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## **PROCEDURAL ITEMS FOR THE CMFA SUMMARY AND RECOMMENDATIONS**

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Items: A1, A2, A3

Action: Pursuant to the by-laws and procedures of CMFA, each meeting starts with the call to order and roll call (A1) and proceeds to a review and approval of the minutes from the prior meeting (A2). After the minutes have been reviewed and approved, time is set aside to allow for comments from the public (A3).

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## NORTH HARBOR VILLAGE APARTMENTS SUMMARY AND RECOMMENDATIONS

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Applicant:	Jamboree Housing Corporation
Action:	Final Resolution
Amount:	\$35,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in the City of Santa Ana, Orange County, California
Activity:	Affordable Housing
Meeting:	March 5, 2021

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Amendment – February 26, 2021 Final Resolution:

The Final Resolution for North Harbor Village Apartments was previously approved at the February 26, 2021 CMFA Board meeting. The Project requires an increase in the amount of a taxable tail that will be issued.

Background:

Jamboree’s mission is to create opportunity for their residents with the homes they build and the services they provide. It’s an opportunity for families, seniors and those with special needs to access homes they can afford, with distinctive resident services that are responsive and that strengthen the community.

They achieve their mission through the development and construction of new affordable rental and for-sale housing; the preservation of existing affordable housing units through acquisition and rehabilitation; and partnerships with cities to develop broader community and economic opportunities.

Founded in 1990 by the late Lila Lieberthal, a life-long affordable housing advocate, Jamboree has experienced steady growth and geographic expansion. Today, their portfolio includes development and/or ownership interest of nearly 6,300 affordable homes in 61 California communities – topping a market value of \$1 billion.

### The Project:

North Harbor Village is a new construction project located in Santa Ana on a 1.79-acre site. The project will consist of 89 restricted rental units and 2 unrestricted manager units. The project will have 89 studios, 1 two-bedroom unit and 1 three-bedroom unit. The project will feature a community garden, sports court and dog run. The leasing area will be where the existing motel lobby area is located. New unit amenities will include air conditioning, refrigerator, range/oven, microwave, various furnishings, wall mounted A/C and curtains/blinds. Current units will be upgraded with new kitchen and bathroom cabinetry, new vinyl plank flooring, interior paint, 2-burner electric stove top, refrigerator, and microwave furnishing. The units will also get new heating and cooling equipment. The property currently has a pool that will be removed for a new resident services/leasing building. Solar panels will be added to the project's roof area. The construction is expected to begin March 2021 and complete by June 2022. The financing of this project will result in the addition of 89 units of affordable housing for low-income households in the City of Santa Ana for 55 years.

### The City of Santa Ana:

The City of Santa Ana is a member of the CMFA and held a TEFRA hearing on February 12, 2021. Upon closing, the City is expected to receive approximately \$13,333 as part of the CMFA's sharing of Issuance Fees.

### Proposed Financing:

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds:	\$ 19,000,000	\$ 9,284,261
Taxable Bond Proceeds:	\$ 5,000,000	\$ 0
LIH Tax Credit Equity:	\$ 4,313,906	\$ 9,586,458
Deferred Developer Fee:	\$ 1,452,983	\$ 896,170
AHP Loan:	\$ 890,000	\$ 890,000
VHHP:	\$ 0	\$ 10,000,000
OCHFT:	\$ 2,292,920	\$ 2,292,920
General Partner Capital Contribution:	<u>\$ 1,687,047</u>	<u>\$ 1,687,047</u>
Total Sources:	\$ 34,636,856	\$ 34,636,856

### Uses of Funds:

Land Acquisition:	\$ 15,838,582
New Construction:	\$ 8,931,614
Contractor Overhead & Profit:	\$ 664,041
Architectural Fees:	\$ 750,000
Survey & Engineering:	\$ 190,000
Construction Financing Expenses:	\$ 2,333,407
Permanent Financing:	\$ 154,632
Legal and Professional Fees:	\$ 150,000
Reserves:	\$ 285,135
Appraisal:	\$ 7,000
Hard Cost Contingency:	\$ 946,259
Local Development Impact Fees:	\$ 529,417
Other Project Costs*:	\$ 1,418,657
Developer Costs:	<u>\$ 2,438,112</u>
Total Uses:	\$ 34,636,856

Terms of Transaction:

Amount: \$35,000,000  
Maturity: 17 years  
Collateral: Deed of Trust on property  
Bond Purchasers: Private Placement  
Estimated Closing: March 2021

Public Benefit:

A total of 89 low-income households will be able to enjoy high quality, independent, affordable housing in the City of Santa Ana for the next 55 years.

