

CalHFA MULTIFAMILY PROGRAMS DIVISION
Final Commitment Staff Report & Request for Loan Approval of Permanent Take-Out Loan for Tax
Exempt financing with Mixed Income Program Subsidy Financing
Senior Loan Committee "Approval": 1/3/2024 for Board Meeting on: 1/25/2024

Project Name, County:	1400 Long Beach, Los Angeles	
Address:	1400 Long Beach Boulevard, Long Beach, 90813	
Type of Project:	New Construction	
CalHFA Project Number:	23012-A/X/S	Total Units: 163 (Family)
Requested Financing by Loan Program:	Up to \$47,000,000*	CalHFA Tax-Exempt Bond – Conduit Issuance Amount (\$42,500,000 allocated by CDLAC on 8/23/23) *
	Up to \$14,000,000*	CalHFA Tax-Exempt Recycled Bond – Conduit Issuance Amount (assuming current need is \$12,000,000) *
	Up to \$18,000,000*	CalHFA Taxable Bond – Conduit Issuance Amount (a portion of which may be replaced by recycled bonds) (assuming current need is \$15,550,000) *
	\$21,170,000	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.

DEVELOPMENT/PROJECT TEAM

Developer:	Meta Development, LLC	Borrower:	1400 Long Beach, L.P.
Permanent Lender:	CalHFA	Construction Lender:	Bank of America, N.A.
Equity Investor:	Bank of America, N.A., and or its affiliates	Management Company:	WSH Management, Inc.
Contractor:	KPRS Construction Services, Inc.	Architect	The Architects Collective
Loan Officer:	Jennifer Beardwood	Loan Specialist:	N/A
Asset Manager:	Jennifer Silva	Loan Administration:	Kong Lor
Legal (Internal):	Marc Victor	Legal (External):	Amara Harrell (KMTG – CalHFA external counsel) and Orrick, Herrington & Sutcliffe (CalHFA Bond Counsel)
Concept Meeting Date:	8/24/2023	Approval Expiration Date:	180 days from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE/ CONSTRUCTION LOAN Bank of America, N.A.	CalHFA PERMANENT LOAN	CalHFA MIP SUBSIDY LOAN
	Total Loan Amount	\$42,500,000 (T/E) \$12,000,000 (T/E- Recycled) \$15,550,000 (Taxable)	\$21,170,000 (T/E)	\$4,000,000 (\$24,845/restricted unit)
	Loan Term & Lien Position	36 months- interest only; 1 st Lien Position during construction	40 year – partially amortizing due in year 17; 1 st Lien Position during permanent loan term	17 year – Residual Receipts; 2 nd Lien Position during permanent loan term
	Interest Rate	BSBY Daily Floating Rate + 2.00%** Underwritten at 5.00% variable rate (subject to change and locked 30 days prior to loan closing)**	Underwritten at 6.63% (Fixed Rate Locked*) 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)	LTV is 84% of investment value	LTV is 59% of restricted value***	N/A
	Loan to Cost	80%	25%	N/A

*The all-in rate of 6.63% is the final rate locked by CalHFA on 11.21.2023 for the perm loan and is valid until construction closing deadline indicated in the Final Rate Lock letter issued by the Agency.

**As of 1/3/24 the one-month BSBY rate was at 5.37% which equals a 7.37% rate. Construction interest reserve may be resized based on locked rate at construction loan closing. Any resulting funding gaps will be covered by the developer until permanent loan conversion.

*** Loan to Value based on appraisal dated 9/28/2023 prepared by Likas, Inc.

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 and General Contractor. The Construction Lender changed from Citibank, N.A. to Bank of America, N.A. The Tax Credit Investor changed from Red Stone Equity Partners LLC to Bank of America, N.A. and or its affiliates. The General Contractor was not finalized at initial commitment but KPRS Construction Services, Inc was under consideration at that time and is now the GC for the project. These Development Team members meet the CalHFA requirements for development experience and qualifications.

☒	Changes in Project Scope (for example, addition of non-residential component) Added a 1-bedroom unit and removed a 3-bedroom unit and reduced parking to 91 spaces from 94. The parking space reduction does not impact the Project as the City does not impose a minimum vehicular parking space requirement for affordable housing.																																																																											
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms – Increase of the CalHFA permanent loan amount of 14.77% The inclusion of both increased rent limits as released by TCAC on 5/14/2023 and inclusion of the manager units in income increased allowed 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. <table border="1"> <thead> <tr> <th>SOURCES</th> <th>Initial Commitment</th> <th>Final Commitment</th> <th>Difference</th> <th>% Increase/Decrease</th> </tr> </thead> <tbody> <tr> <td>CalHFA - Perm Loan</td> <td>\$18,445,000</td> <td>\$21,170,000</td> <td>\$2,725,000</td> <td>14.77%</td> </tr> <tr> <td>CalHFA MIP</td> <td>\$4,000,000</td> <td>\$4,000,000</td> <td>\$0</td> <td>0.00%</td> </tr> <tr> <td>Deferred Developer Fee (Developer Fee, Deferral)</td> <td>\$6,396,371</td> <td>\$6,228,884</td> <td>-\$167,487</td> <td>-2.62%</td> </tr> <tr> <td>Tax Credit Equity (Equity, LIHTC Investor)</td> <td>\$54,113,482</td> <td>\$56,076,233</td> <td>\$1,962,750</td> <td>3.63%</td> </tr> <tr> <td>TOTAL PERMANENT SOURCES</td> <td>\$82,954,853</td> <td>\$87,475,117</td> <td>\$4,520,264</td> <td>5.45%</td> </tr> <tr> <td>TOTAL PER UNIT</td> <td>\$508,925</td> <td>\$536,657</td> <td>\$27,732</td> <td>5.45%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <th>USES</th> <th>Initial Commitment</th> <th>Final Commitment</th> <th>Difference</th> <th>% Increase/Decrease</th> </tr> <tr> <td>Financing costs</td> <td>\$158,337</td> <td>\$178,775</td> <td>\$20,438</td> <td>12.91%</td> </tr> <tr> <td>Operating Reserves</td> <td>\$572,120</td> <td>\$629,861</td> <td>\$57,741</td> <td>10.09%</td> </tr> <tr> <td>Cash Developer Fee paid at Perm Conversion</td> <td>\$3,112,067</td> <td>\$3,760,000</td> <td>\$647,933</td> <td>20.82%</td> </tr> <tr> <td>Deferred Developer Fees paid from cashflow</td> <td>\$6,396,371</td> <td>\$6,228,884</td> <td>-\$167,487</td> <td>-2.62%</td> </tr> <tr> <td>TOTAL PERMANENT USES</td> <td>\$82,954,853</td> <td>\$87,475,117</td> <td>\$4,520,264</td> <td>5.45%</td> </tr> <tr> <td>TOTAL PER UNIT</td> <td>\$508,925</td> <td>\$536,657</td> <td>\$27,732</td> <td>5.45%</td> </tr> </tbody> </table>	SOURCES	Initial Commitment	Final Commitment	Difference	% Increase/Decrease	CalHFA - Perm Loan	\$18,445,000	\$21,170,000	\$2,725,000	14.77%	CalHFA MIP	\$4,000,000	\$4,000,000	\$0	0.00%	Deferred Developer Fee (Developer Fee, Deferral)	\$6,396,371	\$6,228,884	-\$167,487	-2.62%	Tax Credit Equity (Equity, LIHTC Investor)	\$54,113,482	\$56,076,233	\$1,962,750	3.63%	TOTAL PERMANENT SOURCES	\$82,954,853	\$87,475,117	\$4,520,264	5.45%	TOTAL PER UNIT	\$508,925	\$536,657	\$27,732	5.45%						USES	Initial Commitment	Final Commitment	Difference	% Increase/Decrease	Financing costs	\$158,337	\$178,775	\$20,438	12.91%	Operating Reserves	\$572,120	\$629,861	\$57,741	10.09%	Cash Developer Fee paid at Perm Conversion	\$3,112,067	\$3,760,000	\$647,933	20.82%	Deferred Developer Fees paid from cashflow	\$6,396,371	\$6,228,884	-\$167,487	-2.62%	TOTAL PERMANENT USES	\$82,954,853	\$87,475,117	\$4,520,264	5.45%	TOTAL PER UNIT	\$508,925	\$536,657	\$27,732	5.45%
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☒	Changes in Operating budget as well as rental assistance/operating subsidy assumptions - The Effective Gross Income has increased by \$259,986 which is attributed to the inclusion of both increased rent limits as released by TCAC on 5/14/2023 and inclusion of the manager units in income. - Other operating expenses have increased by \$80,489 which is the primarily the expenses of the manager units. The operating proforma at the Initial Commitment did not include the income/expenses for the Managers' units. - The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by \$196,583, however, an increase in the debt service leads to a reduction to surplus cash after debt service by \$31,045, and a reduction to the 1st year DSCR by .05 bps from 1.20 to 1.15, as shown in the chart below.																																																																											

	Initial	Final	Difference	% Increase/Decrease
Effective Gross Income	\$2,625,106	\$2,885,092	\$ 259,986	9.9%
Vacancy	\$153,260	\$138,682	-\$14,578	-9.5%
Total Income	\$2,471,846	\$2,746,410	\$274,564	11.1%
Admin Exp	\$86,985	\$69,450	-\$17,535	-20.2%
Mgmt Fee	\$105,989	\$111,986	\$5,997	5.7%
Utilities	\$151,720	\$158,350	\$6,630	4.4%
Payroll/PR Taxes	\$249,125	\$249,125	\$0	0.0%
Insurance	\$68,250	\$81,500	\$13,250	19.4%
Maintenance	\$183,760	\$172,910	-\$10,850	-5.9%
Other OpEx*	\$84,750	\$165,239	\$80,489	95.0%
Total OpEx	\$930,579	\$1,008,560	\$77,981	8.4%
NOI	\$1,541,267	\$1,737,850	\$196,583	12.8%
Debt Service	\$1,283,256	\$1,510,884	\$227,628	17.7%
Surplus Cash	\$258,011	\$226,966	-\$31,045	-12.0%
DSCR	1.20	1.15	(0.05)	-4.2%
*Other OpEx				
Bus License/Phone/Emp Apt	\$14,000	\$80,274	\$66,274	473%
Services and Amenities	\$15,000	\$16,800	\$1,800	12.0%
Replacement Reserve	\$40,750	\$40,750	\$0	0.0%
CalHFA Monitoring Fee	\$7,500	\$7,500	\$0	0.0%
Other Monitoring Fees	\$0	\$3,615	\$3,615	100%
Taxes	\$7,500	\$16,300	\$8,800	117.3%
Total Other Expenses	\$84,750	\$165,239	\$80,489	95.0%
☒	Changes in CalHFA required reserves: The required operating expense reserve has increased by \$76,402 which is attributed to the increase of the required debt service payment below.			
	Initial	Final	Difference	% Increase/Decrease
Total Operating Expenses/Reserves	\$930,579	\$1,008,560	\$77,981	8.4%
Debt Service Payment	\$1,283,256	\$1,510,884	\$227,628	17.7%
Required Operating Reserve (3 months)	\$553,459	\$629,861	\$76,402	13.8%
Perm Loan Amount	\$18,445,000	\$21,170,000	\$2,725,000	14.77%
☒	Changes in Affordability Restrictions including Unit distribution for regulated units. Design changes have resulted in a changed to the restricted unit mix by increasing the 1-bedroom units at 30% AMI from 15 to 16 and decreasing the 3-bedroom at 30% AMI from 9 to 8.			

