING EXPENSES	**Inflation %**										
Administrative Expenses	3.50%	$ 39,765	$ 41,157	$ 42,597	$ 44,088	$ 45,631	$ 47,228	$ 48,881	$ 50,592	$ 52,363	$ 54,195
Management Fee	3.50%	118,349	122,491	126,779	131,216	135,808	140,562	145,481	150,573	155,843	161,298
Utilities	3.50%	233,877	242,063	250,535	259,304	268,380	277,773	287,495	297,557	307,972	318,751
Payroll/Payroll Taxes	3.50%	417,340	431,947	447,065	462,712	478,907	495,669	513,017	530,973	549,557	568,791
Insurance	3.50%	122,722	127,017	131,463	136,064	140,826	145,755	150,857	156,137	161,602	167,258
Maintenance	3.50%	272,810	282,358	292,241	302,469	313,056	324,012	335,353	347,090	359,238	371,812
Other Operating Expenses	3.50%	12,625	13,067	13,524	13,997	14,487	14,994	15,519	16,062	16,625	17,206
Services & Amenities	2.50%	23,042	23,618	24,208	24,813	25,434	26,069	26,721	27,389	28,074	28,776
Reserve for Replacement	1.00%	61,307	61,920	62,539	63,164	63,796	64,434	65,078	65,729	66,386	67,050
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
Real Estate & Specialty Taxes	1.25%	11,889	12,037	12,188	12,340	12,495	12,651	12,809	12,969	13,131	13,295
TOTAL OPERATING EXPENSES		**$ 1,321,225**	**$ 1,365,174**	**$ 1,410,638**	**$ 1,457,668**	**$ 1,506,319**	**$ 1,556,647**	**$ 1,608,711**	**$ 1,662,571**	**$ 1,718,290**	**$ 1,775,932**
NET OPERATING INCOME (NOI)		**$ 2,027,364**	**$ 2,067,129**	**$ 2,107,473**	**$ 2,148,396**	**$ 2,189,897**	**$ 2,231,974**	**$ 2,274,625**	**$ 2,317,849**	**$ 2,361,641**	**$ 2,405,997**
DEBT SERVICE PAYMENTS	**Lien**										
P. CalHFA Tax Exempt Perm (permanent Loan)	1	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109
TOTAL DEBT SERVICE		**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**	**$ 1,424,109**
CASH FLOW AFTER DEBT SERVICE		**$ 603,255**	**$ 643,020**	**$ 683,364**	**$ 724,287**	**$ 765,788**	**$ 807,865**	**$ 850,516**	**$ 893,740**	**$ 937,532**	**$ 981,888**
DEBT SERVICE COVERAGE RATIO (DSCR)		**1.42**	**1.45**	**1.48**	**1.51**	**1.54**	**1.57**	**1.60**	**1.63**	**1.66**	**1.69**
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		**$ 571,055**	**$ 610,820**	**$ 651,164**	**$ 692,087**	**$ 733,588**	**$ 807,865**	**$ 850,516**	**$ 893,740**	**$ 937,532**	**$ 981,888**

Max Percent to DDF and Bonneville	**100%**	100%	100%	100%	100%	50%	50%	50%	50%	50%	50%
Distribution to Developer and Special to Bonneville	***100%***	**571,055**	**610,820**	**651,164**	**692,087**	**366,794**	**403,932**	**425,258**	**446,870**	**468,766**	**490,944**
Distribubution to Developer	***50%***	$ 285,528	$ 305,410	$ 325,582	$ 346,044	$ 183,397	$ 201,966	$ 212,629	$ 223,435	$ 234,383	$ 245,472
Special Distribution to Bonneville	***50%***	285,528	305,410	325,582	346,044	183,397	201,966	212,629	223,435	234,383	245,472
Deferred developer fee start balance		2,314,835	2,029,307	1,723,897	1,398,315	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272
Deferred Developer fee payment	**13**	285,528	305,410	325,582	346,044	-	-	-	-	-	-
Deferred Developer fee end balance		$ 2,029,307	$ 1,723,897	$ 1,398,315	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272
Actual Additional Developer Distribution		$ -	$ -	$ -	$ -	$ 183,397	$ 201,966	$ 212,629	$ 223,435	$ 234,383	$ 245,472