Percent of Restricted Rental Units in the Project: 100%  
100% (89 Units) restricted to 50% or less of area median income households.  
Unit Mix: Studio units.  
Term of Restriction: 55 years

Finance Team:

Lender: JPMorgan Chase Bank, N.A.  
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP  
Issuer Counsel: Jones Hall, APLC  
Lender Counsel: Fisher Broyles LLP  
Borrower Counsel: Rutan & Tucker, LLP

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$35,000,000 for the North Harbor Village Apartments affordable multi-family housing facility located in the City of Santa Ana, Orange County, California.

\*Other Costs: These are costs that are categorized by CDLAC as "Other Costs" they may include the following; Accounting/Reimbursable, Appraisals, Audit Costs, Capital Needs Assessment, Contingency, Demolition & Environmental Remediation, Environmental Audit, Furnishings, Inspections, Insurance, Investor Due Diligence, Local Development Impact Fees, Marketing, Market Study, Operating Reserves, Permit Processing Fees, Prevailing Wage Monitoring, Relocation, Seismic, Syndication Consultants, TCAC App/Allocation/Monitoring Fees

\*\*The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.



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## INFORMATIONAL ITEMS FOR THE CMFA SUMMARY AND RECOMMENDATIONS

- Item: Administrative Issues; A., B., C., D., E., F., G., H., I.
- Action: Each meeting, the board has the opportunity to discuss, without taking any formal actions on items;
- A. Executive Director Report
  - B. Marketing Update
  - C. Membership Update
  - D. Transaction Update
  - E. Legislative Update
  - F. Internal Policies and Procedures
  - G. Legal Update
  - H. Audits Update
  - I. PACE Update



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## **PROCEDURAL ITEMS FOR THE CSFA I SUMMARY AND RECOMMENDATIONS**

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Items: A1, A2, A3

Action: Pursuant to the by-laws and procedures of CSFA I, each meeting starts with the call to order and roll call (A1) and proceeds to a review and approval of the minutes from the prior meeting (A2). After the minutes have been reviewed and approved, time is set aside to allow for comments from the public (A3).

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## THE MIX AT CTR CITY SUMMARY

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Project Sponsor: Manatt Housing Solutions LLC

Action: Final Resolution

Amount: \$155,000,000

Purpose: Finance Middle Income Multi-Family Rental Housing Facilities Located in the City of Anaheim, Orange County, California

Activity: Middle Income Housing

Meeting: March 5, 2021

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### Missing Middle Market:

Prior to the dissolution of redevelopment in 2012, affordable housing programs in California focused on households earning up to 120% of area median income. Since the dissolution of redevelopment, affordable housing programs in the state are largely limited to those earning no more than 60% of area median income. With rapidly increasing housing costs in the state, many California communities - our members - have market rate rental housing for higher-income residents and subsidized rental housing for lower-income residents but exclude middle-income

households who cannot afford the former and do not qualify for the latter. Those households are often referred to as the “missing middle.”

The missing middle includes workers who are critical to California’s economy and critical to California’s individual communities. They provide health care, public safety and services needed in every community.

Proposed Middle-Income Solution:

The proposed project would provide public benefit by using tax-exempt bonds, issued by the CMFA Special Finance Authority I (an affiliated single purpose “mini-JPA” or the “Authority”) to acquire a market-rate apartment facility and convert it to workforce housing with affordability tiers at 80%, 100% and 120%. Rents would be restricted to 35% of the applicable income tier. No tenants would be evicted. Any tenants above the applicable income limits would be allowed to stay in their units indefinitely but at market rents. Because ownership is governmental, the property would be exempt from property tax. This operating expense savings is enough to restrict rents at the levels described above.

