PROPERTY ASSESSED CLEAN ENERGY ("PACE")
SUMMARY AND RECOMMENDATIONS

Action	Approve a Resolution and Related Items for the Collection of PACE Property Tax Assessments by Ventura County
Purpose:	Property Assessed Clean Energy ("PACE")
Activity:	PACE Financing and Refinancing of Energy Efficiency, Water Efficiency, Renewable Energy Generation and Seismic Improvements
Meeting:	July 30, 2021

Background:

Property Assessed Clean Energy ("PACE") programs help local economies and the environment by providing financing for energy and water efficient improvements and renewable energy systems. Communities with PACE programs have increased construction activity, created jobs, lowered utility bills, and reduced greenhouse gas emissions. Property owners repay the financing through their property tax bill over the useful life of the installed products.

Discussion:

PACE property tax assessments are added to the property owner's tax bills for collection by the county where the property is located. The below listed county requires annual authorization by the Board of the taxing district to place the assessments on the tax roll. The CMFA Board is being asked to approve the following items for the respective counties.

1. County of Ventura Resolution

The above listed items have been reviewed by Jones Hall.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve the above listed county resolution and related items.

INSURANCE COVERAGE

Subject: Insurance Coverage

Meeting: July 30, 2021

Background:

The CMFA, CFSC and CFPF has received quotes on the following insurance coverage. The CMFA Special Finance Agency I is added to the D&O and E&O policies only.

	Limit	Deductible	Estimate
• Directors and Officers Liability	$5,000,000	$35,000	$42,900
• Professional Liability/E&O	1,000,000	100,000	41,732
• Environmental Liability	1,000,000	10,000	18,585
• General Liability	1,000,000	0	4,775
• Excess Liability	9,000,000	(Inc. w/ GL)	(Inc. w/ GL)
• Cyber Liability	2,000,000	2,500	4,370
		Total:	$112,362

Arthur J. Gallagher Risk Management Services has been providing insurance brokerage services and we have received proposed insurance coverages based on the above limits.

Recommendation:

The Executive Director recommends approving the proposed general insurance policies and coverages with up to a 10% variance.

POSADA DE COLORES APARTMENTS
SUMMARY AND RECOMMENDATIONS

Applicant:	LANDIS Development, LLC
Action:	Amending Final Resolution
Amount:	$20,592,443
Purpose:	Finance Affordable Multi-Family Rental Housing Facilities Located in the City of Oakland, Alameda County, California
Activity:	Affordable Housing
Meeting:	July 30, 2021

Amendment – August 25, 2017 Final Resolution; Amending Resolution

The Final Resolution for Posada de Colores Apartments was previously approved at the August 25, 2017 CMFA Board meeting. While four previous amendments have been made, the Project requires an extension to the mandatory permanent financing conversion deadline and that would increase the weighted average maturity of the Bonds and, thereby, trigger a reissuance of the Bonds under federal tax law.

Background:

LANDIS aims to improve the livability of historically neglected communities by working with local groups to improve their neighborhood through comprehensive development. The company was borne out of the idea that the fabric of all communities is the variety and quality of its housing, its retail services, and access to employment and enjoyment.

LANDIS Development, LLC is a fully integrated eco-urban real estate development and services company dedicated to creating positive living environments. LANDIS Development, LLC offers Consulting & Advisory Services and through its development activities seeks to create high quality rental and for-sale housing including workforce, affordable and market rate. LANDIS specializes in urban infill mixed-use projects and the preservation and development of affordable housing for families and seniors.

The principals of LANDIS have developed and/or preserved over 1,400 affordable and market rate housing units. LANDIS has experience in developing a range of development types in both urban and suburban settings. LANDIS excels at structuring and providing solutions to complex development challenges. They have developed master plans and award-winning affordable homes that not only mirror the character of the community but also display the same quality of design and construction as market-rate housing.

