

CalHFA MULTIFAMILY PROGRAMS DIVISION

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

Senior Loan Committee "Approval": 2/1/2024
 for Board Meeting on: 02/21/2024

Project Name, County:	Battery Point Apartments, Del Norte	
Address:	Adjacent to 1050 E Street, Crescent City, CA 95531	
Type of Project:	New Construction	
CalHFA Project Number:	23-010-A/X/N	Total Units: 162 Family/Senior
Requested Financing by Loan Program:	Up to \$45,000,000	CalHFA Tax-Exempt Bond – Conduit Issuance Amount (\$38,430,000 allocated by CDLAC on 8/23/2023, supplemental request for \$2,232,000 allocated on 12/21/2023, assuming current need is \$40,662,000)*
	Up to \$8,000,000	CalHFA Tax-Exempt Recycled Bond – Conduit Issuance Amount (assuming current need is \$6,588,000)*
	\$16,375,000	CalHFA Taxable 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:	Step Forward Communities, a Public California Nonprofit Public Benefit Corporation and Synergy Community Development Corporation	Borrower:	SSF Battery Point LP
Permanent Lender:	CalHFA	Construction Lender:	RBC Capital Markets, LLC
Equity Investor:	RBC Community Investments	Management Company:	MBS Property Management, Inc.
Contractor:	Argenta Construction Group, LLC	Architect	KFA Architecture
Loan Officer:	Jennifer Beardwood	Loan Specialist:	N/A
Asset Manager:	Cristina Green	Loan Administration:	Elizabeth Brown
Legal (Internal):	Torin Heenan	Legal (External):	Orrick, Herrington & Sutcliffe
Concept Meeting Date:	8/10/2023	Approval Expiration Date:	180 days from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE/ RBC CONSTRUCTION LOAN (LIMITED PUBLIC OFFERING)	CalHFA PERMANENT LOAN	CalHFA MIP SUBSIDY LOAN AND SUPPLEMENTAL MIP LOAN
	Total Loan Amount	\$40,662,000 (Tax-Exempt) \$6,588,000 (Tax-Exempt Recycled)	\$16,375,000	\$4,000,000 (\$25,000/restricted unit)
	Loan Term & Lien Position	36 months – interest only; 1 st Lien Position during construction	40 year – partially amortizing due in year 30; 1 st Lien Position during permanent loan term	30 year – Residual Receipts; 2 nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	3-year MMD +2.43% Underwritten at 6.00% fixed rate	Underwritten at 6.98% that includes a 0.50% underwriting cushion* 30-year MMD + 2.77% Estimated 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 103% of investment value	LTV is 82% of restricted value**	N/A
	Loan to Cost	58%	24.97%	N/A

*CalHFA spreads locked on 1/18/2024 The underwriting cushion of 0.50% is to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.

**Loan to Value based on appraisal dated 11/9/2023 prepared by Newmark Valuation & Advisory.

Summary of Material Changes from Initial Commitment Approval	
☒	Changes in Borrower/Sponsor entities including Co-developer(s), if any: GreenShoots, LLC was included as co-developer at Initial Commitment. GreenShoots, LLC will provide consulting services for the Project but is no longer a co-developer on the Project. Greenshoots was not a part of the borrowing entity. The CDLAC general partner experience points were earned through the previous experience of Synergy Development Corporation so removing GreenShoots as a co-developer for the project does not impact the points the Project earned for general partner experience.
☒	Changes in Other Development Team members: (Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders): - The General Contractor has changed from US Development and Construction Inc to Allied Argenta which is the parent organization of GC Allied Construction. Synergy has developed two transactions in the past with this team. There is a 14-year history between the organizations. - The architect for the Project has changed from Aurora Design to KFA Architecture as this firm has modular construction design experience and CTCAC experience. Please refer to Sections 33 and 34 for additional information related to the Architect and General Contractor.

☒	Changes in Project Scope (for example, addition of non-residential component): The Developer initially planned three residential buildings with two separate club houses and management offices to make up the original 5 buildings. In continued meetings with the City, its consultants, and holding public community meetings, the plans were changed to bring the office and community space into each of the respective senior and family apartments buildings to create more green space (as requested by the City), and to deal with the larger rain and wind that are common near the redwoods along the coast in far Northern California.																																																																																
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms: The CalHFA Permanent Loan has increased by 11.02% since original underwriting. This increase has been the result of the inclusion of both increased rent limits as released by CTCAC on 5/14/2023 and the increase of the contract rents for the 70 project-based voucher units as confirmed by the City of Crescent City on 11/7/2023. These changes to the Effective Gross Income allow the project to support more permanent debt. Please see the table below for summary changes to the operating budget. <table border="1"> <thead> <tr> <th></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>\$14,750,000</td> <td>\$16,375,000</td> <td>\$1,625,000</td> <td>11.02%</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>HCD IIG</td> <td>\$7,437,700</td> <td>\$0</td> <td>-\$7,437,700</td> <td>-100.00%</td> </tr> <tr> <td>Sponsor Loan (HCD IIG)</td> <td>\$0</td> <td>\$7,435,400</td> <td>\$7,435,400</td> <td>100.00%</td> </tr> <tr> <td>Deferred Developer Fee</td> <td>\$5,976,992</td> <td>\$6,138,596</td> <td>\$161,604</td> <td>2.70%</td> </tr> <tr> <td>Tax Credit Equity</td> <td>\$45,859,900</td> <td>\$47,362,000</td> <td>\$1,502,100</td> <td>3.28%</td> </tr> <tr> <td>TOTAL PERMANENT SOURCES</td> <td>\$78,024,592</td> <td>\$81,310,996</td> <td>\$3,286,404</td> <td>4.21%</td> </tr> <tr> <td>TOTAL PER UNIT</td> <td>\$481,633</td> <td>\$501,920</td> <td>\$20,287</td> <td>4.21%</td> </tr> <tr> <td>Total Loan Payoffs and Equity</td> <td>\$67,242,059</td> <td>\$70,433,654</td> <td>\$3,191,595</td> <td>4.75%</td> </tr> <tr> <td>Financing costs</td> <td>\$130,625</td> <td>\$142,813</td> <td>\$12,188</td> <td>9.33%</td> </tr> <tr> <td>Operating Reserves</td> <td>\$989,034</td> <td>\$1,071,655</td> <td>\$82,621</td> <td>8.35%</td> </tr> <tr> <td>Cash Developer Fee paid at Perm Conversion</td> <td>\$3,685,882</td> <td>\$3,524,278</td> <td>-\$161,604</td> <td>-4.38%</td> </tr> <tr> <td>Deferred Developer Fees paid from cashflow</td> <td>\$5,976,992</td> <td>\$6,138,596</td> <td>\$161,604</td> <td>2.70%</td> </tr> <tr> <td>TOTAL PERMANENT USES</td> <td>\$78,024,592</td> <td>\$81,310,996</td> <td>\$3,286,404</td> <td>4.21%</td> </tr> <tr> <td>TOTAL PER UNIT</td> <td>\$481,633</td> <td>\$501,920</td> <td>\$20,287</td> <td>4.21%</td> </tr> </tbody> </table>		Initial Commitment	Final Commitment	Difference	% Increase/Decrease	CalHFA - Perm Loan	\$14,750,000	\$16,375,000	\$1,625,000	11.02%	CalHFA MIP	\$4,000,000	\$4,000,000	\$0	0.00%	HCD IIG	\$7,437,700	\$0	-\$7,437,700	-100.00%	Sponsor Loan (HCD IIG)	\$0	\$7,435,400	\$7,435,400	100.00%	Deferred Developer Fee	\$5,976,992	\$6,138,596	\$161,604	2.70%	Tax Credit Equity	\$45,859,900	\$47,362,000	\$1,502,100	3.28%	TOTAL PERMANENT SOURCES	\$78,024,592	\$81,310,996	\$3,286,404	4.21%	TOTAL PER UNIT	\$481,633	\$501,920	\$20,287	4.21%	Total Loan Payoffs and Equity	\$67,242,059	\$70,433,654	\$3,191,595	4.75%	Financing costs	\$130,625	\$142,813	\$12,188	9.33%	Operating Reserves	\$989,034	\$1,071,655	\$82,621	8.35%	Cash Developer Fee paid at Perm Conversion	\$3,685,882	\$3,524,278	-\$161,604	-4.38%	Deferred Developer Fees paid from cashflow	\$5,976,992	\$6,138,596	\$161,604	2.70%	TOTAL PERMANENT USES	\$78,024,592	\$81,310,996	\$3,286,404	4.21%	TOTAL PER UNIT	\$481,633	\$501,920	\$20,287	4.21%
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☐	Changes in construction schedule and rent-up/conversion timeline: n/a																																																																																
☒	Significant changes in project capital stack impacting project viability: (DSCR, exit analysis, etc.) At Initial commitment, the HCD IIG funding was shown as a grant to the Borrower which was incorrect. The HCD IIG funding is structured as a Sponsor loan and not a grant to the Borrower as mentioned in the Initial Commitment. For tax purposes, the Infill Infrastructure Grant should be made to the nonprofit sponsor, and then the nonprofit sponsor uses the proceeds to fund a long-term loan (payable only upon maturity) to the Borrower, allowing the expenditures funded from the original grant proceeds to be included in eligible basis. A direct grant would need to be excluded (and reduces) basis. The Sponsor loan, it is not included in RR split and is behind CalHFA MIP loan in seniority (3rd lien)																																																																																



Changes in Operating budget, rental assistance/operating subsidy assumptions:

- The Gross Potential Income has increased by \$189,288 which is attributed to the inclusion of both increased rent limits as released by TCAC on 5/14/2023 and the increase of the contract rents for the 70 project-based voucher units confirmed by the City of Crescent City 11/7/2023.
- Total operating expenses have increased by \$8,986 which is primarily the expenses for administration and payroll taxes with a slight decrease to taxes.
- The overall changes to the operating budget results in an increase of the Project's Net Operating Income (NOI) by \$170,838, however, an increase of \$170,631 in the debt service leads to a slight increase of surplus cash after debt service by \$207, and a reduction to the 1st year DSCR by .02 bps from 1.18 to 1.16, as shown in the chart below.