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#42 Robert Garcia	Assembly:	#69 Josh Lowenthal	State Senate:	#33 Lena A. Gonzalez
	Brief Project Description	1400 Long Beach (the “Project”) is a new construction, family, mixed-income Project. It consists of one, 6-story residential building with 2 elevators. There will be 163 total units, 161 of which will be restricted between 30% and 70% of the Los Angeles County Area Median Income (AMI). There will be 78 one-bedroom units (534 sf), 44 two-bedroom units (809 sf), and 41 three-bedroom units (1,125 sf). In addition, two of the two-bedroom units will serve as the managers’ unit. The locality will grant a density bonus in exchange for the development and maintenance of 18 of the proposed units to be designated for very low-income households for 55 years. Financing Structure: The Project’s financing structure includes financing from tax-exempt bonds, recycled bonds, a taxable tail, 4% Federal Tax Credit equity, state housing tax credits, Agency’s conduit issuance, tax-exempt loan program, and the Mixed-Income Program. Tax Credits and/or CDLAC Status: The developer received an allocation for 4% tax credits and bond cap from CTCAC and CDLAC on 8/23/2023. The bond cap requested is approximately 53% of aggregate basis requirement (the “50% test”). Ground Lease: Not applicable. Project Amenities: The Project includes a community room, courtyard, central laundry, picnic area, playground, and computer room. Intercom system, controlled access and video surveillance are security features. Unit amenities will include patio/balcony, blinds, vinyl plank flooring, central heating, central air, refrigerator, dishwasher, and garbage disposal. Local Resources and Services: For CTCAC/CDLAC purposes, the Project is located within a Low resource area per CTCAC/HCD’s Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.3 miles • Schools – 0.2 miles • Public Library – 0.9 miles • Public transit – 0.2 miles • Parks and recreation – 0.4 miles • Hospitals – 0.4 miles • Pharmacy – 0.3 miles • Bank – 0.4 miles • Post Office – 0.6 miles • Fire Department – 0.6 miles • Police Department – 1.2 miles					

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

3.	CalHFA Mission/Goals	
This Project and financing proposal provides 161 units of affordable housing with a range of restricted rents between 30% of AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/CTCAC Closing Deadline:	2/20/2024	Est. Construction Loan Closing:	2/7/2024
	Estimated Construction Start:	2/2024	Est. Construction Completion:	2/2026
	Estimated Stabilization and Conversion to Perm Loan(s):	10/2026		

SOURCES OF FUNDS

5.	Project Summary Budget		
	Construction Sources and Uses		
	Sources	Amount	% of Total
	Bank of America – Tax Exempt Loan (Loan) 1 st lien position, 5.00% rate, interest only – 36 months	\$42,500,000	49.04%
	Bank of America – Tax Exempt Loan – Recycled Bonds (Loan) 1 st lien position, 5.00% rate, interest only – 36 months	\$12,000,000	13.85%
	Bank of America – Taxable Tail TE (Loan) 1 st lien position, 5.00% rate, interest only – 36 months	\$15,550,000	17.94%
	Tax Credit Equity – Federal (Equity, LIHTC Investor)	\$5,674,685	6.55%
	Tax Credit Equity – State (Equity, LIHTC Investor)	\$2,736,750	3.16%
	Def. Dev. Fee (Developer Fee, Deferral)	\$8,205,046	9.47%
	TOTAL CONSTRUCTION SOURCES	\$86,666,481	
	TOTAL PER UNIT	\$531,696	
	Uses	Amount	% of Total
	Total Acquisition costs	\$6,381,613	7.36%
	Construction/Rehab Costs	\$51,030,660	58.88%
	Soft Costs	\$6,001,339	6.92%
	Hard Cost contingency (5.86%)	\$2,551,533	2.94%
	Soft Cost contingency (2.00%)	\$661,000	0.76%

Financing Costs	\$6,623,786	7.64%
Local Impact Fees	\$1,794,623	2.07%
Deferred Developer Fee	\$6,228,884	7.19%
Cash Portion Developer Fee (Paid After Completion)	3,760,000	4.34%
Other Costs	\$1,633,042	1.88%
TOTAL CONSTRUCTION USES	\$86,666,481	
TOTAL PER UNIT	\$531,696	

Permanent Sources and Uses		
Sources	Amount	% of Total
CalHFA – Perm Loan (Loan) 1 st lien position, 6.63% rate, 17-year term with 40-year amortization	\$21,170,000	24.2%
CalHFA MIP (Loan) 2 nd lien position, 3.00% rate, residual receipts, 17-year term	\$4,000,000	4.6%
Deferred Developer Fee (Developer Fee, Deferral) (62% of total developer fee)	\$6,228,884	7.1%
Tax Credit Equity (Equity, LIHTC Investor)	\$56,076,233	64.1%
TOTAL PERMANENT SOURCES	\$87,475,117	100.0%
TOTAL PER UNIT	\$536,657	
Uses	Amount	% of Total
Total Loan Payoffs and Equity	\$76,677,597	87.7%
Financing costs	\$178,775	0.2%
Operating Reserves	\$629,861	0.7%
Cash Developer Fee paid at Perm Conversion	\$3,760,000	4.3%
Deferred Developer Fees paid from cashflow	\$6,228,884	7.1%
TOTAL PERMANENT USES	\$87,475,117	100.0%
TOTAL PER UNIT	\$536,657	

Subsidy Efficiency: \$4,000,000 (\$24,845 per MIP restricted units).

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

- 4% Federal Tax Credits: \$39,822,350 (\$247,344 per TCAC restricted unit).
- State Tax Credits: \$20,500,000* (\$127,329 per TCAC restricted unit).

* The project includes Certificated State Tax Credits, which will be contributed to the project as a State Tax Credit Loan from FFAH V 1400 Long Beach, LLC, who will execute a promissory note in the estimated amount of \$18,245,000 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 will not require payments during the term of this loan.

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 not be funded by locality funds. However, the locality has invested in the success of the Project as demonstrated by its approval of a density bonus and waiver of development standards pertaining to height, FAR, setback, unit sizes, and bike storage. In exchange for the density bonus, 18 units will be subject to an inclusionary ordinance and City Affordable Housing Regulatory Agreement.

Cost Containment Strategy: The applicant has listed the following cost containment measures:

- Meta Development LLC ("Meta") competitively bid the entitlement drawings to three general contractors in order to receive market feedback on early design concepts. From this process a general contractor was awarded a pre-construction contract to work with the design team and provide feedback.
- Meta has already implemented and will continue to engage in value engineering exercises throughout the design process to ensure containment of costs while also maintaining quality construction and design standards.
- Meta will limit Allowances in GC contract to reduce exposure to cost increases from the general contractor.

High-Cost Explanation: The total development cost per unit is \$536,831. The Project is in a HUD high cost-designated area of the Long Beach Area.

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

TRANSACTION OVERVIEW

7. Proposal and Project Strengths

- The Project anticipates receiving 4% federal and state tax credits which is projected to generate equity representing 64% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and has experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 70% of AMI. On average, the rents are between 25% to 71% below market rents based on current appraisal dated 9/28/2023.
- The locality has invested in the success of the Project as demonstrated by its approval of a density bonus and waiver of development standards pertaining to height, FAR, setback, unit sizes, and bike storage. In exchange for the density bonus, 18 units will be subject to an inclusionary ordinance and City Affordable Housing Regulatory Agreement.
- The cash developer fee that will be collected at or prior to permanent loan conversion is \$3,760,000, which could be available to cover cost overruns at permanent loan conversion.

8. Project Weaknesses with Mitigants:

- Overall total crime indices in the PMA are slightly higher than the MSA and the national average. Observations of the Subject's neighborhood and interviews with market participants and property managers by the Market Study preparer do not reflect significant crime, local perceptions of crime, or related problems. Further, the Subject will offer an intercom system, controlled access, and video surveillance as security features, similar to the majority of comparables, which all offer at least some form of security feature.
- Phase I dated 03/13/2023 identified environmental issues that include elevated levels of Tetrachloroethylene (PCE) in soil vapor and lead above residential screening levels, possible soil impacts from underground storage tanks that were remediated in the past, and evidence of four in-ground hydraulic hoists that will need to be addressed during construction. The development budget includes an estimated amount of \$312,974, which is the anticipated costs associated with addressing these environmental issues. Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and MIP loans. An updated Phase I report dated within 180 days of property acquisition will be required prior to construction loan closing.
- The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. The exit analysis scenario assumes the same cap rate (7.35%) and interest rate (9.63%) used in the final underwriting at refinance. Based on these assumptions, the Project will have the ability to fully

repay the balance of the Agency's permanent first lien loan and will have the ability to repay a portion of the Agency's MIP subsidy loan in the total estimated amount of \$560,190, leaving an outstanding unpaid balance of \$4,538,143 (principal and accrued interest) to be paid at maturity. To the extent such a refinance is insufficient to fully repay the MIP loan, any remaining balance will be paid from a General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. This shall be documented in the CalHFA MIP loan agreement.