Residual Receipt Payments	*50%*	0%	0%	0%	0%	50%	50%	50%	50%	50%	50%
	Payment %	-	-	-	-	366,794	403,932	425,258	446,870	468,766	490,944
P. CalHFA - MIP (subordinate loan)	*29.41%*	-	-	-	-	107,881	118,804	125,076	131,432	137,872	144,395
P. Bonneville (subordinate loan)	*44.12%*	-	-	-	-	161,821	178,205	187,614	197,148	206,808	216,593
P. Hsg. Auth. of Tulare County (subordinate loan)	*26.47%*	-	-	-	-	97,092	106,923	112,568	118,289	124,085	129,956
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	**-**	**-**	**-**	**366,794**	**403,932**	**425,258**	**446,870**	**468,766**	**490,944**
Surplus Cash Check		-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	11	12	13	14	15	16	17	18	19	20
P. CalHFA - MIP (subordinate loan)	*3.00%*	$ 5,200,000	$ 5,320,000	$ 5,440,000	$ 5,560,000	$ 5,680,000	$ 5,692,119	$ 5,693,316	$ 5,688,240	$ 5,676,808	$ 5,658,935
P. Bonneville (subordinate loan)	*5.50%*	8,001,628	8,156,190	8,299,370	8,430,253	8,547,874	8,672,789	8,769,621	8,851,707	8,917,967	8,967,264
P. Hsg. Auth. of Tulare County (subordinate loan)	*2.00%*	4,320,000	4,392,000	4,464,000	4,536,000	4,608,000	4,582,908	4,547,984	4,507,416	4,461,127	4,409,042
0											
0											
0											
0											
0											
Total Residual Receipts Payments		**$ 17,521,628**	**$ 17,868,190**	**$ 18,203,370**	**$ 18,526,253**	**$ 18,835,874**	**$ 18,947,816**	**$ 19,010,921**	**$ 19,047,362**	**$ 19,055,902**	**$ 19,035,241**

Cashflow Projections											
	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 4,457,515	$ 4,568,953	$ 4,683,177	$ 4,800,256	$ 4,920,263	$ 5,043,269	$ 5,169,351	$ 5,298,585	$ 5,431,049	$ 5,566,826
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	54,566	55,930	57,328	58,762	60,231	61,736	63,280	64,862	66,483	68,145
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		$ 4,512,081	$ 4,624,883	$ 4,740,505	$ 4,859,018	$ 4,980,493	$ 5,105,006	$ 5,232,631	$ 5,363,447	$ 5,497,533	$ 5,634,971
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 222,876	$ 228,448	$ 234,159	$ 240,013	$ 246,013	$ 252,163	$ 258,468	$ 264,929	$ 271,552	$ 278,341
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,728	2,797	2,866	2,938	3,012	3,087	3,164	3,243	3,324	3,407
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		$ 225,604	$ 231,244	$ 237,025	$ 242,951	$ 249,025	$ 255,250	$ 261,632	$ 268,172	$ 274,877	$ 281,749
EFFECTIVE GROSS INCOME (EGI)		$ 4,286,477	$ 4,393,639	$ 4,503,480	$ 4,616,067	$ 4,731,469	$ 4,849,755	$ 4,970,999	$ 5,095,274	$ 5,222,656	$ 5,353,222
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 56,092	$ 58,055	$ 60,087	$ 62,190	$ 64,367	$ 66,620	$ 68,952	$ 71,365	$ 73,863	$ 76,448
Management Fee	3.50%	166,943	172,786	178,834	185,093	191,571	198,276	205,216	212,398	219,832	227,527
Utilities	3.50%	329,907	341,454	353,405	365,774	378,576	391,826	405,540	419,734	434,425	449,629
Payroll/Payroll Taxes	3.50%	588,699	609,303	630,629	652,701	675,546	699,190	723,661	748,989	775,204	802,336
Insurance	3.50%	173,112	179,171	185,442	191,932	198,650	205,602	212,798	220,246	227,955	235,933
Maintenance	3.50%	384,825	398,294	412,234	426,663	441,596	457,052	473,048	489,605	506,741	524,477
Other Operating Expenses	3.50%	17,809	18,432	19,077	19,745	20,436	21,151	21,891	22,658	23,451	24,271
Services & Amenities	2.50%	29,495	30,232	30,988	31,763	32,557	33,371	34,205	35,060	35,937	36,835
Reserve for Replacement	1.00%	67,721	68,398	69,082	69,773	70,470	71,175	71,887	72,606	73,332	74,065
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
Real Estate & Specialty Taxes	1.25%	13,461	13,630	13,800	13,973	14,147	14,324	14,503	14,684	14,868	15,054
TOTAL OPERATING EXPENSES		$ 1,835,564	$ 1,897,255	$ 1,961,078	$ 2,027,105	$ 2,095,415	$ 2,166,087	$ 2,239,202	$ 2,314,846	$ 2,393,107	$ 2,474,076
NET OPERATING INCOME (NOI)		$ 2,450,913	$ 2,496,384	$ 2,542,402	$ 2,588,961	$ 2,636,053	$ 2,683,669	$ 2,731,797	$ 2,780,428	$ 2,829,549	$ 2,879,147
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Tax Exempt Perm (permanent Loan)	1	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109
TOTAL DEBT SERVICE		$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109	$ 1,424,109
CASH FLOW AFTER DEBT SERVICE		$ 1,026,804	$ 1,072,275	$ 1,118,293	$ 1,164,853	$ 1,211,944	$ 1,259,560	$ 1,307,688	$ 1,356,319	$ 1,405,440	$ 1,455,038
DEBT SERVICE COVERAGE RATIO (DSCR)		1.72	1.75	1.79	1.82	1.85	1.88	1.92	1.95	1.99	2.02
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ 1,026,804	$ 1,072,275	$ 1,118,293	$ 1,164,853	$ 1,211,944	$ 1,259,560	$ 1,307,688	$ 1,356,319	$ 1,405,440	$ 1,455,038