	Initial	Final	Difference	% Increase/Decrease
Gross Potential Income (GPI)	2,258,610	2,447,898	189,288	8.4%
Vacancy	112,931	122,395	9,464	8.4%
Total Income	2,145,679	2,325,503	179,824	8.4%
Admin Exp	25,933	33,223	7,290	28.1%
Mgmt Fee	112,752	112,752	0	0.0%
Utilities	166,650	166,650	0	0.0%
Payroll/PR Taxes	256,585	259,585	3,000	1.2%
Insurance	64,800	64,800	0	0.0%
Maintenance	188,325	188,325	0	0.0%
Other OpEx*	92,082	90,778	-1,304	-1.4%
Total OpEx	907,127	916,113	8,986	1.0%
NOI	1,238,552	1,409,390	170,838	13.8%
Debt Service	1,047,628	1,218,259	170,631	16.3%
Surplus Cash	190,924	191,131	207	0.1%
DSCR	1.18	1.16	-0.02	-1.7%
*Other OpEx				
Fidelity Insurance	882	882	0	0.0%
Supportive Services	20,000	20,000	0	0.0%

	Replacement Reserve	48,600	48,600	0	0.0%
	CalHFA Monitoring Fee	7,500	7,500	0	0.0%
	Taxes	15,100	13,796	-1,304	-8.6%
	Total Other Income	92,082	90,778	-1,304	-1.4%
☒	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	907,127	916,113	8,986	1.0%
	Debt Service Payment	1,047,628	1,218,259	170,631	16.3%
	Required Operating Reserve (3 months)	488,689	533,593	44,904	9.2%
		Initial	Final	Difference	% Increase/Decrease
	Perm Loan	\$14,750,000	\$16,375,000	\$1,625,000	11.02%
☒	Changes in Affordability Restrictions including Unit distribution for regulated units: - Affordability restriction changes were a result of accommodating the request of the Crescent City Housing Authority (CCHA) Director's request to better align with the waiting list while preserving overall affordability and maintaining soft funding. The (CCHA) reviewed demand for unit sizes on their waiting list and concluded that 3 bedrooms were more needed than 4 bedrooms. Therefore, the PBV for two (2) of the 4-bedroom units were moved to two (2) of the 3-bedroom units. Also, to maximize overall debt, meet ADA requirements and AMI rounding rules necessitated moving the manager's unit to a 4-bedroom unit. The Project changed 1 manager from a 3-bedroom unit to a 4-bedroom unit. - There were changes to the rental restrictions for the 3-bedroom and 4-bedroom units: 3-bedroom unit changes: - Two additional units rented at 30% AMI - Two less units regulated at 60% AMI - One additional unit regulated at 70% AMI (former manager unit) 4-bedroom unit changes: - Two less units rented at 30% AMI - One unit rented at 50% AMI - One designated as a manger unit				

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#2 Jared Huffman	Assembly:	#2 Jim Wood	State Senate:	#2 Mike McGuire
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	Brief Project Description Battery Point Apartments (the “Project”) is a new construction, family and senior, 62+ years of age, mixed-income Project. The Project consists of 3 total buildings. Two five-story elevator-serviced buildings for the family units, one of these buildings being four-story residential above one-story podium parking. The senior building is a four-story elevator-service building with surface parking spaces. The buildings will be constructed with wood-frame covered with a metal cladding surface on a reinforced concrete foundation. Developer is planning to use steel modular units manufactured off-site and assembled on-site for the senior building. There will be 162 total units, 160 of which will be restricted between 30% and 70% of the Del Norte County Area Median Income (AMI). The site will be divided into three parcels at or before construction loan closing. Parcel 1 will contain 40 senior units: 30 one-bedroom units at 650 sf., 10 two-bedroom units at 860 sf. and one manager unit. Parcel 2 will contain 2 buildings with 120 family units and one manager unit. The two, family buildings (Buildings B & C) will contain 24 one-bedroom units at 650 sf, 52 two-bedroom units at 860 sf, 29 three-bedroom units at 1,036 sf and 15 four-bedroom units at 1,228 sf. One-half an acre of Parcel 2, will be developed into a dog park that will be donated to the City and funded partly by the HCD Infill Infrastructure Grant (“HCD-IIG”) funds. One two-bedroom unit and one four-bedroom unit will serve as the manager units for the senior and family buildings respectively. Evidence of Site control. The site is currently vacant. The current owner, Highridge Costa Partners, LLC, and the Project owner and developer, Synergy Community Development Corporation, entered into a Purchase and Sale Agreement (“PSA”) dated July 12, 2022, which expires on February 19, 2024, for an amount of \$1,200,000. The PSA is expected to be extended to March 20, 2024, and will be assigned to SSF Battery Point LP prior to construction loan closing. Financing Structure: The Project’s financing structure includes financing from tax-exempt bonds, taxable or recycled bonds, 4% Federal Tax Credit equity, state housing tax credits, along with CalHFA’s Tax-Exempt Permanent 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. The bond cap requested is approximately 51.90% aggregate basis requirement (the “50% test”). Ground Lease: Not applicable. Project Amenities: The Project will contain a community room, exercise room, picnic area, playground, laundry room, computer room, and dog park. Additionally, a library will be available to seniors and a service coordinator will provide services to all tenants. Unit amenities will include a microwave, dishwasher (3 & 4 bedroom only), garbage disposal, and in-unit Wi-Fi service. Local Resources and Services: For CTCAC/CDLAC purposes, the Project is located within a Lower resource area per CTCAC/HCD’s Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.8 of miles • Schools – 0.1 of miles • Public Library – 0.3 of miles • Public transit – 0.2 of miles • Retail – 0.8 of miles • Park and recreation – 0.4 of miles • Hospitals – 1.4 of miles
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		Senior center(s) –1.5 of 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.

MISSION

3.	CalHFA Mission/Goals	
This Project and financing proposal provide 160 units of affordable housing with a range of restricted rents between 30% 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:	4/20/2024	Est. Construction Loan Closing:	03/2024
	Estimated Construction Start:	3/2024	Est. Construction Completion:	4/1/2026
	Estimated Stabilization and Conversion to Perm Loan(s):	03/2027		

SOURCES OF FUNDS

5.

Project Summary Budget		
Construction Sources and Uses		
Sources	Amount	% of Total
RBC (CALHFA Conduit)- TE (Loan) - 1st lien position, 6.0% rate, interest only – 36 months	\$40,662,000	57.15%
RBC (CALHFA Conduit) – TE Recycled (Loan) – 1st lien position, 6.0% rate, interest only – 36 months	\$6,588,000	9.26%
Sponsor Loan (HCD IIG) – 2nd lien position, 3.0% rate, paid upon maturity – 660 months	\$7,435,400	10.45%
RBC Community Investments (Equity, LIHTC Investor)	\$16,468,367	23.14%
TOTAL CONSTRUCTION SOURCES	\$71,153,767	100%
TOTAL PER UNIT	\$439,221	
Uses	Amount	% of Total
Total Acquisition costs	\$1,200,000	1.69%
Construction/Rehab Costs	\$56,806,502	79.84%
Soft Costs	\$2,720,750	3.82%
Hard Cost contingency (5.07% of Hard Cost)	\$2,739,511	3.85%

Soft Cost contingency (2.60% of Soft Cost)	\$460,000	0.65%
Financing Costs	\$4,135,565	5.81%
Local Impact Fees	\$1,116,851	1.57%
Deferred Developer Fee (Paid During Construction)	\$720,113	1.01%
Other Costs	\$1,254,475	1.76%
TOTAL CONSTRUCTION USES	\$71,153,767	100%
TOTAL PER UNIT	\$439,221	

Permanent Sources and Uses		
Sources	Amount	% of Total
CalHFA (Loan) 1st lien position, 6.98% rate, 30-year term with 40-year amortization	\$16,375,000	20.1%
CalHFA MIP (Loan) 2nd lien position, 3.00% rate, residual receipts, 30-year term	\$4,000,000	4.9%
Sponsor Loan (HCD IIG) – 3rd lien position, 3.0% rate, paid upon maturity – 55 years	\$7,435,400	9.1%
Deferred Developer Fee (Developer Fee, Deferral)	\$6,138,596	7.5%
Tax Credit Equity (Equity, LIHTC Investor)	\$47,362,000	58.2%
TOTAL PERMANENT SOURCES	\$81,310,996	100.0%
TOTAL PER UNIT	\$501,920	
Uses	Amount	% of Total
Total Loan Payoffs and Equity	\$70,433,654	86.6%
Financing costs	\$142,813	0.2%
Operating Reserves	\$1,071,655	1.3%
Cash Developer Fee paid at Perm Conversion	\$3,524,278	4.3%
Deferred Developer Fees paid from cashflow	\$6,138,596	7.5%
TOTAL PERMANENT USES	\$81,310,996	100.0%
TOTAL PER UNIT	\$501,920	

Subsidy Efficiency: \$4,000,000 (\$25,000 per MIP restricted units).

Construction Financing: RBC will sell the bonds through a limited public placement of bonds to qualified investors, with draws managed by a third-party firm. The Trustee (US Bank) will then disburse funds for construction draws. RBC will also purchase and syndicate the low-income housing tax credits.

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

- 4% Federal Tax Credits: \$40,465,090 (\$252,907 per CTCAC restricted unit).
- State Tax Credits: \$16,011,905 (\$100,074 per CTCAC restricted unit).

* The project includes Certificated State Tax Credits, which will be contributed to the project as a State Tax Credit Loan from Step Forward Communities, a Nonprofit Public Benefit Corporation, who will execute a promissory note in

	the estimated amount of \$13,450,000 and deed of trust that will be secured against the property and recorded in last lien position. The State Tax Credit loan will bear 3% interest and a 55-year term due upon maturity. Rental Subsidies: The Project will be subsidized by project-based Section 8 vouchers for 70 units supplied and administered by the City of Crescent City Housing Authority. The initial term of the vouchers is 20 years with an option to renew. The subsidized units will be as follows: • 66 units at 30% AMI (36 Senior units and 30 Family units) • 4 units at 40% AMI (4 Senior units) Other State Subsidies: The Project will be funded by HCD through the Infill Infrastructure Grant – Small Jurisdiction program through a grant amount of up to \$7,500,000. A portion of these funds totaling \$950,000 will fund the development of offsite improvements including providing transit improvements of bus shelters, pedestrian facilities, bicycle facilities and pathways and dog park on a portion of the site. The dog park will be donated to the city at the time of permanent loan conversion. Other Locality Subsidies: The locality has invested in the success of the Project as demonstrated by the Project-Based vouchers and its approval of a density bonus and waiver of development standards pertaining to height and off-street parking. In exchange for the density bonus, 100% of the units will be subject to a City Affordable Housing Regulatory Agreement which will be in 1st lien position for a period of 55 years. Cost Containment Strategy: The development team has included several strategies as part of its overall cost containment strategy including: 1. Provide detailed quantity material takeoffs of the plans to compile the total amount of materials, labor, and equipment necessary to build the structure. This provides the company with a way to compare the bids provided by subcontractors to validate their overall pricing. 2. Determine the current cost of materials, labor and equipment at a given location by utilizing national databases that are cost adjusted by zip code and updated on a quarterly basis. 3. Prepurchase of materials and installed equipment if there is a possibility of future price increases during construction. 4. Ask trade subcontractors, who are experienced in a particular trade, to value engineer their component of the structure to identify building assemblies that may be over engineered or difficult to construct via standard methods of construction. 5. Establish a structured competitive bidding process to motivate subcontractors into providing their lowest possible cost, while maintaining quality and high standards through a subcontractor vetting process. 6. Utilize efficient supply chain management to achieve “just in time” materials management so products show up just when they are needed. 7. Use proper construction scheduling techniques with proven software such as Oracle P6 to disseminate updated project schedules to the various trades to ensure timely deployment of resources.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	Proposal and Project Strengths
	• The Project anticipates receiving 4% federal and state Low Income Housing Tax Credits sufficient to generate LIHTC equity representing 58.2% of total financing sources. • The Developers, Step Forward Communities, a Nonprofit Public Benefit Corporation (“SFC”) and Synergy Community Development Corporation (“SCDC”), have experience in developing similar affordable housing projects and SFC has experience with CalHFA.