- The city is requiring a Density Bonus 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

- 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 13 years after 100% completion of the property. This will require that 100% of surplus cash be available for payment of the deferred developer fee through year 13. Starting Year 14, the surplus cash will be split 50% to Developer and 50% to CalHFA to be applied towards MIP loan repayment. Any unpaid DDF at the end of Year 13 will be treated as GP contribution. This will result in a delay to the repayment of the CalHFA MIP Loan as outlined above. This is an exception to CalHFA Underwriting Standards, but it is recommended to meet standard LIHTC Investor (Bank of America)'s terms.
- Per the USRM's, the acquisition cost shall be the lesser of 1) the purchase price pursuant to a current purchase and sales agreement between unrelated parties, 2) the purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or 3) the appraised "as-is" value based on an appraisal acceptable to CalHFA in its sole discretion. The acquisition cost of the project is \$6,381,613 which includes \$394,547 of holding costs and \$2,087,066 excess purchase price over appraisal. The Appraisal dated 9/28/2023, prepared by Likas, Inc, values the land at \$3,900,000 and is based on the current zoning allowance of 65 market rate units at \$60,000 per unit, which is lower than the purchase price of \$5,987,066 (Purchase Contract dated 6/7/2022 and amended on 10/20/2023). The project qualifies for a density bonus agreement, allowing it to exceed the zoning of 65 units.
- Per the CalHFA Underwriting Standards, the standard vacancy rate to be used for laundry and other income is 5% and 10%, respectively. For the Project's laundry and other income, the appraisal concluded laundry and other income as an effective amount net of vacancy, so no vacancy rate was applied to the laundry and other income. The appraiser based the wifi income on a 63% capture rate.
- The Project's proposed operating expense of \$5,666 per unit per annum (PUPA) is below, but still within the 15% waiver threshold, of the CTCAC minimum of \$6,200 PUPA. Actual operating expenses will be used for the final financial analysis at perm closing, at which time the CalHFA permanent loan may be resized to meet the 1.15 DSCR requirement. Approvals of the proposed operating expense budget are required from CalHFA, investor, all the lenders, and CTAC prior to construction closing.
- The MIP Term Sheet requires the Appraisal report to be current within 90 days of Agency's Final Commitment. The Appraisal dated 9/28/2023, prepared by Likas, Inc, currently does not meet this requirement, however, since the Agency's underwriting standards allows an appraisal report to be within 180 days of closing, this exception is consistent to the Agency's underwriting practice and hence recommended for approval. An updated Appraisal will be required if the construction closing does not occur within 180 days and also at permanent loan closing.
- The locality is requiring the Borrower to encumber the Property by recording a Regulatory 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 Affordable Housing Regulatory Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.

10. Project Specific Conditions of Approval

Approval is conditioned upon:

- 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 acceptable to CalHFA, in its sole discretion.
- Receipt of an updated Phase I Environmental Site Assessment Report (ESA) since the current Phase I ESA dated March 2023 exceeds the 180 days validity for construction closing.
- 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 commenced prior to the issuance of a HUD Firm Approval Letter.
- The total deferred developer's fee of \$6,228,884 will not be fully repaid by year 13 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 13 will be paid by the AGP.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the locality is requiring the Regulatory Agreement to be recorded 1st (ahead of) CalHFA Bond and CalHFA MIP Regulatory Agreement as indicated in Section 9.
- 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.
- All MIP Loan principal and interest will be due and payable at maturity.
- The Project's proposed operating expense is below CTCAC minimum; therefore, Borrower must provide evidence that the proposed operating expense is sufficient to operate the project via supporting documentation acceptable to CalHFA. In addition, approvals of the proposed operating expense from the investor, all lenders, and CTCAC are required.
- The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 13 of operations is complete or full repayment of the DDF. Thereafter, starting in Year 14, the surplus cash split shall be 50% to Borrower and 50% to CalHFA as the Residual Receipt lender. Any unpaid DDF at the end of Year 13 will be treated as GP contribution. 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 approvals of the total deferred developer's fee structure, allowable partnership fees (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.
- The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to constructing loan closing and closing of the CalHFA loans, the Density Bonus Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards.
- An updated Phase I is required per CalHFA underwriting standards and HUD Risk Share. The current Phase I ESA dated 3/13/2023 exceeds the 180 days validity and an updated Phase I ESA will be required prior to closing.
- Prior to permanent loan closing, evidence of compliance with the observations and recommendations of the Phase I report dated 3/13/2023 and updated Phase I, as described in section 22.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the 14th Street parklet and offsite work including replacements of curbs, gutter, sidewalks, and alley widening construction costs, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project.
- Borrower shall comply with the City requirements for a lot merger prior to construction loan closing.
- A standstill agreement between the locality and CalHFA that includes 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.

AFFORDABILITY**11. CalHFA Affordability (Occupancy and Rent) Restrictions**

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 40% of the total units at or below 60% AMI; with 30% of the total units (49 units) at or below 60% AMI and 10% of the total units (17 units) at 50% of 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%	70%	120%	Regulated	Regulated
City Affordable Housing Regulatory Agreement	1st		18				18	11%
CalHFA Bond	2nd		17	49			66	41%
CalHFA MIP	3rd		33		17	111	161	100%
CTCAC	4th	33		110	18		161	100%
TOTALS		33		110	18		161	100%

*The CalHFA MIP Subsidy Regulatory Agreement requires 20% of total units (33 units) be restricted at or below 50% of AMI 10% of total units (17 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 111 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. The locality is requiring the Borrower to encumber the Property by recording a Regulatory 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								
	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	5-bdrm	Total	% Total
0%	0	0	0	0	0	0	0	0%
30%	0	16	9	8	0	0	33	20%
50%	0	0	0	0	0	0	0	0%
60%	0	54	28	28	0	0	110	67%
70%	0	8	5	5	0	0	18	11%
120%	0	0	0	0	0	0	0	0%
N/A	0	0	0	0	0	0	0	0%
Manager	0	0	2	0	0	0	2	1%
Market	0	0	0	0	0	0	0	0%
Total	0	78	44	41	0	0	163	
AMI Avg		54.9%	54.8%	55.4%			55.0%	

The average affordability restriction is 55.0% of AMI based on 161 TCAC-restricted units.

12.	Geocoder Information			
	Central City:	Yes	Underserved:	No
	Low/Mod Census Tract:	Low	Below Poverty line:	31.35%
	Minority Census Tract:	96.61%	Rural Area:	No

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets.

FINANCIAL ANALYSIS SUMMARY

13.	Capitalized Reserves:			
	Replacement Reserves (RR):	N/A.		
	Operating Expense Reserve (OER):	\$629,861. OER amount is typically sized based on a minimum 3 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, that they have received allocations from TCAC or provide a certification from a third- party accountant that they met TCAC’s general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they’ve met this requirement. 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			
	1 st Year DSCR:	1.15	Project-Based Subsidy Term:	N/A
	End Year DSCR:	1.57	Annual Replacement Reserve Per Unit:	\$250/unit
	Residential Vacancy Rate:	5%	Rental Income Inflation Rate:	2.50%
	Subsidy Vacancy Rate:	N/A	Subsidy Income Inflation Rate:	N/A
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate:	3.50%
			Property Tax Inflation Rate:	1.25%
15.	Loan Security			
	The CalHFA Perm loans will be secured by a first lien Deed of Trust and MIP Subsidy loan by a 2nd lien Deed of Trust recorded against the fee interest including but not limited to the Borrower’s interest in the against the above-described Project site and improvements, project revenues and escrows. The CalHFA Regulatory Agreement shall be recorded in a senior position to the CalHFA Deed of Trust. A locality Regulatory Agreement will be recorded in senior position to the CalHFA Regulatory Agreements and Deeds of Trust.			

16.	Balloon Exit Analysis	Applicable: ☒ Yes ☐ No
The exit analysis assumes a 7.35% cap rate, which is 2.00% above the current cap rate and an interest rate of 9.63%, which is a 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of the Agency's permanent first lien loan and has the ability to repay a portion of the Agency's MIP subsidy loan in the total estimated amount of \$560,190, leaving an outstanding balance of \$4,583,142 (principal and accrued interest) of MIP outstanding to be paid at maturity. To the extent such a refinance is insufficient to fully repay the MIP loan, any remaining balance will be paid from a General Partner contribution as part of the final close out of partnership obligations to allow re-syndication. 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: 9/28/2023
- The Appraisal dated 9/28/2023, prepared by Likas, Inc, values the land at \$3,900,000. - The cap rate of 5.35% and projected \$1,912,292 of net operating income ("NOI") were used to determine the appraised value of the subject site. The Borrower's estimated NOI is \$1,737,850 which is approximately \$174,442 (~10.0%) lower than the estimated NOI on the appraisal report and is due mainly to the fact that the appraisal applied a 3% annual growth rate to both rent and expenses during the period from construction to stabilization. Comparing current NOI, the Borrower's NOI of \$1,737,850 is consistent with the appraisal's report of NOI \$1,751,032. - The as-restricted stabilized value is \$35,740,000, which results in the Agency's permanent first lien loan to value (LTV) of 59%. The combined LTV, including MIP subsidy loan is 70%. - The capture rate and absorption rate are 0.8% and 20 units per month, respectively, and are generally consistent with the market study. The project owner has indicated that the project will pre-lease units; however, completion to perm conversion duration is still aligned with the appraisal's expectations for lease up capability. - The cap rate of 5.35% 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 (5.85%), the LTV would be 64%. Stressing the cap further and adding 100 basis-points to the cap rate would result in an LTV of 68%, which is still within the underwriting requirement of 90% or less.		
	Market Study: Novogradac	Dated: 3/15/2023
	<u>Regional Market Overview</u> - The Primary Market Area is the central portion Long Beach and the city of Signal Hill (population of 158,200) and the Secondary Market Area ("SMA") is Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area (MSA) (population of 13.2 million) - The general population in the PMA is anticipated to decrease by 0.5% by the time of stabilization; however, the renter population is projected to increase. The PMA is considered stable, and due to the affordable housing demand the project is positioned to compete well in the area. - Per the appraisal, the unemployment rate in August was 5.6%. Long Beach has a good mix of principal employers comprised of education, health care, government, and aerospace enterprises. The economic conditions in recent years in the area has rebounded and stabilized from the impact of COVID. Similar to nationwide, current economic indicators could be pointed towards a slowing economy, still employment trends in the area are favorable. - Median home value in the PMA is \$791,752. The median home value in the SMA is \$833,376.	