Max Percent to DDF and Bonneville	100%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Distribution to Developer and Special to Bonneville	*100%*	513,402	536,137	559,147	582,426	605,972	629,780	653,844	678,160	702,720	727,519
Distribubution to Developer	*50%*	$ 256,701	$ 268,069	$ 279,573	$ 291,213	$ 302,986	$ 314,890	$ 326,922	$ 339,080	$ 351,360	$ 363,759
Special Distribution to Bonneville	*50%*	256,701	268,069	279,573	291,213	302,986	314,890	326,922	339,080	351,360	363,759
Deferred developer fee start balance		1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272
Deferred Developer fee payment	13	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272
Actual Additional Developer Distribution		$ 256,701	$ 268,069	$ 279,573	$ 291,213	$ 302,986	$ 314,890	$ 326,922	$ 339,080	$ 351,360	$ 363,759

Residual Receipt Payments	*50%*	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	513,402	536,137	559,147	582,426	605,972	629,780	653,844	678,160	702,720	727,519
P. CalHFA - MIP (subordinate loan)	*29.41%*	151,001	157,687	164,455	171,302	178,227	185,229	192,307	199,459	206,682	213,976
P. Bonneville (subordinate loan)	*44.12%*	226,501	236,531	246,682	256,953	267,341	277,844	288,461	299,188	310,024	320,964
P. Hsg. Auth. of Tulare County (subordinate loan)	*26.47%*	135,901	141,919	148,009	154,172	160,404	166,706	173,076	179,513	186,014	192,579
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	513,402	536,137	559,147	582,426	605,972	629,780	653,844	678,160	702,720	727,519
Surplus Cash Check		-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*	21	22	23	24	25	26	27	28	29	30
P. CalHFA - MIP (subordinate loan)	*3.00%*	$ 5,634,540	$ 5,603,539	$ 5,565,852	$ 5,521,397	$ 5,470,095	$ 5,411,868	$ 5,346,639	$ 5,274,331	$ 5,194,873	$ 5,108,190
P. Bonneville (subordinate loan)	*5.50%*	8,998,399	9,010,108	9,001,064	8,969,867	8,915,044	8,835,045	8,728,238	8,592,908	8,427,250	8,229,366
P. Hsg. Auth. of Tulare County (subordinate loan)	*2.00%*	4,351,086	4,287,185	4,217,267	4,141,257	4,059,086	3,970,681	3,875,975	3,774,898	3,667,385	3,553,371
0											
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0											
Total Residual Receipts Payments		$ 18,984,024	$ 18,900,833	$ 18,784,183	$ 18,632,521	$ 18,444,225	$ 18,217,594	$ 17,950,851	$ 17,642,138	$ 17,289,509	$ 16,890,927

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	$ 5,705,996	$ 5,848,646	$ 5,994,862	$ 6,144,734	$ 6,298,352	$ 6,455,811	$ 6,617,206	$ 6,782,637	$ 6,952,202	$ 7,126,007
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	69,849	71,595	73,385	75,220	77,100	79,028	81,003	83,029	85,104	87,232
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		$ 5,775,845	$ 5,920,241	$ 6,068,247	$ 6,219,954	$ 6,375,453	$ 6,534,839	$ 6,698,210	$ 6,865,665	$ 7,037,307	$ 7,213,239
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	$ 285,300	$ 292,432	$ 299,743	$ 307,237	$ 314,918	$ 322,791	$ 330,860	$ 339,132	$ 347,610	$ 356,300
Unrestricted Unit Rents	5.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	3,492	3,580	3,669	3,761	3,855	3,951	4,050	4,151	4,255	4,362
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		$ 288,792	$ 296,012	$ 303,412	$ 310,998	$ 318,773	$ 326,742	$ 334,910	$ 343,283	$ 351,865	$ 360,662
EFFECTIVE GROSS INCOME (EGI)		$ 5,487,053	$ 5,624,229	$ 5,764,835	$ 5,908,956	$ 6,056,680	$ 6,208,097	$ 6,363,299	$ 6,522,382	$ 6,685,441	$ 6,852,577
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	$ 79,124	$ 81,893	$ 84,759	$ 87,726	$ 90,796	$ 93,974	$ 97,263	$ 100,667	$ 104,191	$ 107,837
Management Fee	3.50%	235,490	243,732	252,263	261,092	270,230	279,688	289,477	299,609	310,095	320,949
Utilities	3.50%	465,366	481,654	498,512	515,960	534,019	552,709	572,054	592,076	612,799	634,247
Payroll/Payroll Taxes	3.50%	830,418	859,483	889,565	920,699	952,924	986,276	1,020,796	1,056,524	1,093,502	1,131,774
Insurance	3.50%	244,191	252,738	261,584	270,739	280,215	290,022	300,173	310,679	321,553	332,807
Maintenance	3.50%	542,834	561,833	581,497	601,850	622,914	644,716	667,281	690,636	714,809	739,827
Other Operating Expenses	3.50%	25,121	26,000	26,910	27,852	28,827	29,836	30,880	31,961	33,079	34,237
Services & Amenities	2.50%	37,756	38,700	39,668	40,659	41,676	42,718	43,786	44,880	46,002	47,152
Reserve for Replacement	1.00%	74,806	75,554	76,309	77,072	77,843	78,621	79,408	80,202	81,004	81,814
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
Real Estate & Specialty Taxes	1.25%	15,242	15,432	15,625	15,821	16,018	16,219	16,421	16,627	16,835	17,045
TOTAL OPERATING EXPENSES		$ 2,557,847	$ 2,644,519	$ 2,734,192	$ 2,826,970	$ 2,922,962	$ 3,022,280	$ 3,125,039	$ 3,231,361	$ 3,341,368	$ 3,455,189
NET OPERATING INCOME (NOI)		$ 2,929,206	$ 2,979,710	$ 3,030,644	$ 3,081,986	$ 3,133,718	$ 3,185,817	$ 3,238,260	$ 3,291,021	$ 3,344,073	$ 3,397,388
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA Tax Exempt Perm (permanent Loan)	1	$ 1,424,109									
TOTAL DEBT SERVICE		$ 1,424,109	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH FLOW AFTER DEBT SERVICE		$ 1,505,097									
DEBT SERVICE COVERAGE RATIO (DSCR)		2.06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DSCR CHECK (USRM)		Target									