Virtually all of the CMFA public benefit programs enjoy some subsidy or benefit. Compared to our affordable housing projects, this is a much leaner subsidy. Virtually all of our affordable housing projects are exempt from property taxes and use other federal, state and local subsidies.

The CMFA solution provides a single purpose JPA with the City of Anaheim to own the project. It is common in real estate development to create a separate entity for each project. Neither the CMFA nor the municipality would be liable for the liabilities of the single purpose JPA.



General:

The Project Administrator's bid of \$115,000,000 on the Project was selected by the current owner, and the Project Administrator has entered into the Purchase and Sale Agreement with the current owner of the Project pursuant to which the current owner agrees to sell and convey the Project to the Agency, as assignee of the Project Administrator under the Assignment and Assumption, subject to certain conditions precedent and subject to the Condominium



Restrictions. The Agency is acquiring a fee simple interest in the Project pursuant to the Purchase and Sale Agreement as assigned under the Assignment and Assumption between the Agency and the Project Administrator.

The Facilities total 1.72 acres, occupying 369,387 square feet with 271,615 square feet of residential rentable area and 23,343 square feet of rentable retail area. The Facilities are comprised of four five-story buildings, totaling 26 units, built in 2006. The four buildings are known as Promenade Lofts, comprising 58 units, Carnegie Plaza, comprising 63 units, Broadway Arms, comprising 95 units, and Doria Lofts, comprising 60 units. The total unit mix is comprised of 62 studios, 85 one bedrooms, and 129 two bedrooms.

Prior to the acquisition of the Facilities by the Agency, the units are being rented as market. While the Facilities are currently operated as a market-rate rental community, in connection with the purchase thereof, the Agency will restrict the Facilities to households earning less than 80% of area median income ("AMI"), 81-100% of AMI and 101-120% of AMI.

As of the January 27, 2021 rent roll, the Facilities are 95.9% occupied. The Facilities have experienced average occupancy of 94.9% over the trailing twelve months. Disney International Employment Services is currently the Commercial Tenant leasing all of the Carnegie Plaza units. An early termination to the Commercial Lease has been negotiated. Closing of the Bonds is not conditioned upon receipt of any early termination payment. The previous occupancy levels count all 63 Carnegie Plaza units as occupied. With the 63 Carnegie Plaza units vacant at closing, occupancy will be approximately 73.2%.

#### The Project:

The proceeds of the Series 2021A Bonds will be applied by the Agency for the purpose of (i) financing the acquisition of the Project, (ii) funding deposits into the Series 2021 Capitalized Interest Account, Capital Expense Fund, Operating Reserve Fund, Coverage Reserve Fund, Senior Debt Service Reserve Fund, and Extraordinary Expense Fund for the Series 2021A Bonds, (iii) funding an amount equal to 1/6 of the amount specified in the Operating Plan and Budget for Operating Expenses for the Project into the Operating Account under the Property Management Agreement, and (iv) paying the costs and expenses incidental to the issuance of the Bonds.

Concurrently with the issuance of the Series 2021A Bonds, the Agency is issuing its Series 2021B Bonds. The Series 2021B Bonds will be issued and secured on a subordinate basis to the Series 2021A Bonds under the Indenture.

The Series 2021B Bonds will be directly issued to Manatt Housing Solutions LLC ("MHS") in exchange for the sale and assignment of certain assets to the Agency, including its purchase rights to the Project, a business plan for the Agency, and certain intellectual property created by MHS for the Agency. MHS also is the Project Administrator for the Facilities.

#### The City of Anaheim:

The City of Anaheim is a member of the CMFA and has approved a resolution approving, authorizing and directing execution of a Joint Exercise of Powers Agreement relating to the CMFA Special Finance Agency I and the form of a Public Benefit Agreement; and approving the issuance of revenue bonds by said agency for the purpose of financing the acquisition, construction or improvement of projects. Upon closing, the City is expected to receive approximately \$84,000 as part of the CMFA's sharing of Issuance Fees.