	Local Market Area Analysis • Supply: ○ There are currently 29 affordable family or senior projects in the PMA and they are estimated to be 96% occupied with wait lists. ○ There are two affordable family projects under construction. ○ There is one affordable family project with a total of 73 estimated units that is in the pipeline, but no funding has been identified by the locality and it has yet to start construction. • Demand/Absorption: ○ The project will need to capture 3.9% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 25-26 units per month and reach full occupancy within 6 months of opening. The appraisal dated 9/28/2023 estimates lease up rate of 20 units per month with full occupancy in 8 months.
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DEVELOPMENT SUMMARY

18.	Site Description Requires Flood Insurance: ☐ Yes ☒ No
	• The property is located on the northeast side of 1400 Long Beach Boulevard, in the City of Long Beach, Los Angeles County. • The site is currently vacant, with level topography at street grade, measuring approximately 1.14 acres and is generally rectangular in shape. • The site consists of 2 contiguous parcels that will be merged prior to start of construction. • The site is zoned LB Midtown Specific Plan, Transit Nod High, with permitted multifamily residential use. • The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.
19.	Form of Site Control & Expiration Date
	The current owner, Long Beach Square Partners, LLC, of the site and the Project owner, Meta Development, LLC, entered into a Purchase and Sale Agreement dated 6/7/2022 and amended on 10/20/2023 which expires on 2/9/2024 for an amount of \$5,987,066.
20.	Current Ownership Entity of Record
	Title is currently vested in Long Beach Square Partners, LLC as the fee owner.
21.	Environmental Review Findings Dated: 3/13/2023
	• A Phase I Environmental Site Assessment performed by EFI Global, Inc, dated 3/13/2023 revealed evidence of recognized environmental conditions, which include detected elevated Tetrachloroethylene (PCE) in soil vapor and lead above residential screening levels, possible soil impacts from underground storage tanks that were remediated in the past, and evidence of four in-ground hydraulic hoists. The removal of the hydraulic hoists, an installation of a vapor barrier and the excavation, removal, and further testing of impacted soil is included in the construction budget. A certification/documentation that evidences all environmental issues have been addressed during construction will be subject to CalHFA's approval prior to permanent loan closing. An updated Phase I ESA will be required prior to construction closing to meet the 180 days validity for closing. • A NEPA review has been initiated and expected to be completed by mid-January 2024, prior to construction loan closing.
22.	Seismic Requires Earthquake Insurance: ☐ Yes ☒ No
	• This new Project will be built to State and City of Long Beach Building Codes so no seismic review is required. Earthquake insurance will be waived upon receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.

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:	121,622	Residential Units per Acre:	143
		Community Area Sq. Ft:	3,563	Total Parking Spaces:	91
		Supportive Service Areas:	N/A	Total Building Sq. Footage:	156,178
25.	Mixed-Use Project:	☐ Yes ☒ No			
		Non-Residential Sq. Footage:	N/A	Number of Lease Spaces:	N/A
		Master Lease:	☐ Yes ☒ No	Number of Parking Spaces:	N/A
26.	Construction Type:	The Project will be wood-frame construction atop of reinforced concrete construction and podium parking. Access to units will be made available by two elevators and four interior stairways and hallways. The roof will be flat, and the exterior will be comprised of painted stucco and cement siding. It will be a gated community, consisting of energy efficient electricity and plumbing fixtures, sprinklered fire systems, and interior greenspace.			
27.	Construction/Rehab Scope	Requires Demolition: ☐ Yes ☒ No			
- The subject site is new construction. - The Contractor is not an affiliate of the Borrower entity. The contract will be structured as a Stipulated sum (i.e., lump sum) contract with 13.28% for builder overhead, profit, and general requirements, which aligns with CTCAC's allowable limit (14%). - The installation of a vapor barrier membrane, as recommended in the Phase I dated 3/13/2023, is included in the development budget in the estimated amount of \$312,974. - Green Design Feature: - The developer has contracted with a qualified green building specialist to ensure the project's design and construction maximizes energy efficiencies and green building techniques and materials. The project is committed to providing efficient landscaping features to ensure minimal water usage. All project appliances will be ENERGY STAR rated, and the project will utilize energy efficient lighting, windows, and HVAC systems, and any fiberglass-based insulation will be Greenguard Gold Certified.					
28.	Construction Budget Comments:				
- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing. Agency may commission its own cost review report, if determined necessary, in its sole discretion. - During construction, the cost of the 14th Street parklet, offsite work including replacements of curbs, gutter, sidewalks, and widening of the back alley will be paid by Bank of America's construction loan. At permanent loan closing, the parklet and offsite work will be paid off by tax credit equity as follows:					

	Construction	Permanent
Uses		
14 th Street Parklet	\$ 167,000	
Offsite demolition:	\$ 40,000	
Curbs and gutter	\$ 12,000	
Offsite replacement sidewalk	\$ 75,000	
Alley widening	\$ 100,000	
Sources		
BofA Construction Loan	\$394,000	
Tax Credit Equity		\$394,000
Total Sources	\$394,000	\$394,000

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

29.	Borrower Affiliated Entities																																																																																								
Borrower: 1400 Long Beach, LP, a California limited partnership - Managing General Partner: FFAH V 1400 Long Beach, LLC, a California limited liability company; 0.0049% interest - Sole Member: Foundation for Affordable Housing V, Inc., a California nonprofit public benefit corporation; 100% interest - Administrative General Partner: 1400 Long Beach, LLC, a California limited liability company; 0.0051% interest - Sole Member and Manager: Meta Development, LLC, a California limited liability company, 100% interest - Investor Limited Partner: Bank of America, N.A.; 99.99% interest - Special Investor Limited Partner: Banc of America CDC Special Holding Company, Inc., a North Carolina corporation.; 0.0% interest																																																																																									
30.	Developer/Sponsor																																																																																								
- Meta Development, LLC (Meta Development) is a California limited liability company established in May of 2021 and is an affiliate of Meta Housing Corporation (Meta HC). - The Developer, Meta Development and Meta HC, currently has 5 projects in the CalHFA pipeline. In addition, the Developer has 15 projects in the CalHFA portfolio, and one project is experiencing performance issues.																																																																																									
Status of CalHFA Construction Pipeline Projects:																																																																																									
<table><tr><th>Projects In CalHFA Pipeline</th><th>Total Units</th><th>CalHFA Perm Loan Amount</th><th>MIP/Other Subsidy Loan Amount</th><th>Target/Actual Construction Closing</th><th>Target Perm Closing</th><th>Under Construction?</th><th>Progressing as Expected?</th><th>Notes</th></tr><tr><td>One Lake Family</td><td>190</td><td>\$25,780,000</td><td>\$14,255,000</td><td>11/20/2023</td><td>12/31/2023</td><td>No</td><td>N/A</td><td></td></tr><tr><td>433 Vermont Apts. (SNHP)</td><td>72</td><td></td><td>\$2,520,000</td><td>3/28/2016</td><td>2/28/2024</td><td>Yes</td><td>No</td><td>99% complete - delayed 854 days</td></tr><tr><td>Beacon Villa</td><td>54</td><td>\$13,091,000</td><td>\$6,350,000</td><td>10/21/2020</td><td>2/1/2024</td><td>Yes</td><td>No</td><td>98% complete - delayed 524 days</td></tr><tr><td>Mission Gateway</td><td>356</td><td>\$0</td><td>\$15,500,000</td><td>8/18/2020</td><td>2/1/2024</td><td>Yes</td><td>No</td><td>96% Complete – delayed 60 days</td></tr><tr><td>Alves Lane Apartments (Meta LLC)</td><td>100</td><td>\$20,351,000</td><td>\$7,360,403</td><td>3/8/2023</td><td>6/30/2025</td><td>Yes</td><td>Yes</td><td>4% complete</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>5 Projects</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Total:</td><td>772</td><td>\$60,873,301</td><td>\$43,465,403</td><td></td><td></td><td></td><td></td><td></td></tr></table>									Projects In CalHFA 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	One Lake Family	190	\$25,780,000	\$14,255,000	11/20/2023	12/31/2023	No	N/A		433 Vermont Apts. (SNHP)	72		\$2,520,000	3/28/2016	2/28/2024	Yes	No	99% complete - delayed 854 days	Beacon Villa	54	\$13,091,000	\$6,350,000	10/21/2020	2/1/2024	Yes	No	98% complete - delayed 524 days	Mission Gateway	356	\$0	\$15,500,000	8/18/2020	2/1/2024	Yes	No	96% Complete – delayed 60 days	Alves Lane Apartments (Meta LLC)	100	\$20,351,000	\$7,360,403	3/8/2023	6/30/2025	Yes	Yes	4% complete										5 Projects									Total:	772	\$60,873,301	\$43,465,403					
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Project In CalHFA Portfolio	Total Units	Original Perm Loan Amount	Origination Date	Current Perm Loan Balance Amount	Current MIP/Other Subsidy Loan Amount	Maturity Date	Regulatory Restriction Exp. Date	Operating as Expected?	RR Balance	OER Balance	DSCR
Mosaic on Mission	140	N/A	10/18/2023	N/A	\$5,000,000	10/1/2053	10/18/2078	N/A	\$5,000,000	N/A	1.16
El Segundo Blvd Apartments (SNHP)	75	\$0	9/5/2019	N/A	\$1,500,000	9/1/2074	9/1/2074	Yes	N/A	N/A	N/A
Whittier Downey SE aka Puerta Del Sol (SNHP and Perm)	71	\$6,500,000	10/15/2020	\$6,353,192	\$3,325,000	12/1/2026 3/1/2073	3/1/2073	No - Occupancy 87% - eviction due to criminal activity resulting in high vacancy. High turnover cost to the units. At this time, not meeting CalHFA standards.	106,396	287,035	.88
127th Street Apartments (SNHP)	85	\$0	6/25/2019	N/A	\$3,000,000	6/1/2074	6/1/2074	Yes	N/A	N/A	N/A
Artists Colony	141	\$16,015,000	12/27/2005	\$12,560,512	\$0	1/1/2046	1/1/2046	Yes	620,012	62	1.38
Cottons Point Senior Apartments (MHSA)	76	\$0	8/1/2012	N/A	\$1,622,400	8/1/2067	8/1/2067	Yes	N/A	N/A	N/A
Courson Arts Colony West (SNHP)	84	\$0	7/15/2020	N/A	\$855,000	7/1/2075	7/1/2075	Yes	N/A	N/A	N/A
Downtown Hayward (Conduit)	60	\$0	12/4/2015	N/A	\$0	n/a	6/1/2072	Yes	N/A	N/A	N/A
Long Beach & 21st Apartments (MHSA)	41	\$0	3/20/2014	N/A	\$1,897,450	3/1/2069	3/1/2069	Yes	N/A	N/A	N/A
Lugo Senior (MHSA)	119	\$0	2/1/2013	N/A	\$1,124,486	2/1/2068	2/1/2068	Yes	N/A	N/A	N/A
Santa Ana Arts Collective (SNHP)	58	\$0	8/17/2021	N/A	\$2,362,215	8/1/2076	8/1/2076	Yes	N/A	N/A	N/A
Sylmar Court (MHSA)	101	\$0	3/29/2016	N/A	\$1,250,000	3/1/2071	3/1/2071	Yes	N/A	N/A	N/A
Tavarua Senior Apartments (MHSA)	50	\$0	3/29/2016	N/A	\$1,081,600	12/1/2066	12/1/2066	Yes	N/A	N/A	N/A
Winnetka Senior (MHSA)	95	\$0	2/26/2018	N/A	\$750,000	2/1/2073	2/1/2073	Yes	N/A	N/A	N/A
Whittier & Downey NE (SNHP)	42	\$0	11/22/2019	N/A	\$1,995,000	11/1/2074	11/1/2074	Yes	N/A	N/A	N/A
15 Projects											
Subtotal:	1,238	\$22,515,000		\$18,913,704	\$23,768,151						
Aggregate Total:	2,010	\$83,388,301		\$18,913,704	\$67,233,554						

31. Management Agent

WSH Management, Inc. (WSH) will manage the Project. This company has extensive experience managing similar affordable housing projects in the area and currently manages seven projects in CalHFA's portfolio – All projects are performing as expected.