- The developers engaged GreenShoots LLC as a development consultant. This firm was established in 2019 to primarily develop and preserve affordable housing. Raymond Junior, its Founder and President, has 30 years of commercial real estate experience.
- The Project will serve low-income families and seniors ranging between 30% to 70% of AMI. On average, the rents are 29% to 80% below market rents based on current appraisal.
- Income from 70 units (66 units at 30% AMI and 4 units at 40% AMI) will be supplemented by Project-Based Section 8 vouchers administered by the City of Crescent City Housing Authority for a term of 20 years as outlined above.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is \$3,524,278, which could be available to cover cost overruns at permanent loan conversion.
- The locality has invested in the success of the Project as demonstrated by the Project-Based vouchers and its approval of a density bonus and waiver of development standards pertaining to height and off-street parking. In exchange for the density bonus, 100% of the units will be subject to a City Affordable Housing Regulatory Agreement which will be in 1st lien position for a period of 55 years.
- All of the senior units will be accessible units.

8. Project Weaknesses with Mitigants:

- Step Forward Communities (SFC), the Developer and the Managing General Partner (MGP) in the project partnership, is working through performance issues with 2 of their 4 CalHFA portfolio projects due to evictions, voluntary move-outs and some households being terminated from the subsidy program resulting in higher maintenance costs and advertising to re-lease vacant units. SFC has stated that the projects are beginning to stabilize, and CalHFA Asset Management is monitoring the situation.
- The total estimated deferred developer's fee is not anticipated to be fully repaid by year 15. The MGP/Developer has confirmed that they will forgo any outstanding developer fee in year 15 (currently estimated to be \$1,268,236) and treat the amount as a General Partner contribution which does not reduce the eligible basis or the tax credits available to the Project. This condition will be documented in the investor Limited Partnership Agreement (LPA).
- The City is requiring an Affordable Housing Agreement to be recorded senior to all debt and restrictions. This is not uncommon and is mitigated by CalHFA's requirement that the City sign a Standstill Agreement 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 payment of Deferred Developer Fee to be prioritized until year 15 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 15. Starting Year 16, 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 15 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 terms.
- 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 which require the City to execute a Standstill Agreement prior to perm loan closing.

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.
- 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
- Final subdivision structure will be subject to Agency's approval.
- No site work or construction commencement prior to the issuance of a HUD Risk Sharing Program Firm Approval Letter.
- CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum CTCAC rents if rental subsidies are no longer available.
- The total deferred developer's fee of \$6,138,596 will not be fully repaid by year 15 per project cashflow; therefore, the owner must provide evidence of investor approval of the total deferred developer's fee structure. Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt. However, the locality is requiring the Affordable Housing Agreement to be recorded 1st (ahead of) CalHFA Bond and CalHFA MIP Regulatory Agreement as indicated in Section 9. Allowance of the City's first lien position is subject to CalHFA receiving a Stand Still Agreement from the City in form and content acceptable to CalHFA in its sole discretion.
- 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 accrued interest will be due and payable at maturity.
- The Borrower has requested that 100% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 15 of operations is complete or full repayment of the DDF. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
- An updated Phase I is required per CalHFA underwriting standards and HUD Risk Share. The current Phase I ESA dated 3/9/2023 exceeds the 180 days validity and an updated Phase I ESA will be required prior to closing.
- 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 offsite improvement's construction costs, except to the extent such costs are attributable to improvements for the exclusive use by the tenants of the Project.
- An estoppel as to the lien priority of the Agency loans and approval of the Agency's form of subordination agreement by all subordinate lenders prior to construction closing.
- Receipt of evidence of Borrower compliance with Crescent City conditions of approval.
- A standstill/subordination agreement may be required for the HCD-IIG restrictive covenant.

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 (48 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%	40%	50%	60%	70%	80%	120%	Regulated	Regulated
CalHFA Bond	2nd			17	48				65	41%
CalHFA MIP	3rd			33		17		110	160	100%
CTCAC	4th	66	4	1	9	80			160	100%
Crescent City Affordable Housing Agreement	1st						128	32	160	100%
HCD IIG	5th	66	4	1	8	81			160	100%
TOTALS		66	4	1	9	80		0	160	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 110 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.

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

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

Rent Limit Summary Table						
	1-bdrm	2-bdrm	3-bdrm	4-bdrm	Total	% Total
30%	33	22	9	2	66	41%
40%	3	1	0	0	4	2%
50%	0	0	0	1	1	1%
60%	0	2	3	3	8	5%
70%	18	37	17	9	81	50%
80%	0	0	0	0	0	0%
120%	0	0	0	0	0	0%
Manager	0	1	0	1	2	1%
Market	0	0	0	0	0	0%
Total	54	63	29	16	162	
AMI Avg	43.9%	55.0%	56.6%	61.3%	52.1%	

The average affordability restriction is 52.1% of AMI based on 160 CTCAC-restricted units.

12.	Geocoder Information			
	Central City:	No	Underserved:	No
	Low/Mod Census Tract:	Lower	Below Poverty line:	34.41%
	Minority Census Tract:	38.57%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

13.	Capitalized Reserves:
	Replacement Reserves (RR): N/A Beginning in Year 1 of operations annual Replacement Reserve deposits will be required in the amount of \$300/unit (inflated 1% annually). CalHFA will hold reserves throughout the life of the loan
	Operating Expense Reserve (OER): \$533,593. 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 CTCAC or provide a certification from a third-party accountant that they met CTCAC's general partner and management experience pursuant to CTCAC regulations. The developer has submitted supporting documentation that they've met this requirement. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.

	Transitional Operating Reserve (TOR):	Not applicable.	
14.	Cash Flow Analysis		
	1st Year DSCR:	1.16	Project-Based Subsidy Term: 20 years with the option to renew for 20 years.
	End Year DSCR:	1.72	Annual Replacement Reserve Per Unit: \$300/unit
	Residential Vacancy Rate:	5 %	Rental Income Inflation Rate: 2.50%
	Subsidy Vacancy Rate:	5 %	Subsidy Income Inflation Rate: 1.50%
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate: 3.50% Property Tax Inflation Rate: 1.25%
In addition to the above OER, the equity investor is requiring additional capitalized reserve of \$538,062 that will be funded at permanent loan closing for purpose of meeting operating expenses and debt service of the Partnership that exceed operating revenues. The Borrower will be required to establish a segregated reserve account and maintain a balance of \$535,827. Withdrawals are subject to the consent of all Project lenders and the Special Limited Partner’s consent. The funds will be released on the fifth anniversary of the stabilization date.			
15.	Loan Security		
The CalHFA Perm loan 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 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 assumes a worst-case scenario 2% increase (7.75%) cap rate and a 3% increase (9.98%) of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency’s permanent and MIP subsidy loan at maturity.			

APPRAISAL AND MARKET ANALYSIS

17.	Appraisal Review		Dated: 11/09/2023
	- The Appraisal dated 11/09/2023, prepared by Newmark Valuation & Advisory, values the land at \$ \$1,620,000. - The cap rate of 5.75% and projected \$1,419,974 of net operating income were used to determine the appraised value of the subject site. - The proposed operating expense is consistent with and is reasonable based on the appraisal report. The appraisal estimates operating expenses at \$889,8999 which is \$6,214 lower than the Developer’s proposed operating budget. - The as-restricted stabilized value is \$24,700,000, which results in the Agency’s permanent first lien loan to value (LTV)of 62%. The combined LTV, including MIP subsidy loan is 78%. - Per the appraisal, the market study does not include pre-lease up, which should shorten the absorption period. The market study estimates 10 to 12 months absorption from the opening		
	Market Study:	Kinetic Valuation Group, Inc.	Dated: 10/31/2023
	Regional Market Overview The Primary Market Area is Del Norte County (population of 27,517 in 2022) and the Secondary Market Area (“SMA”) is Del Norte, Siskiyou, and Humboldt counties (population of 207,122 in 2022). The population within the PMA has decreased from 2010 to 2022 and is expected to continue to decrease through 2027. However, these factors are not anticipated to affect the demand of the property, as evident by		

	the long waiting lists of two to three years and occupancy levels at the four LIHTC comparable properties located within a 1.61-mile radius. • Unemployment in the PMA is 4.6%, which evidences a robust employment area. Per the Market study, the property's neighborhood, county, and state include many employment options for area residents. Numerous businesses offering a range of positions and skill levels exist throughout the PMA. • Income levels have consistently risen in both the PMA and SMA. Comparable market rate and LIHTC properties in the Subject's PMA are experiencing stable occupancy levels, a low instance of concessions, and some waiting lists.
	<u>Local Market Area Analysis</u> • Supply: ○ There are currently five LIHTC projects in PMA and one is a senior property. They all have high occupancy. Two of the LIHTC comparable properties in the study maintain waiting lists of two to three years. ○ Review of CTCAC, CDLAC, and HUD development lists showed no new recent preliminary reservation for new construction LIHTC properties in the PMA. • Demand/Absorption: ○ The project will need to capture 17.4% and 20.1% of the total demand for family and senior units in the PMA, respectively. The affordable family units are anticipated to lease up at a rate of 10 to 12 units per month and reach full occupancy within 10 to 12 months of opening. For the affordable senior units, they are anticipated to lease a 10 units per month, reaching a stabilization occupancy in four months. ○ The number of senior households has increased steadily in the PMA. The number of family households has fluctuated but is expected to increase from 2022 to 2027. As the total population and number of households continue to increase, the demand for family and senior housing units will continue to increase. ○ The Subject's affordable rents offer a significant tenant rent advantage over the market rate developments surveyed and are in-line with the comparable affordable developments. ○ Additionally, Crescent City Housing Authority indicated that there are not enough quality properties to issue 130 remaining vouchers available.

DEVELOPMENT SUMMARY

18.	Site Description	Requires Flood Insurance: ☐ Yes ☒ No
	• The property is located on along E St, just west of U.S. Route 101, and south of Pacific Ave, in Crescent City, Del Norte County. • The site is currently vacant, with level topography at street grade, measuring approximately 5.48 acres and is generally rectangular in shape. • The site is zoned R-3, with permitted multifamily (high density) residential use. • The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year floodplain and protected by levee from 100-year floodplain, therefore the Project will not be subject to flood insurance.	
19.	Form of Site Control & Expiration Date	
	The current owner, Highridge Costa Partners, LLC, of the site and the Project owner and developer, Synergy Community Development Corporation entered into a Purchase and Sale Agreement ("PSA") dated July 12, 2022, which expires on February 19, 2024, for an amount of \$1,200,000. The PSA is expected to be assigned to SSF Battery Point LP prior to construction loan closing. An extension of the Purchase and Sales Agreement will be exercised prior to the expiration date, extending the construction closing date to March 20, 2024	
20.	Current Ownership Entity of Record	
	Title is currently vested in Highridge Costa Housing Partners, LLC as the fee owner.	

21.	Environmental Review Findings	Dated: 03/09/2023
A Phase I Environmental Site Assessment performed by AEI Consultants, dated 03/09/2023 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.		
22.	Seismic	Requires Earthquake Insurance: ☐ Yes ☒ No
This new Project will be built to State and Crescent City Building Codes so no seismic review is required.		
23.	Relocation	Requires Relocation: ☐ Yes ☒ Not Applicable
The Project is new construction; therefore, relocation is not applicable.		