The Project:

The Posada de Colores Apartments is an acquisition/rehabilitation of an existing affordable housing multifamily project. The project is a 100-unit multifamily residential rental facility located at 2221 Fruitvale Avenue, Oakland, CA. The eight-story reinforced concrete building occupies a total of .56 acres. Each apartment unit has an all-electric kitchen, full-sized bath and separate entry from the elevator lobby. The units will be restricted to households earning up to 50% of AMI. Building amenities include two community rooms, a recreation room, coin operated laundry and on-site parking. The project will involve in-place rehabilitation of all 100-units and common areas. The rehab work will include upgrades to the exterior/interior portions of the building, mechanical, electrical and plumbing systems upgrades and various landscaping additions. This financing will continue to preserve 99 units of affordable housing for the City of Oakland for another 55 years.

The City of Oakland:

The City of Oakland is a member of the CMFA and held a TEFRA hearing on January 26, 2017. The City received $12,598.74 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond:	$ 25,000,000	$ 10,480,100
Accrued/Deferred Interest:	$ 310,690	$ 310,690
Reserves:	$ 637,200	$ 637,200
LIH Tax Credit Equity:	$ 1,286,647	$ 12,719,469
Developer Equity:	$ 100	$ 100
Deferred Developer Fee:	$ 1,917,965	$ 1,917,965
Unity Council Perm Loan:	$ 0	$ 5,100,000
Seller Carryback Loan:	$ 9,157,436	$ 9,157,436
City of Oakland RDA funds:	$ 450,000	$ 450,000
Net Income from Operations:	$ 0	$ 144,267
Total Sources:	$ 38,760,038	$ 40,917,227

Uses of Funds:	
Land Cost/ Acquisition:	$ 19,210,000
Rehabilitation:	$ 9,856,000
Relocation:	$ 950,000
Contractor Overhead & Profit:	$ 0
Architectural Fees:	$ 230,200
Survey & Engineering:	$ 135,000
Construction Interest & Fees:	$ 1,908,204
Permanent Financing:	$ 107,601
Legal Fees:	$ 95,000
Reserves:	$ 1,462,959
Appraisal:	$ 30,589
Hard Cost Contingency:	$ 1,488,706

Local Development Impact Fees:	$	143,447
Soft Costs, Marketing, etc.*:	$	731,556
Development Costs:	$	4,567,965
Total Uses:	$	40,917,227

Terms of Transaction:

Amount:	$20,592,443
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Closing:	November 2018

Public Benefit:

A total of 99 households will continue to be able to enjoy high quality, independent, affordable housing in the City of Oakland, California for the next 55 years.

Percent of Restricted Rental Units in the Project: 100%

100% (99 Units) restricted to 50% or less of area median income households.

Unit Mix: 1-bedroom unit

Term of Restriction: 55 years

Finance Team:

Lender:	Wells Fargo Bank NA
Bond Counsel:	Jones Hall APLC
Issuer Counsel:	Jones Hall APLC
Lender Counsel:	Sheppard Mullin Richter & Hampton LLP
Borrower Counsel:	Goldfarb & Lipman LLP
Financial Advisor:	California Housing Partnership Corporation

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of $20,592,443 for Posada de Colores Apartments affordable multi-family housing facility located in the City of Oakland, Alameda 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.

JUNIPER VALLEY TOWNHOMES
SUMMARY AND RECOMMENDATIONS

Applicant:	Domus Development
Action:	Initial Resolution
Amount:	$25,000,000
Purpose:	Finance Affordable Multi-Family Rental Housing Facility Located in the City of Palmdale, Los Angeles County, California.
Activity:	Affordable Housing
Meeting:	July 30, 2021

<u>Background:</u>

Domus has spent more than a decade creating and preserving affordable housing and innovative infill mixed-use projects. Their vertically-oriented team manages all aspects of development, construction, and management. With offices in the Midwest, Southwest, and West Coast, the development team has experience and expertise that is place-based and responsive.