WSH has experience working with the Developer (Meta Development LLC) with 32 projects in their portfolio managed by WSH.

Additionally, the locality is familiar with this management company and staff received positive feedback regarding the firm's current and prior performance.

32.	Service Provider	Required by TCAC or other funding source? ☒ Yes ☐ No
The Borrower has elected to provide a Service Coordinator. Life Skills Training and Educational Programs, Inc (LifeSTEPS), will provide the services for all tenants. Services will include 5 hours/week of instructor-led adult educational or skill building classes (e.g., financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food preparation, etc.) and individualized health and wellness programs. The expense for these services is currently included in the proposed operating budget. Services will be conducted onsite. CTCAC requires site services for 15 years, however, the Borrower is anticipating providing services for an indefinite term.		

33.	Contractor	Experienced with CalHFA? ☐ Yes ☒ No
The general contractor (GC) is KPRS Construction Services, Inc, which has been in business for 25 years has extensive experience in constructing similar affordable housing projects in California. The GC and the developer have worked on 8 projects that have been completed and is working on 1 project that is in development stage.		
34.	Architect	Experienced with CalHFA? ☐ Yes ☒ No
The architect is The Architects Collective (TAC) which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process. TAC is a certified Small Business (Micro) by the CA Department of General Services, a certified Local Small Business Enterprise by the County of Los Angeles, and a certified Minority Business Enterprise by the City of Los Angeles. TAC has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process, however, CalHFA is not familiar with the architect. The architect and the developer have worked on 2 projects that have been completed and are working on 2 projects that are in the development stage. Furthermore, Richard Prantis, as project architect, has completed 9 projects (558 units) with the developer between 2007 to the present. Two out of the 9 projects have been completed with The Architects Collective.		
35.	Local Review via Locality Contribution Letter	
The locality, City of Long Beach, 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 amount(s) requested, subject to the above proposed terms and conditions.  _____ Date: <u>1/5/2024</u> Erwin Tam Director of Financing & Senior Loan Committee Chairperson Approved by:  _____ Date: <u>1/9/2024</u> Tiena Johnson Hall Executive Director CalHFA 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	

EXHIBITS: Detailed Financial Analysis and applicable Term Sheet

Project Summary						
Project Full Name: 1400 Long Beach Project Address: 1400 Long Beach Boulevard Project City: Long Beach Project County: Los Angeles Project Zip Code: 90813			Borrower Name: 1400 Long Beach, L.P. Managing GP: 1400 Long Beach, LLC Developer Name: Meta Development, LLC Investor Name: Bank of America Prop Management: WSH Management, Inc. Tax Credits: 4%			
Project Type: Inner City Infill Site Tenancy/Occupancy: Large Family Total Residential Units: 163 Total Number of Buildings: 1 Number of Stories: 6 Unit Style: Flat Elevators: 2 Construction Type: New Construction			Total Land Area (acres): 1.14 Residential Square Footage (w/o Manager's Unit): 121,622 Residential Units Per Acre (Density): 143 Common Area Square Footage: 3,563 Commercial Square Footage: 0 Covered Parking Spaces: 91 Uncovered Parking Spaces: 0 Total Parking Spaces: 91 Year Built: N/A			
Acq/Construction/Rehab Financing	Lien Priority	Debt Type	Loan Amount (\$)	Loan Term (Mo.)	Interest Rate	
C. Bank of America - Tax Exempt Loan	1	Int. Only, Variable	\$42,500,000	36	5.00%	
C. Bank of America - Tax Exempt Loan - Recycled	1	Int. Only, Variable	\$12,000,000	36	5.00%	
C. Bank of America- Taxable Tail	1	Int. Only, Variable	\$15,550,000	36	5.00%	
C. Tax Credit Equity - Federal	N/A	Equity, LIHTC Investor	\$5,674,685	N/A	N/A	
C. Tax Credit Equity - State	N/A	Equity, LIHTC Investor	\$2,736,750	N/A	N/A	
C. Deferred Operating Reserve	N/A	Cost Deferral	N/A	N/A	N/A	
C. Def. Dev. Fee	N/A	Developer Fee, Deferral	\$8,205,046	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	
			\$86,666,481			
Permanent Financing	Lien Priority	Debt Type	Loan Amount (\$)	Loan Term (Yr.)	Amort. Period (Yr.)	Interest Rate
P. CalHFA - Perm Loan	1	Fixed, Compounding, Amort.	\$21,170,000	17	40	6.63%
P. CalHFA MIP	2	Fixed, Simple, R.R	\$4,000,000	17	N/A	3.00%
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	\$6,228,884	N/A	N/A	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	\$56,076,233	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
	N/A	\$0		N/A	N/A	N/A
	N/A	\$0		#VALUE!	N/A	N/A
	N/A	\$0		#VALUE!	N/A	N/A
	N/A	\$0		#VALUE!	N/A	N/A
			87,475,117			
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	9/28/2023	Capitalization Rate (%):	5.35%	USRM Req 80.00% 90.00% LTV Warning		
Investment Value (\$):	\$83,250,000	Restricted Value (\$):	\$35,740,000			
Construct/Rehab Loan To Cost (%):	80%	CalHFA Permanent Loan to Cost (%):	24.20%			
Construct/Rehab Loan To Value (%):	84%	CalHFA Permanent Loan to Value (%):	59%			
Land Value	\$3,900,000	Combined All CalHFA Loan to Value (%):	70%			
Additional Loan Terms, Conditions & Comments						
Construction/Rehab Loan (if applicable)						
Payment/Performance Bond:	Yes	Construction Period (Months):		24		
Completion Guarantee Letter of Credit:	Yes	Lease-up period (Months)		4		
		Perm Loan Forward Period (Months):		36		
Permanent Loan						
Operating Expense Reserve Deposit	\$ 629,860.95	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	Number of	Average	Number of	Est. No. of
	Bedrooms	Baths	Size (Sq. Ft.)	Units	Tenants
	SRO/Studio				0
Flat	1 Bedroom	1	534	78	117
Flat	2 Bedrooms	1	809	44	132
Flat	3 Bedrooms	2	1,125	41	185
	4 Bedrooms				0
	5 Bedrooms				0
		Total:	123,373	163	434

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	0%	30%	50%	60%	70%	120%		
CalHFA Bond	2nd			17	49			66	41%
CalHFA MIP	3rd			33		17	111	161	100%
CTCAC	4th		33		110	18		161	100%
Land Use Covenant	1st			18				18	11%
TOTALS		0	33	0	110	18	0	161	100%

Comparison of Average Monthly Restricted Rents to Average Market Rents

Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% below Market Rents
			Number of Units	Unit Rent			
1 Bedroom					\$2,250		
	CTCAC	30%	16	656		\$1,594	29%
	CTCAC	60%	54	\$1,366.00		\$884	61%
	CTCAC	70%	8	\$1,602.00		\$648	71%
2 Bedroom					\$2,750		
	CTCAC	0.3	9	787		\$1,963	29%
	CTCAC	60%	28	\$1,638		\$1,112	60%
	CTCAC	70%	5	\$1,922		\$828	70%
3 Bedrooms					\$3,650		
	CTCAC	0.3	8	912		\$2,738	25%
	CTCAC	60%	28	\$1,896		\$1,754	52%
	CTCAC	70%	5	\$2,224		\$1,426	61%

Total Number of Units Per Above Market Rate Units Not Shown Above
 Total Project Units

161
 2
 163

Average AMI 54.29%

Sources and Uses of Funds						
	23012-A/X/S					
SOURCES OF FUNDS	Const/Rehab	Permanent	Total Project Sources of Funds			
	\$	\$	Sources (\$)	Per Unit (\$)	% of Total	% of Category
C. Bank of America - Tax Exempt Loan	42,500,000				49.04%	49.04%
C. Bank of America - Tax Exempt Loan - Recycled Bonds	12,000,000				13.85%	13.85%
C. Bank of America- Taxable Tail	15,550,000				17.94%	17.94%
C. Tax Credit Equity - Federal	5,674,685				6.55%	6.55%
C. Tax Credit Equity - State	2,736,750				3.16%	3.16%
C. Deferred Operating Reserve	-				0.00%	0.00%
C. Def. Dev. Fee	8,205,046				9.47%	9.47%
P. CalHFA - Perm Loan		21,170,000	21,170,000	129,877	24.20%	24.2%
P. CalHFA MIP		4,000,000	4,000,000	24,540	4.57%	4.6%
P. Deferred Developer Fee		6,228,884	6,228,884	38,214	7.12%	7.1%
P. Tax Credit Equity		56,076,233	56,076,233	344,026	64.11%	64.1%
TOTAL SOURCES OF FUNDS	86,666,481	87,475,117	87,475,117	536,657		
TOTAL USES OF FUNDS (BELOW)	86,666,481	87,475,117	87,475,117	536,657		
FUNDING SURPLUS (DEFICIT)	0	(0)	0			
USES OF FUNDS	Const/Rehab	Permanent	Total Project Uses of Funds			
	\$	\$	Uses (\$)	Per Unit (\$)	%TDC	% of Category
TOTAL EQUITY AND LOAN PAYOFF		86,666,481				
LAND COST/ACQUISITION						
Land Cost or Value	3,900,000		3,900,000	23,926	4.46%	61.1%
Demolition	-		-	-		0.0%
Legal	-		-	-		0.0%
Land Lease Repayment	-		-	-		0.0%
Existing Improvement Value	-		-	-		0.0%
Off-Site Improvements	-		-	-		0.0%
Predevelopment Interest/Holding Costs	394,547		394,547	2,421	0.45%	6.2%
Assumed, Accrued Interest on Existing Debt (Rehab/Acquisition)	-		-	-		0.0%
Excess Purchase Price Over Appraisal	2,087,066		2,087,066	12,804	2.39%	32.7%
	-		-	-		0.0%
	-		-	-		0.0%
	-		-	-		0.0%
	-		-	-		0.0%
TOTAL LAND COST/ACQUISITION	6,381,613	-	6,381,613	39,151	7.30%	100.0%