The Project Administrator:

The Project Administrator (the "Project Administrator") is Manatt Housing Solutions, a California limited liability company, a privately-held multifamily housing investor, and will be responsible for the operation of the Facilities pursuant to a Project Administration Agreement dated as of December 1, 2020 (the "Project Administration Agreement") between the Agency and the Project Administrator pursuant to which the Project Administrator agrees to asset manage the Facilities for the Agency, and have the Property Manager operate the Project. The Project Administrator is a subsidiary of the national full-service law firm Manatt, Phelps & Phillips, LLP. The Project Administrator's team has been actively involved in institutional real estate investment, acquisition, development, financing and asset management for decades across hundreds of transactions worth billions of dollars. The Project Administrator intends to engage in acquisition activities and management of similar types of housing projects. The Project Administrator may be financially interested in, as officers, partners or otherwise, and devote substantial time to, business and activities that may be inconsistent or competitive with the interests of the Facilities. This is their second City of Anaheim transaction.

The Property Manager:

Greystar California, Inc., a Delaware corporation (the "Property Manager"), will be responsible for managing the Facilities pursuant to a Property Management Agreement dated as of December 1, 2020 between the Agency and the Property Manager. The Property Manager has been actively engaged in multifamily property management since its establishment in 1993 and currently operates out of over 60 offices servicing more than 200 markets globally. The Property Manager has approximately 660,000 unit international portfolio ranging from conventional, mixed use, affordable, senior living and renovations/value add products, with an affordable housing portfolio covering 242 communities representing approximately 12,355 units spanning more than 23 states. The Property Manager also has experience in executing over \$15 billion of exterior and interior renovation projects. The Property Manager's Southern California operations covers 270 communities and approximately 67,894 units under management. The Property Manager is integral in preparing annual operating budgets, marketing and leasing the Facilities; collecting rent, including from dwelling units, parking spaces and other rental facilities; managing the payment of operating expenses for the Facilities; maintain and repairs the facilities and managing on-site employees.

Insurance Consultant:

Woodruff Sawyer has been engaged as an independent insurance consultant to recommend prudent liability and casualty coverage and Business Interruption Insurance policies and other insurance policies and coverages maintained with respect to the Project or the Agency pursuant to the Indenture.

Estimated Financing:

Sources of Funds:

Principal Amount of Series 2021A Bonds:	\$ 128,170,000
Principal Amount of Series 2021T Bonds:	<u>\$ 6,135,000</u>
Total Sources:	\$ 134,305,000

Series B Bonds: (\$4,125,000, 8% coupon)

Uses of Funds:

Project Acquisition:	\$ 115,000,000
Capitalized Interest Account:	\$ 2,457,475
Operating Reserve Fund:	\$ 535,733
Coverage Reserve Fund:	\$ 982,990
Capital Reserve Fund:	\$ 3,978,615
Senior Debt Service Reserve Fund:	\$ 4,914,950
Operating Account:	\$ 357,155
Extraordinary Expense Fund:	\$ 500,000
Initial Payment to Project Administrator:	\$ 1,750,000
Costs of Issuance:	<u>\$ 3,828,082</u>
Total Uses:	\$ 134,305,000

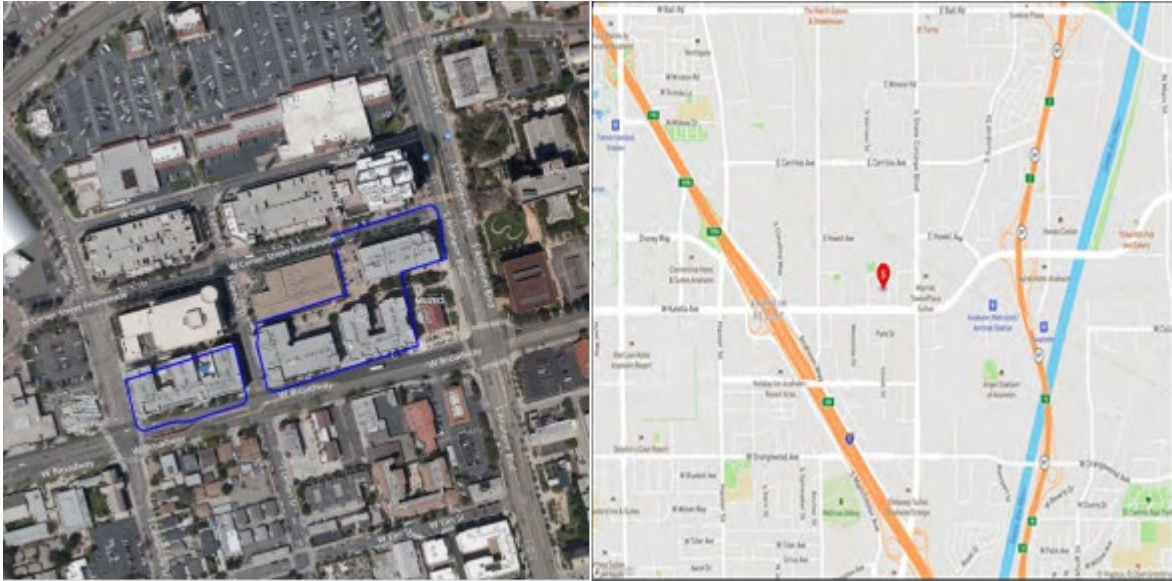
Terms of Transaction:

Amount:	\$155,000,000
Maturity:	35 years
Rating:	Unrated
Collateral:	Deed of Trust on property
Bond Purchasers:	Institutional & Sophisticated Investors
Estimated Closing:	March 2021

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE SOLELY FROM THE TRUST ESTATE UNDER THE INDENTURE. NEITHER THE AGENCY, ANY OF ITS MEMBERS, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AGENCY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE AGENCY'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE AGENCY HAS NO TAXING POWER.

The CMFA has served as the issuer of tax-exempt multifamily housing bonds in over 450 issues. Although this is the first middle income housing project with an ownership structure, the CMFA has also acted as the owner of an asset from its first transaction in 2004. The transaction adheres to the Agency Bond Issuance Policies and Procedures.

Agency Risks include default risk, operational risks and optical risks. The Preliminary Limited Offering Memorandum ("PLOM") clearly outlines that the purchase and ownership of Series 2021A Bonds involves investment risks that are discussed throughout the memorandum. Risks include: operations, legal, potential conflicts of interest, repayment risk, the nature of limited obligations, Covid-19 related risks, uncertain revenues and expenses, forecast uncertainties, third party report uncertainties, real estate risks, competition, damage and destruction and other risks.



Public Benefit:

In general, the income distribution is a bell curve, not a straight line, and those earning between 61% - 120% of AMI are in the “fat” part of that distribution. There are perhaps millions of California households who are not in the market to buy a home, for whatever reason, but are nevertheless unable to afford quality rental housing in or near the cities in which they work. The missing middle is a very large segment of the population and, since 2012, largely underserved, population. This is clearly a societal problem in California. Providing public benefit to California communities means providing benefits to all residents and workers, not solely those who are able to utilize low-income housing, hospitals, universities and private schools.

It’s important to recognize that low-income is defined by HUD as 80% of area median income (“AMI”), and below adjusted for family size. As requested by the City of Anaheim and outlined in the Regulatory Agreement, the proposed transaction will ensure that at least 40% of the units are reserved for low-income residents, 20% of the units reserved for those earning not more than 100% of AMI and the balance not more than 120% AMI. When the Series 2021 Bonds are issued and the Agency acquires the Facilities, existing tenants will not be displaced regardless of their income category. A total of 276 middle income households will be able to enjoy high quality, independent, affordable housing in the City of Anaheim as long as any of the bonds are outstanding.

**2020 MAXIMUM RESTRICTED RENTS**  
*(assumes 35% rent to income ratio)*

Unit Type	Low Income 80% AMI	Median Income 100% AMI	Moderate Income 120% AMI
Studio	\$2,093	\$2,616	\$3,140
1 BR	\$2,392	\$2,990	\$3,588
2 BR	\$2,690	\$3,363	\$4,036
Average	\$2,460	\$3,063	\$3,684

**CURRENT RENTS**

Unit Type	Market Rents*	In-Place Rents**
Studio	\$2,000	\$1,737
1 BR	\$2,350	\$1,962
2 BR	\$2,900	\$2,345
Average	\$2,512	\$2,051