PROJECT DETAILS

24.	Residential Areas:				
		Residential Square Footage:	137,076	Residential Units per Acre:	32.5
		Community Area Sq. Ft:	4,149	Total Parking Spaces:	165
		Supportive Service Areas:	N/A	Total Building Sq. Footage:	167,650
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:	New construction of two (2) five-story buildings with one being four-story of residential above a parking one-story podium and one (1) four-story building. The buildings will be constructed with wood-frame covered with a metal cladding surface on a reinforced concrete foundation. Developer is planning to use steel modular units manufactured off-site and assembled on-site for the 1 four-story building.			
27.	Construction/Rehab Scope	Requires Demolition: ☐ Yes ☒ No			
- The subject site is new construction. - The GC contract will be structured as a stipulated sum agreement. - The energy efficient/green features that will be incorporated into the Project are: - Energy Star rated Windows, appliances, and laundry equipment. - White reflective TPO roofing for flat roofs on main buildings. - HVAC equipment will have higher than required SEER ratings. - WaterSense 1.5 GPM showerheads, WaterSense 1.2 GPM lavatory faucets, WaterSense 1.5GPM kitchen faucets - Low flow toilets - Native plants with no irrigation system for landscaping - All electric buildings and appliances, - LED lighting - Pac-Clad metal siding meets LEED standards					
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. - The developer has established cost containment strategies, which are outlined in Section 5 above. - During construction, the cost of the offsite improvements, which include developing a dog park, providing transit improvements of bus shelters, pedestrian facilities, bicycle facilities and pathways will be paid by HCD IIG Small					

Jurisdiction Grant. At permanent loan closing, the by HCD IIG Small Jurisdiction Grant via a Sponsor Loan, will be pay for the offsite improvements as follows:

	Construction	Permanent
Offsite improvements - Transit	\$375,000	\$375,000
Offsite improvements – Park	\$325,000	\$325,000
Offsites – Engineering and Design	\$250,000	\$250,000
Sponsor Loan from HCD IIG Small Jurisdiction Grant	\$950,000	\$950,000
Total Sources	\$950,000	\$950,000

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION											
29.	Borrower Affiliated Entities										
- Managing General Partner: Step Forward Communities, a California nonprofit public benefit corporation; 0.0050% interest - Administrative General Partner: Synergy Community Development Corporation, a California nonprofit public benefit corporation; 0.0050% interest Investor Limited Partner: RBC; 99.99% interest											
30.	Developer/Sponsor										
Step Forward Communities (SFC) is a California Nonprofit Corporation company established in October of 2012 with the purpose of developing affordable housing for families, seniors and veterans and providing social services to its residences. SFC, which is led by Duane Henry, has eight housing projects (915 units), one of which is under construction. Currently SFC has four projects (234 units) in the CalHFA portfolio, and two projects are experiencing performance issues due to evictions, voluntary move-outs and some households being terminated from the subsidy program resulting in higher maintenance costs and advertising to re-lease vacant units. SFC has stated that the projects are beginning to stabilize, and CalHFA Asset Management is monitoring the situation.											
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?	DSCR	RR Balance	OER Balance
Vista Hidden Valley	50	\$1,500,000	1/11/2018	\$1,370,287	\$0	3/1/2053	1/18/2073	Yes	4.01	\$173,404	\$100,550
Inglewood Oaks	64	\$5,490,000	8/13/2018	\$5,199,606	\$1,280,000	10/1/2058	8/13/2058	No	0.44	\$120,259	\$57,731
Hacienda Del Norte	32	\$4,400,000	3/7/2017	\$4,151,475	\$0	6/1/2058	6/1/2058	No	0.98	\$67,910	\$244,607
Virginia Terrace	76	\$3,865,000	8/28/2015	\$3,631,634	\$355,000	10/1/2056	8/1/2070	Yes	1.04	\$48,227	\$305,894
Subtotal:	222	15.255.000		\$14,353,002	\$1,635,000						
Aggregate Total:	222	15.255.000		\$14,353,002	\$1,635,000						
Synergy Community Development Corp. (Synergy) is a California Nonprofit Corporation established in January of 2005 with the purpose of providing housing opportunities for poor and distressed persons, engaging in the redevelopment and revitalization of low-income neighborhoods, and educating communities and populations on the benefits of smart growth. As of November 2023, Synergy is led by Bill Rice and as of November 2023 developed six housing projects totaling 375 units, financed with tax-exempt bonds and low-income housing tax credits, in California, Oregon, and Washington.											
31.	Management Agent										
The Project will be managed by MBS Property Management Services (MBS), which has extensive experience (since 1977) in managing similar affordable housing projects in California. MBS currently manages thirty-nine projects totaling 1,954 units, including three											

projects in CalHFA's portfolio. Two of the SFC projects (Hacienda Del Norte and Virginia Terrace) are managed by MBS and with the exception of Hacienda Del Norte (see information in Section 30) the CalHFA projects managed by MBS are performing as expected.

32.	Service Provider	Required by CTCAC or other funding source? ☐ Yes ☒ No
The Borrower has elected Travelers Mobile Dental, Health, & Wellness, LLC to provide instructor-led adult education, health and wellness. The provider agreed to provide Services which will include 84 hours instruction each year and a minimum of 60 hours of service health and wellness service and programs for each 100 bedrooms. 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 term of the CalHFA loan.		
33.	Contractor	Experienced with CalHFA? ☐ Yes ☒ No
The general contractor is Argenta Construction Group, LLC, which has 12 years' experience in constructing affordable housing projects in other states (Oregon, Washington, Nevada, Indiana, Kentucky, and Florida), however, CalHFA is not familiar with the general contractor, nor do they have experience in California. The GC and Synergy have worked on two tax credit projects (one in Oregon, one in Washington) that were completed on schedule and on budget. Argenta Construction Group has built/refurbished 2,500+ LIHTC affordable housing units over the past 12 years. Argenta Construction paired with Allied Argenta are an affordable housing Developer that only works in the affordable space.		
34.	Architect	Experienced with CalHFA? ☐ Yes ☒ No
The architect is KFA, LLP, which has extensive experience (45 years) in designing and managing similar affordable housing projects in California through the locality's building permit process, however, CalHFA is familiar with the architect. This project is the first for this firm to work with this developer, but they were selected because of their extended experience in modular construction for LIHTC deals in California.		
35.	Local Review via Locality Contribution Letter	
The locality, Crescent City, 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>2/5/2024</u> Erwin Tam Director of Financing & Senior Loan Committee Chairperson Approved by:  _____ Date: <u>2/5/2024</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: Battery Point Apartments Project Address: Adjacent to 1050 E Street Project City: Crescent City Project County: Del Norte Project Zip Code: 95531			Borrower Name: SSF Battery Point LP Managing GP: Step Forward Communities Developer Name: Step Forward Communities and Synergy Investor Name: RBC Community Investments Prop Management: MBS Property Management Inc			
Project Type: Other (Specify below) Tenancy/Occupancy: Large Family Total Residential Units: 162 Total Number of Buildings: 3 Number of Stories: 3 & 6 Unit Style: Flat Elevators: 3 Construction Type: New Construction			Tax Credits: 4% Total Land Area (acres): 4.98 Residential Square Footage (w/o Manager's Unit): 137,076 Residential Units Per Acre (Density): 33 Common Area Square Footage: 6,045 Commercial Square Footage: 0 Covered Parking Spaces: 51 Uncovered Parking Spaces: 114 Total Parking Spaces: 165 Year Built: N/A			
Acq/Construction/Rehab Financing	Lien Priority	Debt Type	Loan Amount (\$)	Loan Term (Mo.)	Interest Rate	
C. RBC (CAL-HFA Conduit)- TE	1	Int. Only, Fixed, Simple	\$40,662,000	36	6.00%	
C. RBC (CAL-HFA Conduit)-Recycled	1	Int. Only, Fixed, Simple	\$6,588,000	36	6.00%	
C. Sponsor Loan (HCD IIG)	2	Deferred, Fixed, Simple	\$7,435,400	660	3.00%	
C. RBC Community Investments	N/A	Equity, LIHTC Investor	\$16,468,367	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	N/A	N/A	N/A	
			\$71,153,767			
Permanent Financing	Lien Priority	Debt Type	Loan Amount (\$)	Loan Term (Yr.)	Amort. Period (Yr.)	Interest Rate
P. CalHFA	1	Fixed, Compounding, Amort.	\$16,375,000	30	40	6.98%
P. CalHFA MIP	2	Fixed, Simple, R.R	\$4,000,000	30	40	3.00%
P. Sponsor Loan (HCD IIG)	3	Fixed, Simple, Deferred	\$7,435,400	55	N/A	N/A
P. Deferred Developer Fee	N/A	Developer Fee, Deferral	\$6,138,596	N/A	N/A	N/A
P. Tax Credit Equity	N/A	Equity, LIHTC Investor	\$47,362,000	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		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
			81,310,996			
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date: Investment Value (\$): Construct/Rehab Loan To Cost (%): Construct/Rehab Loan To Value (%): Land Value		12/4/2023 \$46,040,000 58% 103%	Capitalization Rate (%): Restricted Value (\$): CalHFA Permanent Loan to Cost (%): CalHFA Permanent Loan to Value (%): Combined All CalHFA Loan to Value (%):		5.75% \$24,700,000 24.97% 82% 82%	USRM Req 80.00% 90.00%
Additional Loan Terms, Conditions & Comments						
Construction/Rehab Loan (if applicable)						
Payment/Performance Bond:		Yes	Construction Period (Months):		24.53333333	
Completion Guarantee Letter of Credit:		Yes	Lease-up period (Months)		8	
			Perm Loan Forward Period (Months):		36	
Permanent Loan			Annual Lease Payment (Stabilized Year)		\$ -	
Operating Expense Reserve Deposit		\$ 533,593.00				
Initial Replacement Reserve Deposit		\$ -				
Annual Replacement Reserve Per Unit		\$300				
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	650	54	81
Flat	2 Bedrooms	1	860	63	189
Flat	3 Bedrooms	2	1,036	29	131
Flat	4 Bedrooms	2	1,228	16	96
	5 Bedrooms				0
		Total:	138,972	162	497

Number of Units and Percentage of AMI Rents Restricted by each Agency

Regulating Agency		Number of Units Restricted For Each AMI Category								Total Units	Percentage
		Lien	30%	40%	50%	60%	70%	80%	120%	Regulated	Regulated
CalHFA Bond		2nd			17	48				65	41%
CalHFA MIP		3rd			33		17		110	160	100%
CTCAC		4th	66	4	1	9	80			160	100%
City Affordable Housing Agreement		1st						128	32	160	100%
HCD IIG		5th	66	4	1	8	81			160	100%
	TOTALS		66	4	1	9	80	0	0	160	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			
Studios							
1 Bedroom					\$1,300		
	CTCAC	30%	27	422		\$878	32%
	CTCAC	30%	6	\$422.00		\$878	32%
	CTCAC	40%	3	\$577.00		\$723	44%
	CTCAC	70%	18	\$1,041.00		\$259	80%
2 Bedroom					\$1,700		
	CTCAC	0.3	9	501		\$1,199	29%
	CTCAC	30%	13	\$501		\$1,199	29%
	CTCAC	40%	1	\$687		\$1,013	40%
	CTCAC	60%	2	\$1,058		\$642	62%
	CTCAC	70%	37	\$1,244		\$456	73%
3 Bedrooms					\$1,800		
	CTCAC	0.3	9	574		\$1,226	32%
	CTCAC	60%	3	\$1,216		\$584	68%
	CTCAC	70%	17	\$1,430		\$370	79%
4 Bedrooms					\$2,000		
	CTCAC	0.3	2	633		\$1,367	32%
	CTCAC	60%	3	\$1,340		\$660	67%
	CTCAC	70%	9	\$1,579		\$421	79%
	CTCAC	50%	1	\$1,101		\$899	55%