USES OF FUNDS (contd)	Const/Rehab	Permanent	Total Project Uses of Funds		%TDC	% of Category
	\$	\$	Uses (\$)	Per Unit (\$)		
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:	-		-	-		
Payment and Performance Bonds	-			-		
TOTAL REHAB COSTS	-	-	-	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	-		-	-		0.0%
Structures	43,562,700		43,562,700	267,256	49.80%	85.4%
General Requirements	3,759,238		3,759,238	23,063	4.30%	7.4%
Contractor Overhead	-		-	-		0.0%
Contractor Profit	1,962,718		1,962,718	12,041	2.24%	3.8%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	313,744		313,744	1,925	0.36%	0.6%
Third-Party Construction Management	-		-	-		0.0%
Other: Payment and Performance Bonds/contingency	1,432,260		1,432,260	8,787	1.64%	2.8%
	-			-		0.0%
TOTAL CONSTRUCT COSTS	51,030,660	-	51,030,660	313,072	58.34%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	875,000		875,000	5,368	1.00%	40.9%
Survey/Engineering	964,572		964,572	5,918	1.10%	45.1%
Supervision	300,000		300,000	1,840	0.34%	14.0%
	-			-		0.0%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	2,139,572	-	2,139,572	13,126	2.45%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	3,434,375		3,434,375	21,070	3.93%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Loan Interest Amount):	3,434,375					100.0%
Construction Origination/Loan Fees	525,375		525,375	3,223	0.60%	100.0%
	-			-		0.0%
	-			-		0.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	525,375					100.0%
Credit Enhancement/Application Fee	1,810,000		1,810,000	11,104	2.07%	51.7%
Bond Premium	180,925		180,925	1,110	0.21%	5.2%
Cost of Issuance	-		-	-		0.0%
Title & Recording	131,000		131,000	804	0.15%	3.7%
Taxes	40,000		40,000	245	0.05%	1.1%
Insurance	1,339,842		1,339,842	8,220	1.53%	38.3%
CalHFA Issuer Fee -62,525	-			-		0.0%
CalHFA Inspection - 12,000	-			-		0.0%
CalHFA Recycling Fee - 25,000	-			-		0.0%
CalHFA Annual Monitoring Fee 7,500	-			-		0.0%
Other: (Specify)	-		-	-		0.0%
Subtotal:	\$ 3,501,767					100.0%
TOTAL CONSTRUCTION COST	7,461,517	-	7,461,517		8.5%	

USES OF FUNDS (contd)	Const/Rehab \$	Permanent \$	Total Project Uses of Funds			
			Uses (\$)	Per Unit (\$)	%TDC	% of Category
PERMANENT FINANCING COSTS						
Origination/Loan Fees	178,775	178,775	357,550	2,194	0.41%	100.0%
\$285,975 - CalHFA Perm	-	-				0.0%
\$40,000 - CalHFA MIP	-	-				0.0%
	-	-				0.0%
	-	-				0.0%
	-	-				0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):	\$ 178,775.00	\$ 178,775.00	\$ 357,550.00			100.0%
Credit Enhancement & Application Fees	123,000		123,000	755	0.14%	100.00%
						0.00%
						0.00%
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):	\$ 123,000.00	\$ -	123,000			100.0%
Title & Recording (closing costs)	43,500		43,500	267	0.05%	1.7%
Taxes	-		-	-		0.0%
Insurance	-		-	-		0.0%
	-		-	-		0.0%
	-		-	-		0.0%
Other: Const Loan Interest Post CoFo	2,007,661		\$ 2,007,661.03	12,317	2.30%	79.3%
TOTAL PERMANENT FINANCING COSTS	2,352,936	178,775	2,531,711	1553196.95%	2.9%	81.0%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES						
Lender Legal Paid by Applicant	100,000		100,000	61349.69%	0.1%	27.8%
	-					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: Partnership Legal	260,000		\$ 260,000	1,595	0.30%	72.2%
	-			-		0.0%
TOTAL LEGAL FEES	360,000	-	360,000	2,209	0.41%	100.0%
RESERVES						
Rent Reserves	-		-	-		0.0%
Capitalized Rent Reserves	-		-	-		0.0%
Operating Expense Reserve	(0)	629,861	629,861	3,864	0.72%	100.0%
Transition Operating Reserve	-			-		0.0%
Initial Replacement Reserve	-			-		0.0%
Investor Required Reserve	-			-		0.0%
Other:	-		\$ -	-		0.0%
TOTAL RESERVES	(0)	629,861	629,861	3,864	0.7%	100.0%
CONTINGENCY COSTS						
Construction Hard Cost Contingency	5.86%	2,551,533	2,551,533	15,654	2.92%	79.4%
Soft Cost Contingency (Warning)	2.00%	661,000	661,000	4,055	0.76%	20.6%
TOTAL CONTINGENCY COSTS	3,212,533	-	3,212,533	19,709	3.67%	100.0%

USES OF FUNDS (contd)	Const/Rehab \$	Permanent \$	Total Project Uses of Funds		%TDC	% of Category
			Uses (\$)	Per Unit (\$)		
OTHER PROJECT COSTS						
TCAC Application, Allocation & Monitor Fees	\$ 172,000		\$ 172,000	1,055	0.20%	4.6%
Environmental Audit	\$ 24,206		\$ 24,206	149	0.03%	0.6%
Local Development Impact Fees	\$ 1,794,623		\$ 1,794,623	11,010	2.05%	48.0%
Permit Processing Fees	\$ 684,761		\$ 684,761	4,201	0.78%	18.3%
Capital Fees	\$ -		\$ -	-	-	0.0%
Marketing	\$ 250,000		\$ 250,000	1,534	0.29%	6.7%
Furnishings	\$ 309,750		\$ 309,750	1,900	0.35%	8.3%
Market Study	\$ 9,050		\$ 9,050	56	0.01%	0.2%
Accounting/Reimbursables	\$ 135,000		\$ 135,000	828	0.15%	3.6%
Appraisal Costs	\$ -		\$ -	-	-	0.0%
	\$ -			-	-	0.0%
	\$ -			-	-	0.0%
	\$ -			-	-	0.0%
	\$ -			-	-	0.0%
	\$ -			-	-	0.0%
Other: Misc City/County/Other fees	\$ 17,275		\$ 17,275	106	0.02%	0.5%
Other: Organizational Costs	\$ 31,000		\$ 31,000	190	0.04%	0.8%
Other: Utility Connections/Deposits	\$ 311,100		\$ 311,100	1,909	0.36%	8.3%
TOTAL OTHER PROJECT COSTS	3,738,765	-	3,738,765	22,937	4.27%	100.0%
SUBTOTAL PROJECT COSTS	76,677,596	808,636	77,486,232	429,599	88.58%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	9,988,884		9,988,884	61,281	11.4%	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	9,988,884.27	-	9,988,884	61,281	11.4%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	86,666,480.58	87,475,117	87,475,117	536,657	100%	
NET BUDGET SURPLUS/DEFICIT	0.23	(0)	0			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	% Increase	Amount	Per Unit	% of Category
Rental Income				
Restricted Unit Rents	2.50%	\$ 2,773,644	\$ 17,016	96.14%
Unrestricted Unit Rents	2.50%	\$ 68,064	\$ 418	2.36%
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%	\$ 16,000	\$ 98	0.55%
Parking & Storage Income	2.50%	\$ -	\$ -	0.00%
Wifi Income	0.00%	\$ 27,384	\$ 168	0.95%
GROSS POTENTIAL INCOME (GPI)		\$ 2,885,092	17,700	
VACANCY RATES	%			
Restricted Unit Rents	5.00%	\$ 138,682	\$ 851	97.06%
Unrestricted Unit Rents	5.00%	\$ 3,403	\$ 21	2.38%
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%	\$ 800	\$ 5	0.56%
Parking & Storage Income	50.00%	\$ -	\$ -	0.00%
Wifi Income	0.00%	\$ -	\$ -	0.00%
TOTAL VACANCY LOSS		\$ 142,885	877	
EFFECTIVE GROSS INCOME (EGI)		\$ 2,742,207	16,823	

OPERATING EXPENSES				
Administrative Expenses	% Increase	Amount	Per Unit	% of Category
Advertising	3.50%	\$ 4,860	30	0.5%
Legal	3.50%	\$ 5,000	31	0.5%
Accounting/Audit	3.50%	\$ 11,000	67	1.1%
Security	3.50%	\$ 12,500	77	1.2%
Admin Costs	3.50%	\$ 36,090	221	3.6%
Total Administrative Expenses:	3.50%	\$ 69,450	426	6.9%
Management Fee	3.50%	\$ 111,986	687	11.1%
Utilities	% Increase	Amount	Per Unit	% of Category
Fuel	3.50%	\$ -	0	0.0%
Gas	3.50%	\$ -	0	0.0%
Electricity	3.50%	\$ 85,000	521	8.4%
Water/Sewer	3.50%	\$ 73,350	450	7.3%
	3.50%		0	0.0%
Total Utilities:	3.50%	\$ 158,350	971	15.7%
Payroll Expenses	% Increase	Amount	Per Unit	% of Category
On-site Managers	3.50%	\$ 107,500	660	10.7%
Number of Staff:	2			
Maintenance Personnel	3.50%	\$ 96,625	593	9.6%
Number of Rent-Free Units:	2			
Employee Burden	3.50%	\$ 45,000	276	4.5%
Total Payroll/Payroll Taxes:		\$ 249,125	1,528	24.7%
Insurance	3.50%	\$ 81,500	500	8.1%
Maintenance	% Increase	Amount	Per Unit	% of Category
Painting	3.50%	\$ 36,000	221	3.6%
Repairs	3.50%	\$ 36,000	221	3.6%
Trash Removal	3.50%	\$ 48,900	300	4.8%
Exterminating	3.50%	\$ 10,000	61	1.0%
Grounds	3.50%	\$ 15,000	92	1.5%
Elevator	3.50%	\$ 18,000	110	1.8%
Fire Sprinkler/Alarm Service	3.50%	\$ 9,010	55	0.9%
Total Maintenance:	3.50%	\$ 172,910	1,061	17.1%
Other Operating Expenses	% Increase	Amount	Per Unit	% of Category
Business License Tax	3.50%	\$ 800	5	0.1%
-	3.50%	\$ -	0	0.0%
Telephone	3.50%	\$ 11,410	70	1.1%
Employee Apartment	3.50%	\$ 68,064	418	6.7%
(specify here)	3.50%	\$ -	0	0.0%
Total Other Expenses:	3.50%	\$ 80,274	492	8.0%
Total Annual Residential Operating Expenses		\$ 923,595	5,666	91.6%
Transit Pass/Internet	3.50%	\$ -	0	0.0%
Total Annual Services Amenities Budget	2.50%	\$ 16,800	103	1.7%
Total Annual Reserve for Replacement	1.00%	\$ 40,750	250	4.0%
Total Annual Monitoring Fees	0.00%	\$ 3,615	22	0.4%
CalHFA Monitoring Fee	0.00%	\$ 7,500		
Total Annual Real Estate Taxes	1.25%	\$ 16,300	100	1.6%
Specialty Locality Taxes (community facilities district, mello	2.00%	\$ -	0	0.0%
Other (Specify):	3.50%	\$ -	0	0.0%
Other (Specify):	3.50%	\$ -	0	0.0%
other	3.50%		0	0.0%
GRAND TOTAL EXPENSES		\$ 1,008,560	6,187	100%
NET OPERATING INCOME (NOI)		\$ 1,733,647		
DEBT SERVICE PAYMENTS				
		Amount	Per Unit	
P. CalHFA - Perm Loan		\$ 1,510,884	\$ 9,269	
			\$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		\$ 1,510,884		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		\$ 222,763		
DEBT SERVICE COVERAGE RATIO (DSCR)		1.15		