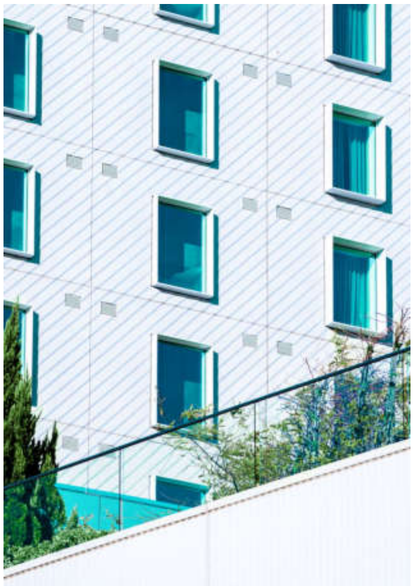
LP Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Partnership Management Fee	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cashflow available for distribution		$ 1,505,097	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Max Percent to DDF and Bonneville	100%	50%									
Distribution to Developer and Special to Bonneville	100%	752,548	-	-	-	-	-	-	-	-	-
Distribubution to Developer	50%	$ 376,274	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special Distribution to Bonneville	50%	376,274	-	-	-	-	-	-	-	-	-
Deferred developer fee start balance		1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272	1,052,272
Deferred Developer fee payment	13	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272	$ 1,052,272
Actual Additional Developer Distribution		$ 376,274	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Residual Receipt Payments	50%	50%									
	Payment %	752,548	-	-	-	-	-	-	-	-	-
P. CalHFA - MIP (subordinate loan)	29.41%	221,338	-	-	-	-	-	-	-	-	-
P. Bonneville (subordinate loan)	44.12%	332,007	-	-	-	-	-	-	-	-	-
P. Hsg. Auth. of Tulare County (subordinate loan)	26.47%	199,204	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	752,548	-	-	-	-	-	-	-	-	-
Surplus Cash Check		-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	Interest Rate	31	32	33	34	35	36	37	38	39	40
P. CalHFA - MIP (subordinate loan)	3.00%	$ 5,014,214	$ 4,912,876	$ 5,032,876	$ 5,152,876	$ 5,272,876	$ 5,392,876	$ 5,512,876	$ 5,632,876	$ 5,752,876	$ 5,872,876
P. Bonneville (subordinate loan)	5.50%	7,997,257	7,728,825	8,153,911	8,602,376	9,075,507	9,574,659	10,101,266	10,656,835	11,242,961	11,861,324
P. Hsg. Auth. of Tulare County (subordinate loan)	2.00%	3,431,860	3,301,293	3,367,319	3,434,666	3,503,359	3,573,426	3,644,895	3,716,895	3,788,895	3,860,895
0											
0											
0											
0											
0											
Total Residual Receipts Payments		$ 16,443,332	$ 15,942,995	$ 16,554,107	$ 17,189,918	$ 17,851,742	$ 18,540,962	$ 19,259,037	$ 20,006,607	$ 20,784,732	$ 21,595,095



Multifamily Housing Bonds

Conduit Issuer Program

Term sheet effective for applications submitted after January 1, 2023

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 the CalHFA website for the CalHFA Portfolio Loan Prepayment Policy.

Bond Amount

Bond amounts are determined by the loan amount of the lender.

Fees *(subject to change)*

Application Fee: $5,000 non-refundable, due at time of application is submitted (to cover the cost of the TEFRA required for tax-exempt issuances) and credited toward the CalHFA Issuer Fee.

Issuer Fee:

1. The greater of $15,000 or 18.75 basis points (BPs) of the Bond amount if lesser than or equal to $20 million.
2. If more than $20 million: $37,500 + 5 BPs for the amount above $20 million.
3. Supplemental bonds issued after the initial Bond closing will be assessed an additional issuer fee which will be calculated for the supplemental bond issuance amount under the applicable fee structure above.

Annual Monitoring 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 Monitoring Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period.

For taxable only issuances, annual monitoring fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions.

For supplemental bonds issued after the initial Bond closing, the monitoring fee will be prorated from the date of the supplemental issuance until the due date for the annual monitoring fee for the original Bond issuance. Afterward, the annual monitoring fee will be calculated as described above, based on the total amount of Bonds issued for the project.