Domus has the expertise in-house to structure and execute complex deals, and their development partners include the industry's most knowledgeable professionals. Domus is an efficient, vertically-integrated operation with expertise in development, design, financing, syndication, construction, property management, and asset management. In their first ten years, Domus built a portfolio of over 750 dwelling units and leveraged nearly $200 million in public investment.

The firm has been the beneficiary of a number of honors from prestigious agencies and organizations, including the U.S. Environmental Protection Agency, U.S. Department of Housing and Urban Development, American Institute of Architects, U.S. Green Building Council, California Air Resources Board, California Preservation Foundation, Tahoe Regional Planning Agency, Association of Bay Area Governments, Sacramento Area Council of Governments, and Sacramento Regional Transit.

The Project:

Juniper Valley Townhomes is a new construction project to be located in Palmdale, California. The project will be composed of 70 rental units, consisting of eight 2-story townhouse-style buildings. The buildings will be made up of 2- and 3-bedroom units. The target population is large families. Amenities will include abundant open space, children's play area, common laundry room, community activity space, services space and a picnic/BBQ area. There will also be Instructor-led Adult Educational classes and Individualized Health and Wellness programs offered. The financing of this project will create 69 units of affordable housing in the City of Palmdale for the next 55 years.

The City of Palmdale:

The City of Palmdale is a member of the CMFA and will be asked to hold a TEFRA hearing. Upon closing, the City is expected to receive approximately $12,058 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:	Construction
Tax-Exempt Bond Proceeds:	$ 16,294,310
Recycled Bond Proceeds:	$ 3,000,000
Taxable Bond Proceeds:	$ 2,000,000
LIH Tax Credit Equity:	$ 2,325,114
Deferred Developer Fee:	$ 3,374,672
Deferred Costs:	$ 329,353
GP Equity Contribution:	$ 930,719
Total Sources:	$ 28,254,168

Uses of Funds:	
Land Acquisition:	$ 855,000
New Construction:	$ 18,659,669
Architectural and Engineering:	$ 740,000
Legal and Professional:	$ 200,000
Permits & Fees:	$ 1,774,193
Developer Fee:	$ 3,430,719
Financing Costs & Fees:	$ 1,133,515
Reserves:	$ 314,353
Other/Soft Costs*:	$ 902,376
Cost of Issuance:	$ 244,343
Total Uses:	$ 28,254,168

Terms of Transaction:

Amount:	$25,000,000
Maturity:	17 years
Collateral:	Deed of Trust on property
Bond Purchasers:	Private Placement
Estimated Closing:	July 2022

Public Benefit:

A total of 69 households will be able to enjoy high quality, independent, affordable housing in the City of Palmdale for the next 55 years.

Percent of Restricted Rental Units in the Project: 100%

- 10% (7 Units) restricted to 30% or less of area median income households; and
- 10% (7 Units) restricted to 50% or less of area median income households; and
- 80% (55 Units) restricted to 60% or less of area median income households.
- Unit Mix: 2- and 3-bedroom units
- Term of Restriction: 55 years

Finance Team:

Lender:	Citi Community Capital
Bond Counsel:	Jones Hall, ALPC
Issuer Counsel:	Jones Hall, APLC
Lender Counsel:	TBD
Borrower Counsel:	Bocarsly, Emden Cowan Esmail & Arndt LLP

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve an Initial Resolution of $25,000,000 for Juniper Valley Townhomes affordable multi-family housing facility located in the City of Palmdale, Los Angeles County, California.

Note: This transaction is subject to review and final approval at the Final Resolution.

*Other Costs: These are costs that are categorized by CDLAC as "Other Costs" and 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.