Project Summary Budget		
Construction Sources and Uses		
Sources	Amount	% of Total
Bank of America - Tax Exempt Loan (Loan)	\$42,500,000	49.04%
Bank of America - Tax Exempt Loan - Recycled Bonds (Loan)	\$12,000,000	13.85%
Bank of America- Taxable Tail (Loan)	\$15,550,000	17.94%
Tax Credit Equity - Federal (Equity, LIHTC Investor)	\$5,674,685	6.55%
Tax Credit Equity - State (Equity, LIHTC Investor)	\$2,736,750	3.16%
Def. Dev. Fee (Developer Fee, Deferral)	\$8,205,046	9.47%
TOTAL CONSTRUCTION SOURCES	\$86,666,481	
TOTAL PER UNIT	\$531,696	
Uses	Amount	% of Total
Total Acquisition costs	\$6,381,613	7.36%
Construction/Rehab Costs	\$51,030,660	58.88%
Soft Costs	\$6,001,339	6.92%
Hard Cost contingency	\$2,551,533	2.94%
Soft Cost contingency	\$661,000	0.76%
Financing Costs	\$6,623,786	7.64%
Local Impact Fees	\$1,794,623	2.07%
Deferred Developer Fee	\$6,228,884	7.19%
Cash Portion Developer Fee (Paid After Completion)	3,760,000	4.34%
Other Costs	\$1,633,042	1.88%
TOTAL CONSTRUCTION USES	\$86,666,481	
TOTAL PER UNIT	\$531,696	

OK

Permanent Sources and Uses		
Sources	Amount	% of Total
CalHFA - Perm Loan (Developer Fee, Deferral)	\$21,170,000	24.2%
CalHFA MIP (Equity, LIHTC Investor)	\$4,000,000	4.6%
Deferred Developer Fee (Developer Fee, Deferral)	\$6,228,884	7.1%
Tax Credit Equity (Equity, LIHTC Investor)	\$56,076,233	64.1%
TOTAL PERMANENT SOURCES	\$87,475,117	100.0%
TOTAL PER UNIT	\$536,657	
Uses	Amount	% of Total
Total Loan Payoffs and Equity	\$76,677,597	87.7%
Financing costs	\$178,775	0.2%
Soft costs	\$0	0.0%
Soft Cost Contingency	\$0	0.0%
Operating Reserves	\$629,861	0.7%
Cash Developer Fee paid at Perm Conversion	\$3,760,000	4.3%
Deferred Developer Fees paid from cashflow	\$6,228,884	7.1%
TOTAL PERMANENT USES	\$87,475,117	100.0%
TOTAL PER UNIT	\$ 536,657	

CHECK

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Operating Proforma Summary

		Comments
Total Units	163	
Regulated Units	0	
Manager Units (Market Rate)	2	
Total Residential Square Feet	121,622	
Avg Sq Ft/Unit	123,373	
Rental Subsidies?	0	
No. of Units with Rental Subsidies	0	
Rental Subsidy Contract Term (Initial)	0	
Construction Start Date	2/1/2024	
Construction Completion Date	2/1/2026	
Construction Period (months)	24.00	
Lease-up Commencement Date:	2/1/2026	
Lease-up Completion Date	6/1/2026	
Lease-up Period (months)	4.00	per appraisal will be 8 mon
Perm Conversion Date	10/1/2026	
Lease-up Completion to Perm (months)	8.000	

Project Unit Mix	Average	Number of	0%	30%	50%	60%	70%	120%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	534	78	0	16	0	54	8	0	
2 Bedrooms	809	42	0	9	0	28	5	0	
3 Bedrooms	1,125	41	0	8	0	28	5	0	
4 Bedrooms	0	0	0	0	0	0	0	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	13,942	161							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	17	
Adjusted Gross Income	2,841,708	3,136,714	3,548,904	4,015,259	4,218,531	
Other Income/Subsidies	43,384	49,085	57,303	66,934	71,236	
Projected Vacancy and Discount Loss	138,682	153,079	173,195	195,954	205,875	
Effective Gross Income (EGI)	2,746,410	3,032,719	3,433,012	3,886,239	4,083,893	
Total Operating Expenses	1,008,560	1,149,040	1,353,657	1,596,108	1,705,222	
Reserve For Replacement	40,750	42,405	44,568	46,841	47,783	
Net Operating Income (NOI)	1,737,850	1,883,679	2,079,355	2,290,130	2,378,670	
Total Debt Service & Other Payments	1,510,884	1,510,884	1,510,884	1,510,884	1,510,884	
Cash Flow After Debt Service	226,966	372,795	568,472	779,246	867,786	
Debt Service Coverage Ratio	1.15	1.25	1.38	1.52	1.57	
Income/Expense Ratio	2.72	2.64	2.54	2.43	2.39	
Less:						
LP Management Fee	7,500	8,441	9,786	11,344	0	
GP Partnership Management Fee	30,000	33,765	39,143	45,378	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	100%	100%	100%	50%	50%	
Cumulative Developer Distribution	189,466	1,297,370	3,511,564	6,010,959	6,856,460	
Residual Receipts %	0%	0%	0%	50%	50%	
Cumulative Residual Repts Repayment	0	0	0	701,667	1,547,169	
Unpaid CalHFA loan Balance						
Perm Loan	21,059,365	20,535,857	19,653,266	18,424,888	17,807,962	
MIP Subordinate (RR) Loan	1	5	10	15	17	
Reserves Balances:						
Operating Reserve	629,861	629,861	629,861	629,861	629,861	
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%	\$ 2,773,644	\$ 2,842,985	\$ 2,914,060	\$ 2,986,911	\$ 3,061,584	\$ 3,138,124	\$ 3,216,577	\$ 3,296,991	\$ 3,379,416	\$ 3,463,901
Unrestricted Unit Rents	2.50%	68,064	69,766	71,510	73,297	75,130	77,008	78,933	80,907	82,929	85,003
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	16,000	16,400	16,810	17,230	17,661	18,103	18,555	19,019	19,494	19,982
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
Wifi Income	3.50%	27,384	28,342	29,334	30,361	31,424	32,524	33,662	34,840	36,059	37,322
GROSS POTENTIAL INCOME (GPI)		\$ 2,885,092	\$ 2,957,493	\$ 3,031,714	\$ 3,107,800	\$ 3,185,799	\$ 3,265,758	\$ 3,347,727	\$ 3,431,757	\$ 3,517,899	\$ 3,606,207
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	\$ 138,682	\$ 142,149	\$ 145,703	\$ 149,346	\$ 153,079	\$ 156,906	\$ 160,829	\$ 164,850	\$ 168,971	\$ 173,195
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	0.00%	-	-	-	-	-	-	-	-	-	-
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
Wifi Income	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		\$ 138,682	\$ 142,149	\$ 145,703	\$ 149,346	\$ 153,079	\$ 156,906	\$ 160,829	\$ 164,850	\$ 168,971	\$ 173,195
EFFECTIVE GROSS INCOME (EGI)		\$ 2,746,410	\$ 2,815,344	\$ 2,886,011	\$ 2,958,455	\$ 3,032,719	\$ 3,108,852	\$ 3,186,898	\$ 3,266,907	\$ 3,348,928	\$ 3,433,012
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	\$ 69,450	\$ 71,881	\$ 74,397	\$ 77,000	\$ 79,695	\$ 82,485	\$ 85,372	\$ 88,360	\$ 91,452	\$ 94,653
Management Fee	3.50%	111,986	115,905	119,962	124,161	128,506	133,004	137,659	142,477	147,464	152,625
Utilities	3.50%	158,350	163,892	169,628	175,565	181,710	188,070	194,653	201,465	208,517	215,815
Payroll/Payroll Taxes	3.50%	249,125	257,844	266,869	276,209	285,877	295,882	306,238	316,957	328,050	339,532
Insurance	3.50%	81,500	84,353	87,305	90,361	93,523	96,796	100,184	103,691	107,320	111,076
Maintenance	3.50%	172,910	178,962	185,226	191,708	198,418	205,363	212,551	219,990	227,689	235,659
Other Operating Expenses	3.50%	80,274	83,084	85,992	89,001	92,116	95,340	98,677	102,131	105,706	109,405
Services & Amenities	2.50%	16,800	17,220	17,651	18,092	18,544	19,008	19,483	19,970	20,469	20,981
Reserve for Replacement	1.00%	40,750	41,158	41,569	41,985	42,405	42,829	43,257	43,690	44,126	44,568
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
Other Monitoring Fee	0.00%	3,615	3,615	3,615	3,615	3,615	3,615	3,615	3,615	3,615	3,615
Real Estate & Specialty Taxes	1.25%	16,300	16,504	16,710	16,919	17,130	17,345	17,561	17,781	18,003	18,228
TOTAL OPERATING EXPENSES		\$ 1,008,560	\$ 1,041,917	\$ 1,076,423	\$ 1,112,117	\$ 1,149,040	\$ 1,187,237	\$ 1,226,750	\$ 1,267,626	\$ 1,309,912	\$ 1,353,657
NET OPERATING INCOME (NOI)		\$ 1,737,850	\$ 1,773,427	\$ 1,809,588	\$ 1,846,338	\$ 1,883,679	\$ 1,921,615	\$ 1,960,148	\$ 1,999,281	\$ 2,039,017	\$ 2,079,355
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA - Perm Loan	1	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884
TOTAL DEBT SERVICE		\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884
CASH FLOW AFTER DEBT SERVICE		\$ 226,966	\$ 262,543	\$ 298,704	\$ 335,454	\$ 372,795	\$ 410,731	\$ 449,264	\$ 488,397	\$ 528,133	\$ 568,472
DEBT SERVICE COVERAGE RATIO (DSCR)		1.15	1.17	1.20	1.22	1.25	1.27	1.30	1.32	1.35	1.38
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%	\$ 7,500	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441	\$ 8,695	\$ 8,955	\$ 9,224	\$ 9,501	\$ 9,786
GP Partnership Management Fee	3.0%	\$ 30,000	\$ 30,900	\$ 31,827	\$ 32,782	\$ 33,765	\$ 34,778	\$ 35,822	\$ 36,896	\$ 38,003	\$ 39,143
Cashflow available for distribution		\$ 189,466	\$ 223,918	\$ 258,921	\$ 294,477	\$ 330,589	\$ 367,258	\$ 404,487	\$ 442,277	\$ 480,629	\$ 519,543