CalHFA

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If used in conjunction with a CalHFA permanent loan product, the annual monitoring fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual monitoring fee.

Public Sale & Bond Purchase Agreements: Additional fee of $5,000 to $10,000 applies when Bonds are sold to the public or when the bond transaction includes a Bond Purchase Agreement (California State Treasurer's Office, Public Finance Division fee).

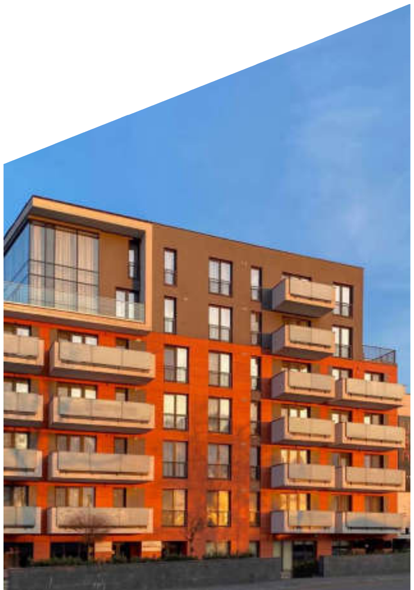
CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC.

CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, is due to CalHFA within 20 calendar days after award of CDLAC allocation. 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.

Occupancy Requirements

- Projects must follow 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).
- 501(c)3 bond restrictions require 75% of the total units to be restricted at 80% or less of AMI and either option A or B above, which will be a portion of the 75% of total restricted units.
- 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.



Multifamily Subordinate Loans

Mixed-Income Program (2023)

The California Housing Finance Agency (CalHFA or Agency) Mixed-Income Program (MIP) provides long-term, subordinate subsidy 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 subsidy loan (MIP Loan) must be paired with CalHFA's Conduit Bond Issuer Program and CalHFA's Tax-Exempt Permanent Loan Program. CalHFA will work with MIP applicants to assess the benefits of utilizing CalHFA's Bond Recycling Program during the project construction and/or permanent loan periods and may require recycled bonds to be included as a source, subject to availability and project feasibility. Eligible projects must create newly constructed, regulated units that meet the income and occupancy requirements reflected below. Approval of all MIP funding allocations will be subject to the sole discretion of CalHFA.

Mixed-Income Program Subsidy Loan Limits

MIP Loan amount for each project will be based on project need and will be limited to the lesser of the following:

1. $4 million; or
2. $50,000 per restricted unit (between 30%-120% AMI). Projects located within the Highest or High Resource areas pursuant to California Tax Credit Allocation Committee (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; or
3. 50% of the permanent loan amount.

Application

MIP applicants must submit a completed application package which includes all items listed on the application, application addendum, and checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/forms. If the MIP applicant is not able to meet the readiness timeline referenced below, MIP awards may be rescinded.

Qualifications

Availability

Available to for-profit, nonprofit, and public agency sponsors. Development teams must meet all the requirements in the Development Team Qualifications section below.

Uses

MIP Loans must be used in conjunction with CalHFA's Conduit Bond Issuer Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender (as defined below). MIP Loans must also be used in conjunction with CalHFA's Tax-Exempt Permanent Loan Program. CalHFA will work with MIP applicants to assess the benefits of utilizing CalHFA's Bond Recycling

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Last revised: 02/2023

Program during the project construction and/or permanent loan periods and may require recycled bonds to be included as a source, subject to availability and project feasibility.

Financing Structure

Projects accessing the MIP Loans must be structured as both 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; and
2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

Readiness

MIP applicants must have evidence of site control and they must be prepared to submit for an award of tax-exempt bond cap and 4% tax credits from the California Debt Limit Allocation Committee (CDLAC) and CTCAC, respectively. Project applicants will only receive funds if an award of tax-exempt bond cap is issued within the issuance timeframes specified in the CDLAC Regulations Section 5100.

- **Site:** The site must be ready for construction. Any potential environmental issues must have been identified, mitigation plans must be in place, and costs associated with the mitigation plan must be incorporated in the development budget. Environmental issues may include, but are not limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, the MIP applicant 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.
- **General Contractor and/or Third-Party Construction Services Engagement:** At the time of application, the MIP applicant must provide evidence that a general contractor or third-party construction services company has been engaged to provide construction services including, but not limited to; value engineering, bid/budget services, and constructability review of plans and designs. The proposed construction budget must be based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
- **Disposition and Development Agreement:** The MIP applicant must provide a copy of the disposition and development agreement, if applicable.
- **Construction Start:** All projects must commit to begin construction 180 or 194 days from the earlier of the date of the tax-exempt bond allocation or the 4% federal/state tax credit reservation, unless an extension has been approved by CTCAC, CDLAC, and CalHFA, as applicable. Within the 180- or 194-day period (as may be applicable pursuant to CDLAC Regulations Section 5230(i) and CTCAC Regulations Section 10325(c)(7)), the following items must be submitted to CalHFA in their final form:
  - An executed construction contract.