CITY OF HUNTINGTON BEACH
ELAN APARTMENTS SUMMARY

Project Sponsor:	Catalyst Housing Group LLC
Action:	Final Resolution
Amount:	$185,000,000
Purpose:	Finance Middle Income Multi-Family Rental Housing Facilities Located in the City of Huntington Beach, Orange County, California
Activity:	Middle Income Housing
Meeting:	July 30, 2021

<u>Missing Middle Market:</u>

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.”

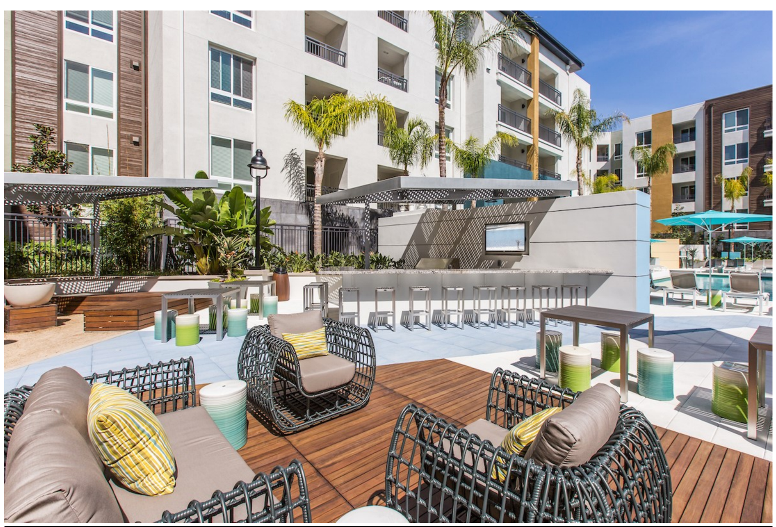
The missing middle includes workers who are critical to California’s economy and critical to California’s individual communities. They provide health care, public safety and services needed in every community.

Proposed Middle-Income Solution:

The proposed project would provide public benefit by using tax-exempt bonds, issued by the CMFA Special Finance Authority VIII (an affiliated single purpose “mini-JPA” or the “Authority”) to acquire a market-rate apartment facility and convert it to middle income/workforce housing with affordability tiers at 80% and 120%. Rents would be restricted to 30% 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 Huntington Beach 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 $134,000,000 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. 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.

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") and 101-120% of AMI.

As of June 30, 2021, the Facilities are 94.5% occupied and consist of both market rate units and units protected under an existing regulatory agreement.

The Facilities:

The Facilities consist of a 274-unit multifamily residential rental community located at 18504 Beach Boulevard, Huntington Beach, Orange County, California, originally constructed in 2015 and currently operating as a market-rate apartment complex with a subset of rent-restricted units under and existing regulatory agreement, and related improvements, personal property and equipment. The Facilities have a 360,000 square foot gross building area and a 246,578 square foot net rentable area. The Facilities include a small retail component, totaling 7,923 square feet divided into six spaces. There is 4,439 square feet of vacant space (56 percent) in three units. Of the 274 apartment units, 26 are studios, 130 are one-bedroom, and 118 are two-bedroom units. Ten percent of the units. The Facilities are currently subject to an existing Regulatory Agreement, whereby 10% of the units (27 units) are designated to households earning no more than 110% of Area Median Income (AMI). Site amenities include a heated saltwater lap pool and spa, state of the art fitness center, club room with lounge seating, catering kitchen, outdoor kitchen, outdoor lounge areas, resident game lounge, 24-hour business center, community computers, dog park, and complementary bike storage at ground level. Units include gas cooktops, premium wood-style flooring, stainless steel appliances, quartz countertops, two tone cabinetry, tile backsplashes, in-unit washer/dryers, and private patios/balconies.

The Facilities are comprised of one 5-story and one 4-story apartment building, and a 2-story parking structure. The property contains a total of 452 parking spaces, of which 11 are ADA-accessible and 24 are for retail tenants. including 376 surface parking spaces, 309 garage parking spaces, and 73 carport parking spaces.