		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Developer Distribution	100%	\$ 189,466	\$ 223,918	\$ 258,921	\$ 294,477	\$ 330,589	\$ 367,258	\$ 404,487	\$ 442,277	\$ 480,629	\$ 519,543
Deferred developer fee start balance	6,228,884	6,228,884	6,039,418	5,815,500	5,556,580	5,262,103	4,931,514	4,564,256	4,159,769	3,717,492	3,236,863
Deferred Developer fee payment	13	189,466	223,918	258,921	294,477	330,589	367,258	404,487	442,277	480,629	519,543
Deferred Developer fee end balance		\$ 6,039,418	\$ 5,815,500	\$ 5,556,580	\$ 5,262,103	\$ 4,931,514	\$ 4,564,256	\$ 4,159,769	\$ 3,717,492	\$ 3,236,863	\$ 2,717,321
Additional Developer Distribution		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Residual Receipt Payments	50%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	<i>Payment %</i>	-	-	-	-	-	-	-	-	-	-
P. CalHFA MIP	100.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	-	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments											
RESIDUAL RECEIPTS LOANS	Interest Rate	1	2	3	4	5	6	7	8	9	10
P. CalHFA MIP	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
0											
0											
0											
0											
0											
0											
0											
Total Residual Receipts Payments		\$ 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

Cashflow Projections								
	YEAR	11	12	13	14	15	16	17
RENTAL INCOME		Inflation %						
Restricted Unit Rents	2.50%	\$ 3,550,499	\$ 3,639,261	\$ 3,730,243	\$ 3,823,499	\$ 3,919,086	\$ 4,017,064	\$ 4,117,490
Unrestricted Unit Rents	2.50%	87,128	89,306	91,539	93,827	96,173	98,577	101,041
Commercial Rents	2.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-
Laundry Income	2.50%	20,481	20,993	21,518	22,056	22,608	23,173	23,752
Parking & Storage Income	2.50%	-	-	-	-	-	-	-
Wifi Income	3.50%	38,628	39,980	41,379	42,827	44,326	45,878	47,483
GROSS POTENTIAL INCOME (GPI)		\$ 3,696,736	\$ 3,789,540	\$ 3,884,679	\$ 3,982,209	\$ 4,082,193	\$ 4,184,691	\$ 4,289,767
VACANCY AND OTHER LOSSES		%						
Restricted Unit Rents	5.00%	\$ 177,525	\$ 181,963	\$ 186,512	\$ 191,175	\$ 195,954	\$ 200,853	\$ 205,875
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-
Laundry Income	0.00%	-	-	-	-	-	-	-
Parking & Storage Income	50.00%	-	-	-	-	-	-	-
Wifi Income	0.00%	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		\$ 177,525	\$ 181,963	\$ 186,512	\$ 191,175	\$ 195,954	\$ 200,853	\$ 205,875
EFFECTIVE GROSS INCOME (EGI)		\$ 3,519,211	\$ 3,607,577	\$ 3,698,167	\$ 3,791,034	\$ 3,886,239	\$ 3,983,838	\$ 4,083,893
OPERATING EXPENSES		Inflation %						
Administrative Expenses	3.50%	\$ 97,966	\$ 101,395	\$ 104,944	\$ 108,617	\$ 112,418	\$ 116,353	\$ 120,425
Management Fee	3.50%	157,967	163,496	169,218	175,141	181,271	187,615	194,182
Utilities	3.50%	223,368	231,186	239,278	247,652	256,320	265,291	274,577
Payroll/Payroll Taxes	3.50%	351,415	363,715	376,445	389,621	403,257	417,371	431,979
Insurance	3.50%	114,964	118,988	123,152	127,462	131,924	136,541	141,320
Maintenance	3.50%	243,907	252,443	261,279	270,424	279,888	289,685	299,824
Other Operating Expenses	3.50%	113,234	117,198	121,300	125,545	129,939	134,487	139,194
Services & Amenities	2.50%	21,505	22,043	22,594	23,159	23,738	24,331	24,940
Reserve for Replacement	1.00%	45,013	45,463	45,918	46,377	46,841	47,309	47,783
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Monitoring Fee	0.00%	3,615	3,615	3,615	3,615	3,615	3,615	3,615
Real Estate & Specialty Taxes	1.25%	18,456	18,687	18,920	19,157	19,396	19,639	19,884
TOTAL OPERATING EXPENSES		\$ 1,398,912	\$ 1,445,729	\$ 1,494,163	\$ 1,544,270	\$ 1,596,108	\$ 1,649,738	\$ 1,705,222
NET OPERATING INCOME (NOI)		\$ 2,120,299	\$ 2,161,848	\$ 2,204,004	\$ 2,246,765	\$ 2,290,130	\$ 2,334,100	\$ 2,378,670
DEBT SERVICE PAYMENTS		Lien						
P. CalHFA - Perm Loan	1	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884
TOTAL DEBT SERVICE		\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884	\$ 1,510,884
CASH FLOW AFTER DEBT SERVICE		\$ 609,415	\$ 650,965	\$ 693,120	\$ 735,881	\$ 779,246	\$ 823,216	\$ 867,786
DEBT SERVICE COVERAGE RATIO (DSCR)		1.40	1.43	1.46	1.49	1.52	1.54	1.57
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target

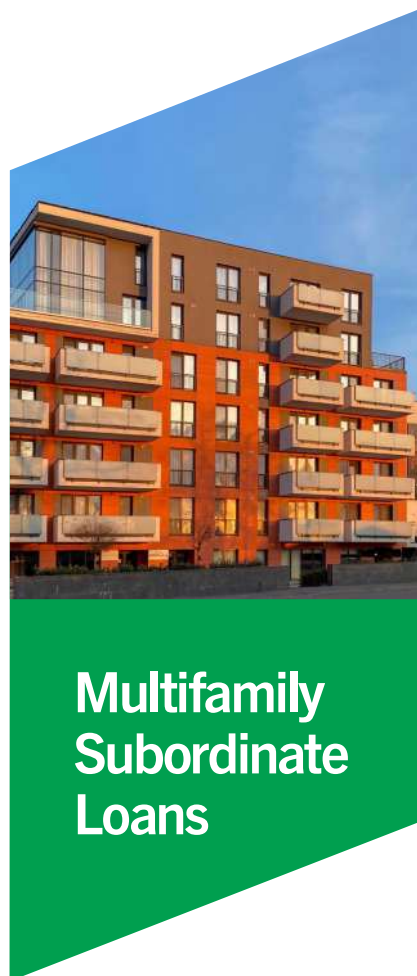
LP Management Fee	3.0%	\$ 10,079	\$ 10,382	\$ 10,693	\$ 11,014	\$ 11,344	\$ -	\$ -
GP Partnership Management Fee	3.0%	\$ 40,317	\$ 41,527	\$ 42,773	\$ 44,056	\$ 45,378	\$ -	\$ -
Cashflow available for distribution		\$ 559,018	\$ 599,056	\$ 639,654	\$ 680,811	\$ 722,524	\$ 823,216	\$ 867,786

		100%	100%	100%	50%	50%	50%	50%
Developer Distribution	100%	\$ 559,018	\$ 599,056	\$ 639,654	\$ 340,405	\$ 361,262	\$ 411,608	\$ 433,893
Deferred developer fee start balance	6,228,884	2,717,321	2,158,302	1,559,246	919,593	919,593	919,593	919,593
Deferred Developer fee payment	13	559,018	599,056	639,654	-	-	-	-
Deferred Developer fee end balance		\$ 2,158,302	\$ 1,559,246	\$ 919,593	\$ 919,593	\$ 919,593	\$ 919,593	\$ 919,593
Additional Developer Distribution		\$ -	\$ -	\$ -	\$ 340,405	\$ 361,262	\$ 411,608	\$ 433,893

Residual Receipt Payments	50%	0%	0%	0%	50%	50%	50%	50%
	Payment %	-	-	-	340,405	361,262	411,608	433,893
P. CalHFA MIP	100.00%	-	-	-	340,405	361,262	411,608	433,893
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	-	-	-	340,405	361,262	411,608	433,893

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	Interest Rate	11	12	13	14	15	16	17
P. CalHFA MIP	3.00%	\$ 5,200,000	\$ 5,320,000	\$ 5,440,000	\$ 5,560,000	\$ 5,339,595	\$ 5,098,333	\$ 4,806,725
0								
0								
0								
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0								
Total Residual Receipts Payments		\$ 5,200,000	\$ 5,320,000	\$ 5,440,000	\$ 5,560,000	\$ 5,339,595	\$ 5,098,333	\$ 4,806,725



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 multi-family 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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Qualifications: Uses continued

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.

Qualifications: Construction Start continued

- 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 to 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. ■

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



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](#).



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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

Subordinate Financing continued

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.**

Due Diligence continued

- **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).

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.

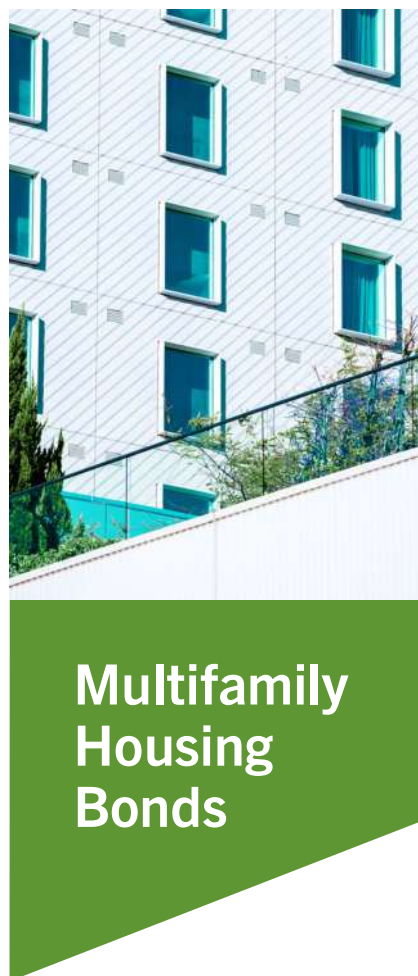
Issuer Fee:

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.



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Fees continued

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. ■

1400 Long Beach – Near



1400 Long Beach- Far