Total Number of Units Per Above Market Rate Units Not Shown Above
 160
 2
 Total Project Units 162

Average AMI 51.17%

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USES OF FUNDS (contd)	Const/Rehab	Permanent	Total Project Uses of Funds			
	\$	\$	Uses (\$)	Per Unit (\$)	%TDC	% of Category
REHABILITATION COSTS						
Site Work (Hard Cost)	-		-	-		
Structures (Hard Cost)	-		-	-		
General Requirements	-		-	-		
Contractor Overhead	-		-	-		
Contractor Profit	-		-	-		
Prevailing Wages	-		-	-		
Contractor/General Liability Insurance	-		-	-		
Third-Party Construction Management	-		-	-		
Relocation Expenses	-		-	-		
Other: (Specify)	-		-	-		
TOTAL REHAB COSTS	-	-	-	-	0.00%	0.0%
CONSTRUCTION COSTS						
Site Work	7,435,400		7,435,400	45,898	9.14%	13.1%
Structures	40,626,198		40,626,198	250,779	49.96%	71.5%
General Requirements	2,883,696		2,883,696	17,801	3.55%	5.1%
Contractor Overhead	961,232		961,232	5,934	1.18%	1.7%
Contractor Profit	2,883,696		2,883,696	17,801	3.55%	5.1%
Prevailing Wages	-		-	-		0.0%
General Liability Insurance	1,205,385		1,205,385	7,441	1.48%	2.1%
Third-Party Construction Management	-		-	-		0.0%
Payment Performance Bond	810,895		810,895	5,006	1.00%	1.4%
TOTAL CONSTRUCT COSTS	56,806,502	-	56,806,502	350,657	69.86%	100.0%
ARCHITECTURAL/ENGINEERING/SURVEY FEES						
Design	1,147,875		1,147,875	7,086	1.41%	51.3%
Survey/Engineering	801,000		801,000	4,944	0.99%	35.8%
Supervision	288,000		288,000	1,778	0.35%	12.9%
TOTAL ARCHITECTURAL/ENGINEERING/SURVEY FEES	2,236,875	-	2,236,875	13,808	2.75%	100.0%
CONSTRUCTION INTEREST AND FEES						
Construction Loan Interest	3,470,253		3,470,253	21,421	4.27%	100.0%
Subtotal (Should Match Constr. Loan Interest Amount):	3,470,253					100.0%
Construction Origination/Loan Fees	472,500		472,500	2,917	0.58%	100.0%
Subtotal (Should Match Constr. Origination/Loan Fee Amount):	472,500					100.0%
Credit Enhancement/Application Fee	-		-	-		0.0%
Bond Premium	-		-	-		0.0%
Cost of Issuance	120,000		120,000	741	0.15%	51.1%
Title & Recording	40,000		40,000	247	0.05%	17.0%
Taxes	25,000		25,000	154	0.03%	10.6%
Insurance	50,000		50,000	309	0.06%	21.3%
CDLAC Fee - \$14,231.70	-		-	-		0.0%
CalHFA Issuer Fee,- \$51,125	-		-	-		0.0%
CalHFA Inspection - \$18,000 and Monitoring Fee \$7,500	-		-	-		0.0%
Recycling Bond Fee - \$25,000	-		-	-		0.0%
Other: (Specify)	-		-	-		0.0%
Subtotal:	\$ 235,000					100.0%
TOTAL CONSTRUCTION COST	4,177,753	-	4,177,753		5.1%	

USES OF FUNDS (contd)	Const/Rehab \$	Permanent \$	Total Project Uses of Funds			
			Uses (\$)	Per Unit (\$)	%TDC	% of Category
PERMANENT FINANCING COSTS						
Origination/Loan Fees	142,812	142,813	285,625	1,763	0.35%	100.0%
CAIHFA Perm - \$229,500	-	-	-	-	-	0.0%
CalHFA MIP - \$40,000	-	-	-	-	-	0.0%
	-	-	-	-	-	0.0%
	-	-	-	-	-	0.0%
	-	-	-	-	-	0.0%
	-	-	-	-	-	0.0%
Subtotal (Should Match All Origination/Loan Fees Amount):	\$ 142,812.00	\$ 142,813.00	\$ 285,625.00			100.0%
Credit Enhancement & Application Fees	-	-	-	-	-	-
	-	-	-	-	-	-
Subtotal (Should Match All Credit Enhancement & Appl. Fees Amount):	\$ -	\$ -	-			0.0%
Title & Recording (closing costs)	50,000	-	50,000	309	0.06%	14.9%
Taxes	-	-	-	-	-	0.0%
Insurance	-	-	-	-	-	0.0%
	-	-	-	-	-	0.0%
	-	-	-	-	-	0.0%
	-	-	-	-	-	0.0%
	-	-	-	-	-	0.0%
TOTAL PERMANENT FINANCING COSTS	192,812	142,813	335,625	207175.93%	0.4%	14.9%
LEGAL FEES AND THIRD-PARTY CONSULTING FEES						
Lender Legal Paid by Applicant	85,000	-	85,000	52469.14%	0.1%	34.2%
	-	-	-	-	-	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%
Owner Legal	163,875	-	\$ 163,875	1,012	0.20%	65.8%
	-	-	-	-	-	0.0%
	-	-	-	-	-	0.0%
TOTAL LEGAL FEES	248,875	-	248,875	1,536	0.31%	100.0%
RESERVES						
Rent Reserves	-	-	-	-	-	0.0%
Capitalized Rent Reserves	-	-	-	-	-	0.0%
Operating Expense Reserve	-	533,593	533,593	3,294	0.66%	49.8%
Transition Operating Reserve	-	-	-	-	-	0.0%
Initial Replacement Reserve	-	-	-	-	-	0.0%
Investor Required Reserve	(538,062)	538,062	-	-	-	0.0%
Investor Required Reserve	538,062	-	\$ 538,062.00	3,321	0.66%	50.2%
TOTAL RESERVES	-	1,071,655	1,071,655	6,615	1.3%	100.0%
CONTINGENCY COSTS						
Construction Hard Cost Contingency	5.70%	2,739,511	2,739,511	16,911	3.37%	85.6%
Soft Cost Contingency	2.06%	460,000	460,000	2,840	0.57%	14.4%
TOTAL CONTINGENCY COSTS	3,199,511	-	3,199,511	19,750	3.93%	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	\$ 462,540		\$ 462,540	2,855	0.57%	19.5%
Environmental Audit	\$ 44,700		\$ 44,700	276	0.05%	1.9%
Local Development Impact Fees	\$ 1,116,851		\$ 1,116,851	6,894	1.37%	47.1%
Permit Processing Fees	\$ 594,735		\$ 594,735	3,671	0.73%	25.1%
Capital Fees	\$ -		\$ -	-		0.0%
Marketing	\$ -		\$ -	-		0.0%
Furnishings	\$ -		\$ -	-		0.0%
Market Study	\$ 20,000		\$ 20,000	123	0.02%	0.8%
Accounting/Reimbursables	\$ 112,500		\$ 112,500	694	0.14%	4.7%
Appraisal Costs	\$ 20,000		\$ 20,000	123	0.02%	0.8%
	\$ -			-		0.0%
	\$ -			-		0.0%
	\$ -			-		0.0%
	\$ -			-		0.0%
	\$ -			-		0.0%
Other: (Specify)	\$ -		\$ -	-		0.0%
Other: (Specify)	\$ -		\$ -	-		0.0%
Other: (Specify)	\$ -		\$ -	-		0.0%
TOTAL OTHER PROJECT COSTS	2,371,326	-	2,371,326	14,638	2.92%	100.0%
SUBTOTAL PROJECT COSTS	70,433,654	1,214,468	71,648,122	416,484	88.12%	
DEVELOPER FEES & COSTS						
Developer Overhead/Profit	720,113	8,942,761	9,662,874	59,647	11.9%	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	720,113.00	8,942,761	9,662,874	59,647	11.9%	100.0%
TOTAL DEVELOPMENT COSTS (TDC)	71,153,767.00	81,310,996	81,310,996	501,920	100%	
NET BUDGET SURPLUS/DEFICIT	-	-	-			

Projected Initial Annual Operating Budget				
OPERATING INCOME				
Income	% Increase	Amount	Per Unit	% of Category
Rental Income				
Restricted Unit Rents	2.50%	\$ 1,775,640	\$ 10,961	72.54%
Unrestricted Unit Rents	2.50%	\$ 33,876	\$ 209	1.38%
Commercial Rents	2.00%	\$ -	\$ -	0.00%
Rental & Operating Subsidies				
Project Based Rental Subsidy	1.50%	\$ 603,132	\$ 3,723	24.64%
Other Project Based Subsidy	1.50%	\$ -	\$ -	0.00%
Other Income				
Laundry Income	2.50%	\$ 35,250	\$ 218	1.44%
Parking & Storage Income	2.50%	\$ -	\$ -	0.00%
	0.00%	\$ -	\$ -	0.00%
GROSS POTENTIAL INCOME (GPI)		\$ 2,447,898	15,110	
VACANCY RATES	%			
Restricted Unit Rents	5.00%	\$ 88,782	\$ 548	72.54%
Unrestricted Unit Rents	5.00%	\$ 1,694	\$ 10	1.38%
Commercial Rents	50.00%	\$ -	\$ -	0.00%
Project Based Rental Subsidy	5.00%	\$ 30,157	\$ 186	24.64%
Other Project Based Subsidy	5.00%	\$ -	\$ -	0.00%
Laundry Income	5.00%	\$ 1,763	\$ 11	1.44%
Parking & Storage Income	50.00%	\$ -	\$ -	0.00%
-	0.00%	\$ -	\$ -	0.00%
TOTAL VACANCY LOSS		\$ 122,395	756	
EFFECTIVE GROSS INCOME (EGI)		\$ 2,325,503	14,355	