It is anticipated that approximately $5,000,000 of the Series 2021A Bond proceeds will be utilized post-closing to further enhance the Facilities. The planned capital expenditures for the Facilities are comprised of the following broad categories: Mechanical/Electrical/Plumbing, Exterior Envelope, Common Area and Amenities, Site Work, Building Technology, and Contingency. The following table sets forth the currently planned capital budget for these Capital Improvement categories:

Overview	CapEx
1. Mechanical/Electrical/Plumbing	$ 739,989
2. Exterior Envelope	543,875
3. Common Areas and Amenities	1,919,835
4. Site Work	228,700
5. Building Technology	784,964
6. Contingency	782,637
Initial Capital Expenditure	$5,000,000

Mechanical/Electrical/Plumbing. Mechanical, electrical and plumbing enhancements will include LED lighting upgrades, sum pump stormwater filtration systems and replacements, fire and life safety upgrades, and dryer vent enhancements.

Exterior Envelope. Exterior enhancements are expected to include exterior paint and veneer cleaning, dry rot repairs and cladding, and deck coating and waterproofing, and roof repairs.

Common Areas and Amenities. Common area improvements are expected to include furniture, fixtures and equipment, pool repairs and updates, community garden installation, BBQ grill updates with finishes, a package locker room and EV charging stations.

Site Work. Site work improvements are expected to include parking lot repairs, seal and striping, and irrigation system upgrades.

Building Technology. Interior enhancements are expected to include smart building technology upgrades, including keyless access controls, thermostats and water/gas leak detection sensors.

Fees and Contingency. The fees and contingency are expected to account for minor variances between estimates and the hard bids that come in post close of escrow.

The Project:

The proceeds of the Series 2021A Bonds will be applied by the Agency for the purpose of (i) paying the acquisition costs of the Project, (ii) financing the cost of certain capital improvements through a deposit into the Capital Expense Fund, (iii) funding deposits and reserves for the payment of debt service and certain other uses as set forth herein; (iv) funding a portion of 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 Catalyst Housing Group LLC ("Catalyst") 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 Catalyst for the Agency. Catalyst also is the Project Administrator for the Facilities.

The City of Huntington Beach:

The City of Huntington Beach is a member of the CMFA and approved on July 20, 2021 resolutions approving, authorizing and directing execution of a Joint Exercise of Powers Agreement relating to the CMFA Special Finance Agencies VII and VIII and the form of a Public Benefit Agreements; and approving the issuance of revenue bonds by said agency for the purpose of financing the acquisition, construction or improvement of the projects. Upon closing, the City is expected to receive approximately $100,000 as part of the CMFA's sharing of Issuance Fees. Additionally, local non-profits will also benefit through similar charitable donations.

The Project Administrator:

The Project Administrator (the "Project Administrator") is Catalyst Housing Group LLC, a California limited liability company. The Project Administrator will be responsible for the operation of the Facilities pursuant to a Project Administration Agreement dated as of August 1, 2021 (the "Project Administration Agreement") between the Agency and the Project Administrator pursuant to which the Project Administrator agrees to operate and manage the Facilities for the Agency, together with the Property Manager. The Project Administrator is engaged in, and will continue to engage in, the acquisition, development, ownership and management of similar types of housing projects. The Project Administrator is anticipated to serve as project administrator for Elan Huntington Beach (which is being acquired by the CMFA Special Finance Agency VIII). Catalyst, and the principals thereof (the "Principals") have been actively engaged in institutional multifamily investment, acquisition, development financing and asset management since 2002 across more than $4 billion of transactions. The Principals' current multifamily investments include residential rental facilities throughout Arizona, California and Washington totaling 3,488 market-rate and affordable units. 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.