- A complete, updated application form with a detailed explanation of any changes, including but not limited to, changes in sources and uses from the initial application.
- Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this).
- Binding commitments for construction and permanent financing, including any sponsor loan and any other financing required to complete project construction.
- Copy of a limited partnership agreement executed by the general partner and the investor limited partner/equity provider.
- An updated CTCAC Attachment 16, if applicable.
- 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.
- Copy of the notice to proceed delivered to the contractor.
- If no construction lender is involved, evidence must be submitted within 180 or 194 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred.
- Other documentation and information required by CalHFA to close construction financing.

Evidence Of Cost Containment

A Cost Containment Certification must be provided at the time of Application and Construction Loan Closing, if applicable. The Cost Containment Certification acceptable to CalHFA may be found on the agency's website.

The MIP applicant must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but are not limited to:

1. competitively bidding out all major subcontractor and self-performing trades; and
2. engaging 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 at initial commitment. The analysis will be completed again at final commitment, 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 1.20x Debt Service Coverage Ratio (DSCR) at year 1 (Initial DSCR). CalHFA may allow an initial DSCR higher than 1.20x on a case-by-case basis, if deemed necessary. The underwriting prior to construction and permanent closing must show an on-going minimum DSCR of 1.15x through the term of the CalHFA permanent first lien loan.

Qualifications: Evidence of Subsidy Efficiency continued

- 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, if applicable.
- 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 consistent with CTCAC Regulation Section 10327(c)2(B).
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA).
- 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 newly obtained financing, a permanent loan rate reduction or adjustments to residential income and operating expense assumptions.
- Construction Cost Savings funds evidenced by final cost certification 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 credits (STC) maximum requested amount shall be consistent with CTCAC Regulations Section 10317. MIP Loan 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 either:
  1. Purchase price pursuant to a current purchase and sales agreement between unrelated parties; or
  2. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs; or
  3. Appraised "as-is" value based on a current 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.

Project Application Ranking Qualifications*

The prioritization of MIP project application(s) shall follow a ranking calculation method described below:

1. **Project Public Benefit and Efficiency:** MIP project applications shall be initially assigned a ranking number based on the highest amount of public benefit per dollar of the total cost-adjusted amounts of the tax-exempt bond allocation requested from CDLAC, plus the state tax credit allocation requested from CTCAC consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2) (Project Rank Number). Next, the Project Rank Number may be adjusted pursuant the below bonus factors, subject to eligibility:
   - **MIP Efficiency Bonus:** The total requested MIP amount as a percentage of the eligible maximum MIP per unit shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

MIP as % of Eligible Maximum Per Unit	Adjustment
<20%	-0.500
20-40%	-0.375
41-60%	-0.250
61%-80%	-0.125
>80%	0.000

   - **STC and Soft Funds Leveraging Bonus:** The total requested STC amount and total permissible soft funds (refer to limitations section) as a percentage of the maximum STC shall be eligible for an adjustment to the original Project Rank Number based on a sliding scale per the below chart:

STC as % of Eligible Maximum Per Unit	Adjustment
>80%	-0.500
61%-80%	-0.375
41-60%	-0.250
20-40%	-0.125
<20%	0.000

   - **New Developer Bonus:** Developers that are new to MIP (requesting MIP funding for the first time) shall be eligible for -1 adjustment to the initial Project Rank Number. Developers that have not received MIP funding awards in the past two years shall be eligible for -0.5 adjustment to the initial Project Rank Number.
   - **Geographic Distribution Bonus:** Projects located in a city with a population over 1 million, that has not received MIP funding in the prior two years, will be eligible for -1 adjustment to the initial Project Rank Number. Projects located in a city with a population over 500,000, and up to 1 million, that has not received MIP funding in the prior two years, will be eligible for -0.5 adjustment to the initial Project Rank Number.

Additionally, Application Ranking and Selection will be subject to the following criteria:

2. **Project Cap:** Per Project MIP funds available will be equal to the lesser of the following:
   a. Maximum MIP Loan Amount of $4 million per Project application.
   b. Maximum of $50,000 per MIP regulated unit for Projects located in Moderate, Low, or Lowest Resource Areas.
   c. Maximum of $60,000 per MIP regulated unit for Projects located in High or Highest Resource Areas.[1]
   d. Maximum MIP Loan Amount may be no more than 50% of the CalHFA Permanent Loan.

1. Determination of resources Area Type shall be pursuant to CTCAC regulation designated on the CTCAC/HCD Opportunity Area Map.

3. **Sponsor Cap:** No Sponsor (any individual, entity, affiliate and/or related/affiliated entity) may receive an allocation of MIP funds for more than one Project application. Sponsor shall be defined as any individual, entity, affiliate and/or related entities that has 51% or more in the general, managing, and/or administrative partnership of the MIP applicant. An exception to the Sponsor Cap limit may be considered for any Sponsor that partners with an Emerging Developer to submit a MIP project application so long as the Emerging Developer has a 51% ownership interest in the general, managing, and/or administrative partnership entity of the MIP applicant. Emerging Developer will be defined as any Sponsor which cannot independently meet the MIP Developer/Co-Developer/General Partner qualifications as outlined below.
4. **County Cap:** No county may receive more than 25% of total MIP allocations for the respective year.
5. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted Project Applications (units that are restricted to residents who are 55 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act).