OPERATING EXPENSES				
Administrative Expenses	% Increase	Amount	Per Unit	% of Category
Advertising	3.50%	\$ 2,500	15	0.3%
Legal	3.50%	\$ 3,000	19	0.3%
Accounting/Audit	3.50%	\$ 8,500	52	0.9%
Security	3.50%	\$ -	0	0.0%
Office Expenses	3.50%	\$ 19,223	119	2.1%
Total Administrative Expenses:	3.50%	\$ 33,223	205	3.6%
Management Fee	3.50%	\$ 112,752	696	12.3%
Utilities	% Increase	Amount	Per Unit	% of Category
Fuel	3.50%	\$ 39,000	241	4.3%
Gas	3.50%	\$ 127,650	788	13.9%
Electricity	3.50%	\$ -	0	0.0%
Water/Sewer	3.50%	\$ -	0	0.0%
	3.50%		0	0.0%
Total Utilities:	3.50%	\$ 166,650	1,029	18.2%
Payroll Expenses	% Increase	Amount	Per Unit	% of Category
On-site Managers	3.50%	\$ 101,646	627	11.1%
Number of Staff:	2			
Maintenance Personnel	3.50%	\$ 83,620	516	9.1%
Number of Rent-Free Units:	0			
Payroll Taxes, Insurance, Employee Units	3.50%	\$ 74,319	459	8.1%
Total Payroll/Payroll Taxes:		\$ 259,585	1,602	28.3%
Insurance	3.50%	\$ 64,800	400	7.1%
Maintenance	% Increase	Amount	Per Unit	% of Category
Painting	3.50%	\$ -	0	0.0%
Repairs	3.50%	\$ 20,500	127	2.2%
Trash Removal	3.50%	\$ 39,900	246	4.4%
Exterminating	3.50%	\$ -	0	0.0%
Grounds	3.50%	\$ -	0	0.0%
Elevator	3.50%	\$ 8,200	51	0.9%
Contracts, Supplies	3.50%	\$ 119,725	739	13.1%
Total Maintenance:	3.50%	\$ 188,325	1,163	20.6%
Other Operating Expenses	% Increase	Amount	Per Unit	% of Category
(specify here)	3.50%	\$ -	0	0.0%
Fidelity Insurance	3.50%	\$ 882	5	0.1%
(specify here)	3.50%	\$ -	0	0.0%
(specify here)	3.50%	\$ -	0	0.0%
(specify here)	3.50%	\$ -	0	0.0%
Total Other Expenses:	3.50%	\$ 882	5	0.1%
Total Annual Residential Operating Expenses		\$ 826,217	5,100	90.2%
Transit Pass/Internet	3.50%	\$ -	0	0.0%
Total Annual Services Amenities Budget	2.50%	\$ 20,000	123	2.2%
Total Annual Reserve for Replacement	1.00%	\$ 48,600	300	5.3%
Total Annual Monitoring Fees	0.00%	\$ -	0	0.0%
CalHFA Monitoring Fee	0.00%	\$ 7,500		
Total Annual Real Estate Taxes	1.25%	\$ -	0	0.0%
Specialty Locality Taxes (community facilities district, mello	2.00%	\$ 13,796	85	1.5%
Other (Specify):	3.50%	\$ -	0	0.0%
Other (Specify):	3.50%	\$ -	0	0.0%
	3.50%		0	0.0%
GRAND TOTAL EXPENSES		\$ 916,113	5,655	100%
NET OPERATING INCOME (NOI)		\$ 1,409,390		
DEBT SERVICE PAYMENTS				
P. CalHFA		Amount	Per Unit	
		\$ 1,218,259	\$ 7,520	
			\$ -	
TOTAL DEBT SERVICE & OTHER PAYMENTS		\$ 1,218,259		
EXCESS AFTER DEBT SERVICE & MONITORING FEES		\$ 191,131		
DEBT SERVICE COVERAGE RATIO (DSCR)		1.16		

Operating Proforma Summary

		Comments	
Total Units	162	Construction Start Date	3/15/2024
Regulated Units	0	Construction Completion Date	4/1/2026
Manager Units (Market Rate)	3	Construction Period (months)	24.5333333
Total Residential Square Feet	137,076	Lease-up Commencement Date:	4/1/2026
Avg Sq Ft/Unit	138,972	Lease-up Completion Date	12/1/2026
Rental Subsidies?	603,132	Lease-up Period (months)	8
No. of Units with Rental Subsidies	70	Perm Conversion Date	3/15/2027
Rental Subsidy Contract Term (Initial)	20	Lease-up Completion to Perm (months)	11.4666667

Project Unit Mix	Average	Number of	30%	40%	50%	60%	70%	80%	Comments
No. of Bedrooms	Size (Sq. Ft.)	Units							
SRO/Studio	0	0	0	0	0	0	0	0	
1 Bedroom	650	54	33	3	0	0	18	0	
2 Bedrooms	860	62	22	1	0	2	37	0	
3 Bedrooms	1,036	29	9	0	0	3	17	0	
4 Bedrooms	1,228	15	2	0	1	3	9	0	
5 Bedrooms	0	0	0	0	0	0	0	0	
Total	72,184	160							

Operating Budget & Reserve Summary	Year 1	Year 5	Year 10	Year 15	Terminal Year	Underwriting Comments
	1	5	10	15	30	
Adjusted Gross Income	1,809,516	1,997,367	2,259,838	2,556,799	3,703,007	
Other Income/Subsidies	638,382	679,052	733,638	792,719	1,000,947	
Projected Vacancy and Discount Loss	122,395	133,821	149,674	167,476	235,198	
Effective Gross Income (EGI)	2,325,503	2,542,598	2,843,801	3,182,041	4,468,757	
Total Operating Expenses	916,113	1,042,751	1,227,107	1,445,433	2,373,664	
Reserve For Replacement	48,600	50,573	53,153	55,864	64,857	
Net Operating Income (NOI)	1,409,390	1,499,846	1,616,694	1,736,608	2,095,093	
Total Debt Service & Other Payments	1,218,259	1,218,259	1,218,259	1,218,259	1,218,259	
Cash Flow After Debt Service	191,131	281,587	398,435	518,349	876,834	
Debt Service Coverage Ratio	1.16	1.23	1.33	1.43	1.72	
Income/Expense Ratio	2.54	2.44	2.32	2.20	1.88	
Less:						
LP Management Fee	10,000	11,255	13,048	15,126	0	
GP Partnership Management Fee	12,500	14,069	16,310	18,907	0	
Cashflow for Distribution and RR repayment						
Developer Distribution %	100%	100%	100%	100%	50%	
Cumulative Developer Distribution	168,631	1,061,411	2,679,914	4,870,360	10,204,995	
Residual Receipts %	0%	0%	0%	0%	50%	
Cumulative Residual Repts Repayment	0	0	0	0	5,334,635	
Unpaid CalHFA loan Balance						
Perm Loan	16,297,260	15,926,083	15,290,319	14,389,940	8,751,451	
MIP Subordinate (RR) Loan	4,000,000	4,480,000	5,080,000	5,680,000	2,500,026	
Reserves Balances:						
Operating Reserve	533,593	533,593	533,593	533,593	533,593	
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%	\$ 1,775,640	\$ 1,820,031	\$ 1,865,532	\$ 1,912,170	\$ 1,959,974	\$ 2,008,974	\$ 2,059,198	\$ 2,110,678	\$ 2,163,445	\$ 2,217,531
Unrestricted Unit Rents	2.50%	33,876	34,723	35,591	36,481	37,393	38,328	39,286	40,268	41,275	42,306
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	603,132	612,179	621,362	630,682	640,142	649,744	659,491	669,383	679,424	689,615
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	35,250	36,131	37,035	37,960	38,909	39,882	40,879	41,901	42,949	44,022
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		\$ 2,447,898	\$ 2,503,064	\$ 2,559,519	\$ 2,617,293	\$ 2,676,419	\$ 2,736,928	\$ 2,798,854	\$ 2,862,230	\$ 2,927,092	\$ 2,993,475
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	\$ 88,782	\$ 91,002	\$ 93,277	\$ 95,609	\$ 97,999	\$ 100,449	\$ 102,960	\$ 105,534	\$ 108,172	\$ 110,877
Unrestricted Unit Rents	5.00%	1,694	1,736	1,780	1,824	1,870	1,916	1,964	2,013	2,064	2,115
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	30,157	30,609	31,068	31,534	32,007	32,487	32,975	33,469	33,971	34,481
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,763	1,807	1,852	1,898	1,945	1,994	2,044	2,095	2,147	2,201
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		\$ 122,395	\$ 125,153	\$ 127,976	\$ 130,865	\$ 133,821	\$ 136,846	\$ 139,943	\$ 143,112	\$ 146,355	\$ 149,674
EFFECTIVE GROSS INCOME (EGI)		\$ 2,325,503	\$ 2,377,911	\$ 2,431,543	\$ 2,486,429	\$ 2,542,598	\$ 2,600,081	\$ 2,658,911	\$ 2,719,119	\$ 2,780,737	\$ 2,843,801
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	\$ 33,223	\$ 34,386	\$ 35,589	\$ 36,835	\$ 38,124	\$ 39,459	\$ 40,840	\$ 42,269	\$ 43,748	\$ 45,280
Management Fee	3.50%	112,752	116,698	120,783	125,010	129,386	133,914	138,601	143,452	148,473	153,669
Utilities	3.50%	166,650	172,483	178,520	184,768	191,235	197,928	204,855	212,025	219,446	227,127
Payroll/Payroll Taxes	3.50%	259,585	268,670	278,074	287,807	297,880	308,306	319,096	330,265	341,824	353,788
Insurance	3.50%	64,800	67,068	69,415	71,845	74,359	76,962	79,656	82,444	85,329	88,316
Maintenance	3.50%	188,325	194,916	201,738	208,799	216,107	223,671	231,500	239,602	247,988	256,668
Other Operating Expenses	3.50%	882	913	945	978	1,012	1,048	1,084	1,122	1,161	1,202
Services & Amenities	2.50%	20,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368	24,977
Reserve for Replacement	1.00%	48,600	49,086	49,577	50,073	50,573	51,079	51,590	52,106	52,627	53,153
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	13,796	13,968	14,143	14,320	14,499	14,680	14,864	15,049	15,237	15,428
TOTAL OPERATING EXPENSES		\$ 916,113	\$ 946,189	\$ 977,297	\$ 1,009,472	\$ 1,042,751	\$ 1,077,174	\$ 1,112,779	\$ 1,149,608	\$ 1,187,702	\$ 1,227,107
NET OPERATING INCOME (NOI)		\$ 1,409,390	\$ 1,431,722	\$ 1,454,246	\$ 1,476,957	\$ 1,499,846	\$ 1,522,908	\$ 1,546,132	\$ 1,569,511	\$ 1,593,035	\$ 1,616,694
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA	1	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259
TOTAL DEBT SERVICE		\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259
CASH FLOW AFTER DEBT SERVICE		\$ 191,131	\$ 213,463	\$ 235,987	\$ 258,698	\$ 281,587	\$ 304,649	\$ 327,873	\$ 351,252	\$ 374,776	\$ 398,435
DEBT SERVICE COVERAGE RATIO (DSCR)		1.16	1.18	1.19	1.21	1.23	1.25	1.27	1.29	1.31	1.33
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,668	\$ 13,048
GP Partnership Management Fee	3.0%	\$ 12,500	\$ 12,875	\$ 13,261	\$ 13,659	\$ 14,069	\$ 14,491	\$ 14,926	\$ 15,373	\$ 15,835	\$ 16,310
Cashflow available for distribution		\$ 168,631	\$ 190,288	\$ 212,117	\$ 234,112	\$ 256,264	\$ 278,565	\$ 301,007	\$ 323,580	\$ 346,274	\$ 369,078