**2020 ORANGE COUNTY MAXIMUM INCOME LIMITS**

*California Tax Credit Allocation Committee*

*Revised per HUD Notice, Effective April 1, 2020*

Household Occupancy	Low Income 80% AMI	Median Income 100% AMI	Moderate Income 120% AMI
1	\$71,760	\$89,700	\$107,640
2	\$82,000	\$102,500	\$123,000
3	\$92,240	\$115,300	\$138,360
4	\$102,480	\$128,100	\$153,720
5	\$110,720	\$138,400	\$166,080

**AGENCY RENTS\*\*\***

Unit Type	Low Income 80% AMI	Median Income 100% AMI	Moderate Income 120% AMI
Studio	\$1,582	\$1,713	\$1,904
1 BR	\$1,790	\$1,938	\$2,146
2 BR	\$2,132	\$2,277	\$2,589
Average	\$1,867	\$2,010	\$2,254

**Agency Program Discount to Market Rents:**

25.68%	19.99%	10.30%
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\* Market rents reflect those detailed in Appraisal.

\*\* In-Place Rents reflect average of currently occupied units per the Facilities' December 2021 rent roll.

\*\*\* Blended restricted rents if the Facilities are hypothetically in full compliance with the Regulatory Agreement on the date of issuance of the 2021 Bonds.

Failure by the Agency to meet the targeted income restriction categories will not result in a default under the Indenture. Failure by the Agency to meet the targeted income restriction categories will result in a default under the Regulatory Agreement, the sole remedy for which is specific performance. An uncured default under the Regulatory Agreement constitutes an event of default under the Project Administration Agreement for which the Agency can terminate the Project Administration Agreement in accordance with its terms, and under such circumstances the Regulatory Agreement provides that the Agency, in its sole and absolute discretion, may replace the Property Manager and terminate the Property Management Agreement in accordance with its terms. There can be no assurance that the Agency can meet the targeted income restriction categories due to the availability of qualified tenants for each income restriction category.

Finance Team:

Underwriter:	RBC Capital Markets
Bond Counsel:	Jones Hall APLC
Issuer Counsel:	Jones Hall APLC
Real Estate Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter Counsel:	Norris George & Ostrow LLP
Property Tax Counsel:	Meyers, Nave, Riback, Silver & Wilson LLP
Asset Manager:	Manatt Housing Solutions LLC
Property Manager:	Greystar California, Inc.
RE Advisor:	Gradient Real Estate Group, LLC
Insurance Consultant:	Woodruff Sawyer
Trustee:	Wilmington Trust, National Association
Rebate Analyst/ Dissemination Agent:	BLX
Investment Agreement Bidding Agent:	Puget Sound Capital Services LLC,

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$155,000,000 for The Mix at CTR City Apartments multi-family housing facility located in the City of Anaheim, Orange County, California.

\*The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is included in the resolution.



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## DISCLOSURE POLICIES AND PROCEDURES SUMMARY AND RECOMMENDATIONS

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Action:	Approval
Purpose:	Approve Resolution Establishing the Agency Disclosure Policies and Procedures
Activity:	Disclosure Monitoring and Compliance
Meeting:	March 5, 2021

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### Background and Resolution:

The Agency requires that all participants comply with any and all applicable federal and state securities laws, including but not limited to those requiring full and complete disclosure of all material facts to potential investors. In conduit financings, responsibility falls on the various financing team participants other than the CMFA or its Financial Advisor to determine the appropriate investigation, material facts and required disclosure to prospective purchasers of Bonds. The CMFA will not take any responsibility for such investigations or disclosures. The CMFA does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Bonds or the Borrower has been undertaken solely by the Borrower.

The CMFA Middle Income Housing program has expanded the direct Agency disclosure responsibilities. These disclosure policies and procedures (the “Disclosure Policies”) are intended to ensure that the Agency remains in compliance with all applicable federal and state laws regarding initial and periodic disclosure and reporting applicable to the Agency’s debt, whether issued directly or as a conduit.

### Recommendation:

The Executive Director recommends that the Agency Board of Directors adopt the Resolution to approve the Disclosure Policies and Procedures.



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## INFORMATIONAL ITEMS FOR THE CSFA I SUMMARY AND RECOMMENDATIONS

Item: Administrative Issues; A., B.

Action: Each meeting, the board has the opportunity to discuss, without taking any formal actions on items;

- A. Executive Director Report
- B. Transaction Update