* *In future years, MIP may be awarded using additional factors, including, but not limited to cost containment as measured by change in total development cost from initial commitment to construction close.*

CalHFA Mixed-Income Qualified Construction Lender

A CalHFA Mixed-Income 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 requirements 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 necessary to receive a minimum of seven points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). Developers who do not meet these requirements are encouraged to partner with firms that can provide the required expertise and experience, which may include but is not limited to partnering with another development firm and/or third-party financial consultants.
- 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. The GC must provide resumes of the principals, key staff, and the proposed on-site construction supervisor and provide evidence that they are familiar with federal, state, and locality building code requirements for comparable projects.
- **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.
- **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 necessary to receive a minimum of three points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).

Permanent First Lien Loan

All project applications receiving an allocation of MIP funds must utilize CalHFA's Permanent Loan Program which includes the requirement that the underwriting prior to construction and permanent loan closing shows a minimum 1.15x initial debt service coverage ratio (including any financing with amortizing debt) for the term of the permanent 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. The initial DSCR must not exceed 1.20x.

Any project application that contemplates a ground lease must accommodate CalHFA's requirement that the first lien permanent loan shall be secured against both the fee and leasehold interests in the Property. The ground lease term must exceed any CalHFA subsidy or permanent loan term(s) by 10 years or more. The term of the ground lease must be equal to or longer than the term of the CalHFA Regulatory Agreement(s).

Construction First Lien Loan

Must be provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to 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 (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

- MIP cannot be combined with the CTCAC 9% program.
- MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) except 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 debt and subsidy may be considered on a case-by-case basis in CalHFA's sole discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein.
- 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.)
- 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.
- 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 and CalHFA requires a minimum of 10% of the unit types must be at 50% or less of AMI (i.e., 30%@60% AMI; 10%@50% AMI).

Mixed Income Regulatory Agreement Requirements (All Projects)

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:

- 20% of total units at or below 50% of AMI; and
- 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
- Remaining 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; and
- 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 a current market study and/or appraisal report(s) support such deviations.)

The maximum average affordability is up to 60% of AMI across all CTCAC restricted units.

Maximum Allowable Rents

Rents for all restricted units must be underwritten at the lesser of either:

1. The CTCAC or locality maximum rents (whichever is applicable) based on the target occupancy; or
2. 10% below market rents, as evidenced by a current market study and/or appraisal, for the MIP affordability term.

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 90 days of Agency's final commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or permanent loan closing, in the Agency'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 (target occupancy) required in the Agency's Regulatory Agreement.

Mixed Income Program

Mixed-Income Subordinate Loan Rates & Terms

- **Interest Rate:** 3% simple interest. A higher simple interest rate may be used at time of MIP closing in the event the true debt test is at risk for tax credit purposes.
- **Loan Term:** The MIP Loan term shall be coterminous with the CalHFA permanent first lien loan and is due upon prepayment of the CalHFA permanent first lien loan.
- **Lien Position:** MIP Loan shall be in second lien position, after the CalHFA permanent first lien loan.
- **Loan Payment:** "Surplus cash" is determined as net operating income minus total debt service and other Agency approved payments. Surplus cash distributions shall permit 50% to Borrower and 50% shall be paid pro rata as "Residual Receipts" between CalHFA and other governmental residual receipt lenders. Payments shall be applied to the current and/or accrued interest and then principal of the MIP Loan.
- **Affordability Term:** 55 years.
- **Prepayment:** The MIP Loan may be prepaid at any time without penalty.
- **Funded:** Only at permanent loan conversion.

CalHFA Conduit Issuer & Bond Recycling Programs *(subject to change)*

For more information on conduit issuer and bond recycling rates and terms, refer to CalHFA's Conduit Issuer Program and Bond Recycling Program term sheets.

CalHFA Permanent First Lien Rates & Terms *(subject to change)*

For more information on permanent first lien rates and terms, refer to CalHFA's Tax-Exempt Permanent Loan Program Term Sheet.

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 Issuer Program Fees:** Refer to CalHFA Conduit Issuer Program Term Sheet.
- **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees.
- **Other Fees:** Refer to CalHFA Tax-Exempt Permanent Loan Program term sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. ■

Multifamily First-Lien Loans

Tax-Exempt Permanent Loan Program

CalHFA's (the "Agency") Tax-Exempt Permanent Loan Program ("Perm Loan") provides 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").

Loan Amount

- Minimum Perm Loan amount of $5,000,000.
- Minimum 1.15x initial debt service coverage ratio (DSCR) (including any financing with amortizing debt). If a Project includes an Agency subsidy loan, the maximum DSCR at Year 1 shall not exceed 1.20x, unless approved by Agency in its sole discretion. Agency underwriting, prior to both the construction and permanent loan closings, must show an on-going minimum DSCR of 1.15x through the term of the CalHFA permanent, first-lien loan. CalHFA may, in its sole discretion, require that the initial DSCR be higher than 1.15x as deemed necessary to mitigate risk and to meet the Agency's underwriting requirements.
- Limited to the lesser of 90% of the Project's current restricted appraised value or 100% of total Project development costs. For Perm Loans that will finance a cash equity payment to the Borrower, the Perm Loan amount will be restricted to no more than 80% of the Project's then current restricted appraised value.