		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Developer Distribution	100%	\$ 168,631	\$ 190,288	\$ 212,117	\$ 234,112	\$ 256,264	\$ 278,565	\$ 301,007	\$ 323,580	\$ 346,274	\$ 369,078
Deferred developer fee start balance	6,138,596	6,138,596	5,969,965	5,779,677	5,567,560	5,333,448	5,077,185	4,798,620	4,497,613	4,174,033	3,827,759
Deferred Developer fee payment	15	168,631	190,288	212,117	234,112	256,264	278,565	301,007	323,580	346,274	369,078
Deferred Developer fee end balance		\$ 5,969,965	\$ 5,779,677	\$ 5,567,560	\$ 5,333,448	\$ 5,077,185	\$ 4,798,620	\$ 4,497,613	\$ 4,174,033	\$ 3,827,759	\$ 3,458,682
Additional Developer Distribution		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Residual Receipt Payments	50%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Payment %										
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											
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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	18	19	20
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	\$ 2,272,969	\$ 2,329,794	\$ 2,388,038	\$ 2,447,739	\$ 2,508,933	\$ 2,571,656	\$ 2,635,948	\$ 2,701,846	\$ 2,769,392	\$ 2,838,627
Unrestricted Unit Rents	2.50%	43,364	44,448	45,559	46,698	47,866	49,063	50,289	51,546	52,835	54,156
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	699,959	710,459	721,116	731,932	742,911	754,055	765,366	776,846	788,499	800,326
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	45,123	46,251	47,407	48,593	49,807	51,053	52,329	53,637	54,978	56,352
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		\$ 3,061,416	\$ 3,130,952	\$ 3,202,121	\$ 3,274,963	\$ 3,349,517	\$ 3,425,826	\$ 3,503,931	\$ 3,583,876	\$ 3,665,704	\$ 3,749,462
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	\$ 113,648	\$ 116,490	\$ 119,402	\$ 122,387	\$ 125,447	\$ 128,583	\$ 131,797	\$ 135,092	\$ 138,470	\$ 141,931
Unrestricted Unit Rents	5.00%	2,168	2,222	2,278	2,335	2,393	2,453	2,514	2,577	2,642	2,708
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	34,998	35,523	36,056	36,597	37,146	37,703	38,268	38,842	39,425	40,016
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,256	2,313	2,370	2,430	2,490	2,553	2,616	2,682	2,749	2,818
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		\$ 153,071	\$ 156,548	\$ 160,106	\$ 163,748	\$ 167,476	\$ 171,291	\$ 175,197	\$ 179,194	\$ 183,285	\$ 187,473
EFFECTIVE GROSS INCOME (EGI)		\$ 2,908,345	\$ 2,974,404	\$ 3,042,015	\$ 3,111,214	\$ 3,182,041	\$ 3,254,535	\$ 3,328,735	\$ 3,404,682	\$ 3,482,419	\$ 3,561,989
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	\$ 46,864	\$ 48,505	\$ 50,202	\$ 51,959	\$ 53,778	\$ 55,660	\$ 57,608	\$ 59,625	\$ 61,711	\$ 63,871
Management Fee	3.50%	159,048	164,615	170,376	176,339	182,511	188,899	195,510	202,353	209,436	216,766
Utilities	3.50%	235,076	243,304	251,820	260,633	269,755	279,197	288,969	299,083	309,551	320,385
Payroll/Payroll Taxes	3.50%	366,170	378,986	392,251	405,980	420,189	434,895	450,117	465,871	482,176	499,053
Insurance	3.50%	91,407	94,606	97,917	101,344	104,891	108,563	112,362	116,295	120,365	124,578
Maintenance	3.50%	265,651	274,949	284,572	294,532	304,841	315,510	326,553	337,982	349,812	362,055
Other Operating Expenses	3.50%	1,244	1,288	1,333	1,379	1,428	1,478	1,529	1,583	1,638	1,696
Services & Amenities	2.50%	25,602	26,242	26,898	27,570	28,259	28,966	29,690	30,432	31,193	31,973
Reserve for Replacement	1.00%	53,685	54,221	54,764	55,311	55,864	56,423	56,987	57,557	58,133	58,714
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	15,621	15,816	16,014	16,214	16,417	16,622	16,830	17,040	17,253	17,469
TOTAL OPERATING EXPENSES		\$ 1,267,868	\$ 1,310,031	\$ 1,353,646	\$ 1,398,763	\$ 1,445,433	\$ 1,493,713	\$ 1,543,656	\$ 1,595,321	\$ 1,648,768	\$ 1,704,059
NET OPERATING INCOME (NOI)		\$ 1,640,477	\$ 1,664,373	\$ 1,688,369	\$ 1,712,452	\$ 1,736,608	\$ 1,760,822	\$ 1,785,079	\$ 1,809,361	\$ 1,833,651	\$ 1,857,930
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA	1	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259
TOTAL DEBT SERVICE		\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259
CASH FLOW AFTER DEBT SERVICE		\$ 422,218	\$ 446,114	\$ 470,110	\$ 494,193	\$ 518,349	\$ 542,563	\$ 566,820	\$ 591,102	\$ 615,392	\$ 639,671
DEBT SERVICE COVERAGE RATIO (DSCR)		1.35	1.37	1.39	1.41	1.43	1.45	1.47	1.49	1.51	1.53
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%	\$ 13,439	\$ 13,842	\$ 14,258	\$ 14,685	\$ 15,126	\$ -	\$ -	\$ -	\$ -	\$ -
GP Partnership Management Fee	3.0%	\$ 16,799	\$ 17,303	\$ 17,822	\$ 18,357	\$ 18,907	\$ -	\$ -	\$ -	\$ -	\$ -
Cashflow available for distribution		\$ 391,980	\$ 414,969	\$ 438,030	\$ 461,151	\$ 484,316	\$ 542,563	\$ 566,820	\$ 591,102	\$ 615,392	\$ 639,671

		100%	100%	100%	100%	100%	50%	50%	50%	50%	50%
Developer Distribution	100%	\$ 391,980	\$ 414,969	\$ 438,030	\$ 461,151	\$ 484,316	\$ 271,282	\$ 283,410	\$ 295,551	\$ 307,696	\$ 319,835
Deferred developer fee start balance	6,138,596	3,458,682	3,066,702	2,651,733	2,213,703	1,752,552	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236
Deferred Developer fee payment	15	391,980	414,969	438,030	461,151	484,316	-	-	-	-	-
Deferred Developer fee end balance		\$ 3,066,702	\$ 2,651,733	\$ 2,213,703	\$ 1,752,552	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236
Additional Developer Distribution		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 271,282	\$ 283,410	\$ 295,551	\$ 307,696	\$ 319,835

Residual Receipt Payments	50%	0%	0%	0%	0%	0%	50%	50%	50%	50%	50%
	Payment %	-	-	-	-	-	271,282	283,410	295,551	307,696	319,835
P. CalHFA MIP	100.00%	-	-	-	-	-	271,282	283,410	295,551	307,696	319,835
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	-	-	-	-	-	271,282	283,410	295,551	307,696	319,835

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	Interest Rate	11	12	13	14	15	16	17	18	19	20
P. CalHFA MIP	3.00%	\$ 5,200,000	\$ 5,320,000	\$ 5,440,000	\$ 5,560,000	\$ 5,680,000	\$ 5,800,000	\$ 5,648,718	\$ 5,485,308	\$ 5,309,757	\$ 5,122,061
0											
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Total Residual Receipts Payments		\$ 5,200,000	\$ 5,320,000	\$ 5,440,000	\$ 5,560,000	\$ 5,680,000	\$ 5,800,000	\$ 5,648,718	\$ 5,485,308	\$ 5,309,757	\$ 5,122,061

Cashflow Projections											
	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	\$ 2,909,593	\$ 2,982,333	\$ 3,056,891	\$ 3,133,313	\$ 3,211,646	\$ 3,291,937	\$ 3,374,236	\$ 3,458,592	\$ 3,545,056	\$ 3,633,683
Unrestricted Unit Rents	2.50%	55,510	56,898	58,320	59,778	61,272	62,804	64,374	65,984	67,633	69,324
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	812,331	824,516	836,884	849,437	862,179	875,112	888,238	901,562	915,085	928,812
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	57,761	59,205	60,685	62,203	63,758	65,352	66,985	68,660	70,376	72,136
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		\$ 3,835,195	\$ 3,922,952	\$ 4,012,780	\$ 4,104,731	\$ 4,198,855	\$ 4,295,205	\$ 4,393,834	\$ 4,494,797	\$ 4,598,151	\$ 4,703,954
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	\$ 145,480	\$ 149,117	\$ 152,845	\$ 156,666	\$ 160,582	\$ 164,597	\$ 168,712	\$ 172,930	\$ 177,253	\$ 181,684
Unrestricted Unit Rents	5.00%	2,775	2,845	2,916	2,989	3,064	3,140	3,219	3,299	3,382	3,466
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	40,617	41,226	41,844	42,472	43,109	43,756	44,412	45,078	45,754	46,441
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	2,888	2,960	3,034	3,110	3,188	3,268	3,349	3,433	3,519	3,607
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		\$ 191,760	\$ 196,148	\$ 200,639	\$ 205,237	\$ 209,943	\$ 214,760	\$ 219,692	\$ 224,740	\$ 229,908	\$ 235,198
EFFECTIVE GROSS INCOME (EGI)		\$ 3,643,435	\$ 3,726,804	\$ 3,812,141	\$ 3,899,495	\$ 3,988,912	\$ 4,080,444	\$ 4,174,142	\$ 4,270,057	\$ 4,368,244	\$ 4,468,757
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	\$ 66,107	\$ 68,420	\$ 70,815	\$ 73,294	\$ 75,859	\$ 78,514	\$ 81,262	\$ 84,106	\$ 87,050	\$ 90,097
Management Fee	3.50%	224,353	232,205	240,332	248,744	257,450	266,461	275,787	285,439	295,430	305,770
Utilities	3.50%	331,598	343,204	355,216	367,649	380,517	393,835	407,619	421,886	436,652	451,934
Payroll/Payroll Taxes	3.50%	516,519	534,598	553,308	572,674	592,718	613,463	634,934	657,157	680,157	703,963
Insurance	3.50%	128,938	133,451	138,122	142,956	147,960	153,138	158,498	164,046	169,787	175,730
Maintenance	3.50%	374,727	387,842	401,417	415,467	430,008	445,058	460,635	476,757	493,444	510,714
Other Operating Expenses	3.50%	1,755	1,816	1,880	1,946	2,014	2,084	2,157	2,233	2,311	2,392
Services & Amenities	2.50%	32,772	33,592	34,431	35,292	36,175	37,079	38,006	38,956	39,930	40,928
Reserve for Replacement	1.00%	59,301	59,894	60,493	61,098	61,709	62,326	62,949	63,579	64,215	64,857
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	17,687	17,908	18,132	18,359	18,588	18,820	19,056	19,294	19,535	19,779
TOTAL OPERATING EXPENSES		\$ 1,761,258	\$ 1,820,431	\$ 1,881,648	\$ 1,944,978	\$ 2,010,496	\$ 2,078,279	\$ 2,148,404	\$ 2,220,953	\$ 2,296,010	\$ 2,373,664
NET OPERATING INCOME (NOI)		\$ 1,882,178	\$ 1,906,373	\$ 1,930,494	\$ 1,954,516	\$ 1,978,416	\$ 2,002,166	\$ 2,025,738	\$ 2,049,105	\$ 2,072,234	\$ 2,095,093
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA	1	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259
TOTAL DEBT SERVICE		\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259	\$ 1,218,259
CASH FLOW AFTER DEBT SERVICE		\$ 663,919	\$ 688,114	\$ 712,235	\$ 736,257	\$ 760,157	\$ 783,907	\$ 807,479	\$ 830,846	\$ 853,975	\$ 876,834
DEBT SERVICE COVERAGE RATIO (DSCR)		1.54	1.56	1.58	1.60	1.62	1.64	1.66	1.68	1.70	1.72
DSCR CHECK (USRM)		Target	Target	Target	Target	Target	Target	Target	Target	Target	Target

LP Management Fee	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GP Partnership Management Fee	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cashflow available for distribution		\$ 663,919	\$ 688,114	\$ 712,235	\$ 736,257	\$ 760,157	\$ 783,907	\$ 807,479	\$ 830,846	\$ 853,975	\$ 876,834