Qualifications

- Available to for-profit, nonprofit, and public agency sponsors.
- Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) for tax-exempt bonds not subject to a 501(c)(3) exemption or issued using recycled volume cap.
- The Perm Loan may be used with or without 4% Low-Income Housing Tax Credits.
- If CalHFA is providing a Perm Loan, then the Agency must be used as the bond issuer (for more information, review the **CalHFA Conduit Issuer Program Term Sheet**).
- For Section 8 Projects, a final Perm Loan commitment will be conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract.
- The Perm Loan will be credit-enhanced by the HUD/FHA Risk Sharing Program.
- For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Please refer to the CalHFA website for the **CalHFA Portfolio Loan Prepayment Policy**.

CalHFA℠

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Last revised: 02/2023

Fees *(subject to change)*

Application Fee: $10,000 non-refundable, due at time of application submittal, and credited toward the CalHFA Perm Loan Funding 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 Funding Fee: 1.50% of the greater of the Perm Loan amount indicated in the Final Commitment or the actual Perm Loan amount at Perm Loan closing. 50% of the fee is due at Final Commitment, with the balance, including any fee increase related to an increase in the actual Perm Loan amount, due at the time of approval of loan increase.

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 Issuer Program*).

Inspection fees are estimated at $500 per month for the term of the construction Perm Loan Funding Fee.

Letter of Interest Fee: $5,000 at LOI request, and credited toward the CalHFA Perm Loan Funding Fee.

See CalHFA standard Conduit Issuer Program Term Sheet *for information on conduit issuance fees.*

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 17-Year Balloon:** 2.60% to 3.750%
- **Estimated CalHFA Spread 30-Year Balloon:** 2.30% to 3.50%
- **Estimated CalHFA Spread Fully Amortizing Loans:** 2.20% to 3.65%

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 three years, unless CalHFA grants extensions as outlined below, in its sole discretion.

Amortization/Term:

- **Amortization:** Up to 40-year Amortization
- **Term:** Fully Amortizing, and 17- or 30-Year Balloons available.[1]
- **Perm Loan Increase or Decrease Requirements:** Any increase or decrease in the committed Perm Loan amount must be approved by the Agency and shall include the payment of a fee to be determined at the time of Perm Loan modification approval.

Rates continued

- Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount plus possible additional financial cost related to the extension for each three-month extension. An extension of the Rate Lock prior to construction closing shall not affect the availability of these two optional extensions. Approval of any extension of the Rate Lock related to construction closing shall be in the Agency's sole discretion.
- **Breakage Fee** *(if applicable)***:** Due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost.

[1] *Balloon loans and terms are subject to approval by the Agency and will not be provided unless such financing is supported by Agency's underwriting and exit analysis.*

Loan Closing Requirements

- 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls.
- DSCR of at least 1.15x as underwritten at the time of Perm Loan closing.
- 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 or commercial occupancy as evidenced by executed leases or guarantees, if applicable.
- Deposit Account Control Agreement between CalHFA, the Borrower and lending institution holding the Development Account is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
- The project equity out may be held back until the completion of any necessary rehabilitation, if applicable.
- All closing requirements outlined on the Agency's Final Commitment Letter and document checklist, as applicable.

Prepayment

The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. Additionally, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation equal to the *Current Fannie Mae Prepayment Premium (Standard Yield Maintenance – Fixed Rate)* at the time of Final Commitment, which can be found at:

multifamily.fanniemae.com/media/5646/display

The Perm Loan may not be prepaid prior to 10 full years of the Perm Loan period.

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 Loan) and be subordinate to CalHFA financing. Any exception to this policy, including joint priority (pari passu) will require prior approval from the Agency and/or the CalHFA Board of Directors (if applicable). A Lien Priority/Position Estoppel from any subordinate lenders in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.

Ground Lease

Any Project application that contemplates a ground lease must accommodate CalHFA's requirement that the Perm Loan shall be secured against both the fee and leasehold interests in the property. The ground lease term must exceed any CalHFA subsidy or permanent loan term(s) by 10 years or more. The term of the ground lease must be equal to or longer than the term of the CalHFA Regulatory Agreement(s).

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).

Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal.

CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.

Due Diligence

The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list):

- **Appraisal*** (a construction lender's appraisal with appropriate reliance provided to CalHFA may be acceptable).
- **HUD-2530 previous participation clearance.**

- **Construction Costs Review** for new construction projects (other construction lender's review is acceptable with appropriate reliance, if required by the Agency, in its discretion).
- **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*** with scope of study and vendor 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 completed 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. An exception is the appraisal report, which must be completed within 90 days prior to Final Commitment and may be subject to a new or updated report if the appraisal was completed more than 90 days prior to construction and/or Perm Loan closing, in the Agency's sole discretion.*

Required Impounds and Reserves

- **Replacement Reserve:** Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings.
- **Operating Expense Reserve (OER):** 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, the OER 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 less than the CalHFA Perm Loan term.
- Other reserves as required (at CalHFA's discretion).

Demaree Street Apartments - Near

Demaree Street Apartments - Far