		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Developer Distribution	100%	\$ 331,959	\$ 344,057	\$ 356,117	\$ 368,129	\$ 380,078	\$ 391,953	\$ 403,740	\$ 415,423	\$ 426,987	\$ 438,417
Deferred developer fee start balance	6,138,596	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236
Deferred Developer fee payment	15	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236
Additional Developer Distribution		\$ 331,959	\$ 344,057	\$ 356,117	\$ 368,129	\$ 380,078	\$ 391,953	\$ 403,740	\$ 415,423	\$ 426,987	\$ 438,417

Residual Receipt Payments	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Payment %	331,959	344,057	356,117	368,129	380,078	391,953	403,740	415,423	426,987	438,417
P. CalHFA MIP	100.00%	331,959	344,057	356,117	368,129	380,078	391,953	403,740	415,423	426,987	438,417
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	331,959	344,057	356,117	368,129	380,078	391,953	403,740	415,423	426,987	438,417

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	Interest Rate	21	22	23	24	25	26	27	28	29	30
P. CalHFA MIP	3.00%	\$ 4,922,226	\$ 4,710,266	\$ 4,486,209	\$ 4,250,092	\$ 4,001,963	\$ 3,741,885	\$ 3,462,188	\$ 3,162,314	\$ 2,841,760	\$ 2,500,026
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Total Residual Receipts Payments		\$ 4,922,226	\$ 4,710,266	\$ 4,486,209	\$ 4,250,092	\$ 4,001,963	\$ 3,741,885	\$ 3,462,188	\$ 3,162,314	\$ 2,841,760	\$ 2,500,026

Cashflow Projections											
	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	Inflation %										
Restricted Unit Rents	2.50%	\$ 3,724,525	\$ 3,817,638	\$ 3,913,079	\$ 4,010,906	\$ 4,111,179	\$ 4,213,958	\$ 4,319,307	\$ 4,427,290	\$ 4,537,972	\$ 4,651,421
Unrestricted Unit Rents	2.50%	71,057	72,834	74,654	76,521	78,434	80,395	82,405	84,465	86,576	88,741
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	942,744	956,885	971,238	985,807	1,000,594	1,015,603	1,030,837	1,046,299	1,061,994	1,077,924
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	73,939	75,788	77,682	79,624	81,615	83,655	85,747	87,891	90,088	92,340
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		\$ 4,812,265	\$ 4,923,144	\$ 5,036,654	\$ 5,152,858	\$ 5,271,821	\$ 5,393,611	\$ 5,518,295	\$ 5,645,944	\$ 5,776,630	\$ 5,910,426
VACANCY AND OTHER LOSSES	%										
Restricted Unit Rents	5.00%	\$ 186,226	\$ 190,882	\$ 195,654	\$ 200,545	\$ 205,559	\$ 210,698	\$ 215,965	\$ 221,364	\$ 226,899	\$ 232,571
Unrestricted Unit Rents	5.00%	3,553	3,642	3,733	3,826	3,922	4,020	4,120	4,223	4,329	4,437
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	47,137	47,844	48,562	49,290	50,030	50,780	51,542	52,315	53,100	53,896
Other Project Based Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	3,697	3,789	3,884	3,981	4,081	4,183	4,287	4,395	4,504	4,617
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-	-	-
PROJECTED VACANCY AND OTHER LOSSES		\$ 240,613	\$ 246,157	\$ 251,833	\$ 257,643	\$ 263,591	\$ 269,681	\$ 275,915	\$ 282,297	\$ 288,831	\$ 295,521
EFFECTIVE GROSS INCOME (EGI)		\$ 4,571,652	\$ 4,676,987	\$ 4,784,821	\$ 4,895,215	\$ 5,008,230	\$ 5,123,930	\$ 5,242,380	\$ 5,363,647	\$ 5,487,798	\$ 5,614,904
OPERATING EXPENSES	Inflation %										
Administrative Expenses	3.50%	\$ 93,250	\$ 96,514	\$ 99,892	\$ 103,388	\$ 107,007	\$ 110,752	\$ 114,628	\$ 118,640	\$ 122,793	\$ 127,090
Management Fee	3.50%	316,472	327,548	339,012	350,878	363,158	375,869	389,024	402,640	416,733	431,318
Utilities	3.50%	467,752	484,123	501,068	518,605	536,756	555,543	574,987	595,111	615,940	637,498
Payroll/Payroll Taxes	3.50%	728,602	754,103	780,496	807,814	836,087	865,350	895,637	926,985	959,429	993,009
Insurance	3.50%	181,880	188,246	194,835	201,654	208,712	216,017	223,577	231,402	239,502	247,884
Maintenance	3.50%	528,589	547,090	566,238	586,057	606,569	627,798	649,771	672,513	696,051	720,413
Other Operating Expenses	3.50%	2,476	2,562	2,652	2,745	2,841	2,940	3,043	3,150	3,260	3,374
Services & Amenities	2.50%	41,951	43,000	44,075	45,177	46,306	47,464	48,651	49,867	51,114	52,391
Reserve for Replacement	1.00%	65,505	66,161	66,822	67,490	68,165	68,847	69,535	70,231	70,933	71,642
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Real Estate & Specialty Taxes	1.25%	20,256	20,277	20,530	20,787	21,047	21,310	21,576	21,846	22,119	22,395
TOTAL OPERATING EXPENSES		\$ 2,454,004	\$ 2,537,124	\$ 2,623,120	\$ 2,712,094	\$ 2,804,148	\$ 2,899,390	\$ 2,997,931	\$ 3,099,885	\$ 3,205,373	\$ 3,314,516
NET OPERATING INCOME (NOI)		\$ 2,117,648	\$ 2,139,863	\$ 2,161,701	\$ 2,183,121	\$ 2,204,082	\$ 2,224,541	\$ 2,244,450	\$ 2,263,762	\$ 2,282,425	\$ 2,300,388
DEBT SERVICE PAYMENTS	Lien										
P. CalHFA	1	\$ 1,218,259									
TOTAL DEBT SERVICE		\$ 1,218,259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CASH FLOW AFTER DEBT SERVICE		\$ 899,389									
DEBT SERVICE COVERAGE RATIO (DSCR)		1.74	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DSCR CHECK (USRM)		Target									

LP Management Fee	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GP Partnership Management Fee	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cashflow available for distribution		\$ 899,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

50%

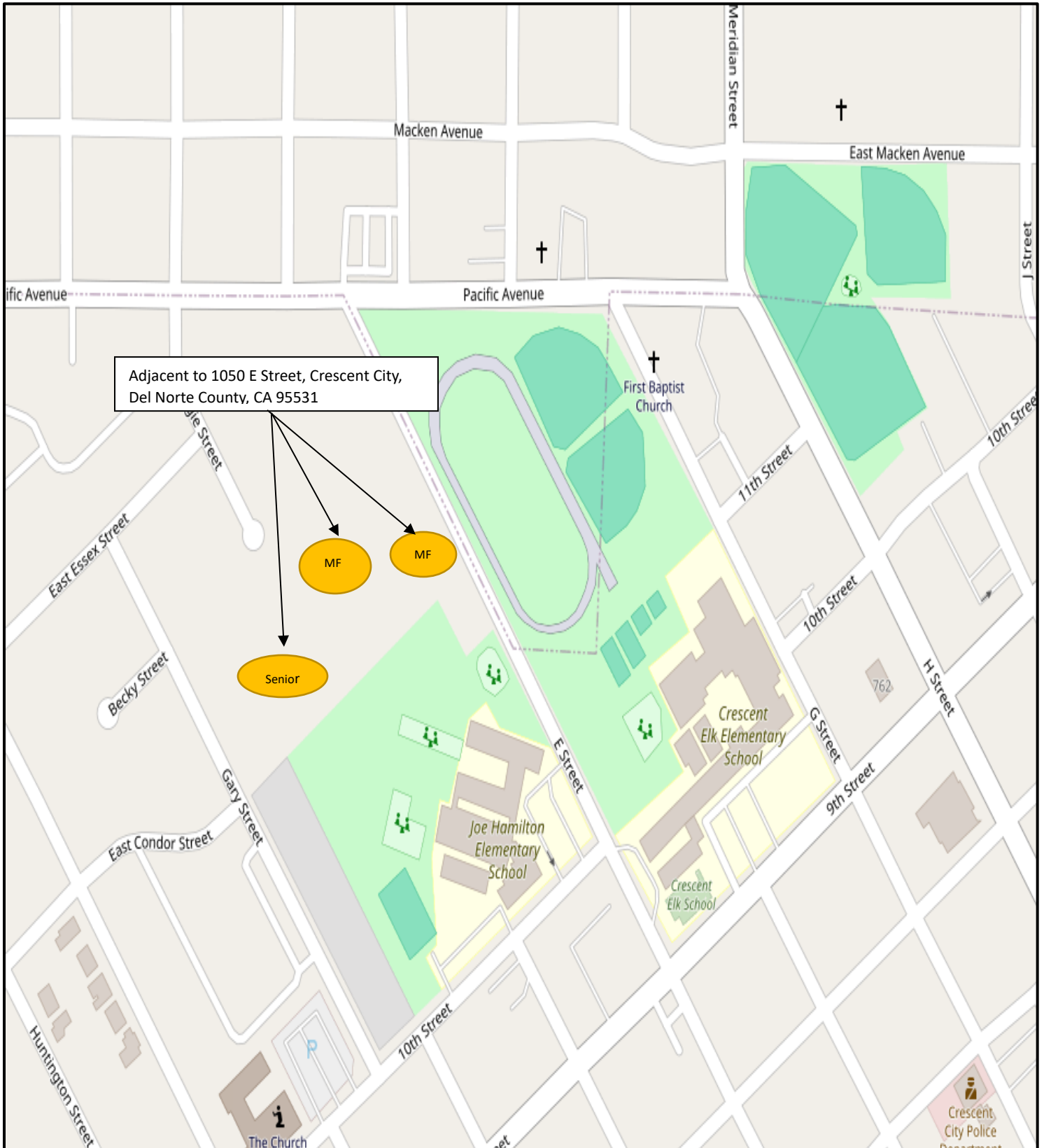
Developer Distribution	100%	\$ 449,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred developer fee start balance	6,138,596	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236	1,268,236
Deferred Developer fee payment	15	-	-	-	-	-	-	-	-	-	-
Deferred Developer fee end balance		\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236	\$ 1,268,236
Additional Developer Distribution		\$ 449,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Residual Receipt Payments	50%	50%									
	Payment %	449,694	-	-	-	-	-	-	-	-	-
P. CalHFA MIP	100.00%	449,694	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
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	0.00%	-	-	-	-	-	-	-	-	-	-
	0.00%	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.00%	449,694	-	-	-	-	-	-	-	-	-

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	Interest Rate	31	32	33	34	35	36	37	38	39	40
P. CalHFA MIP	3.00%	\$ 2,136,610	\$ 1,751,014	\$ 1,803,544	\$ 1,857,650	\$ 1,913,380	\$ 1,970,781	\$ 2,029,905	\$ 2,090,802	\$ 2,153,526	\$ 2,218,132
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Total Residual Receipts Payments		\$ 2,136,610	\$ 1,751,014	\$ 1,803,544	\$ 1,857,650	\$ 1,913,380	\$ 1,970,781	\$ 2,029,905	\$ 2,090,802	\$ 2,153,526	\$ 2,218,132

Battery Point Apartments Near



Battery Point Apartments Far