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 August 1, 2021 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-1 Bonds:	$	100,500,000
Principal Amount of Series 2021A-2 Bonds:	$	53,720,000
Original Issue Premium (2021 A-2 Bonds):	$	3,395,104
Total Sources:	$	157,615,104

Series B Bonds: ($5,000,000, 8% coupon)

Uses of Funds:

Project Acquisition:	$	133,772,693
2021A-1 Capitalized Interest Account:	$	603,000
2021A-1 Debt Service Reserve Fund:	$	3,015,000
2021A-2 Capitalized Interest Account:	$	1,501,580
2021A-2 Debt Service Reserve Fund:	$	2,148,800
Coverage Reserve Fund:	$	1,032,760
Operating Reserve Fund:	$	453,811
Capital Expense Fund:	$	5,000,000
Extraordinary Expense Fund:	$	500,000
Operating Account:	$	302,541
Initial Payment to Project Administrator	$	2,000,000
Property Tax Account:	$	1,481,557
Costs of Issuance:	$	5,803,362
Total Uses:	$	157,615,104

Terms of Transaction:

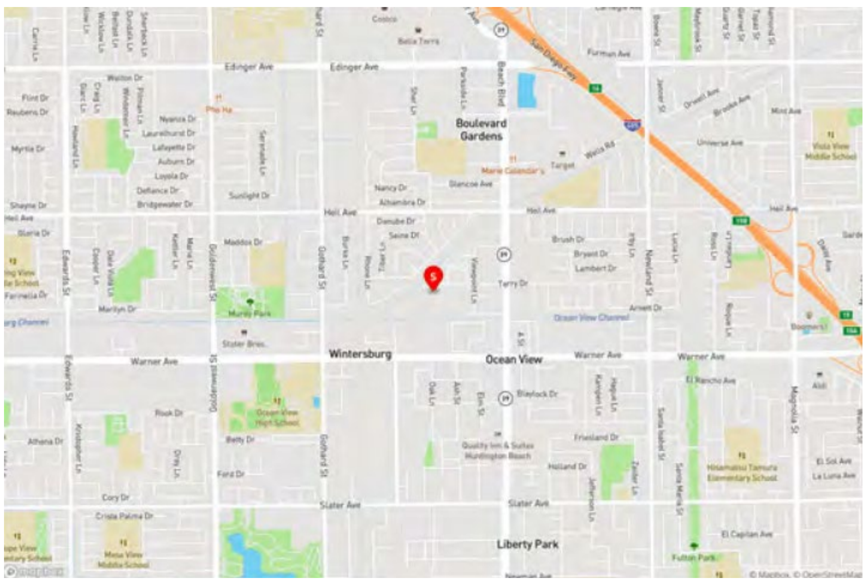
Amount:	$185,000,000 (Not-to-exceed)
Maturity:	35 years
Rating:	Unrated
Collateral:	Deed of Trust on property
Bond Purchasers:	Institutional & Sophisticated Investors
Estimated Closing:	August 2021

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 only the third 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 Huntington Beach and outlined in the Regulatory Agreement, the proposed transaction will ensure that at least 40% of the units are reserved for low-income residents and 50% of the units reserved for those earning not more than 120% AMI. The remaining 10% of the units restricted to 110% of AMI rents (inclusive of utility allowances and utilizing HCD income measures) will remain covered by the provisions of an existing affordability restriction in an Affordable Housing Agreement (AHA) with the Housing Authority of the City of Huntington Beach. 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 274 middle income households will be able to enjoy high quality, independent, affordable housing in the City of Huntington Beach as long as any of the bonds are outstanding.

2021 ORANGE COUNTY MAXIMUM INCOME LIMITS [1]

	HCD	TCAC	TCAC
Household Occupancy	**Low Income 110% AMI**	**Median Income 80% AMI**	**Moderate Income 120% AMI**
1	$79,310	$75,360	$113,040
2	$90,640	$86,080	$129,120
3	$101,970	$96,880	$145,320
4	$113,300	$107,600	$161,400
5	$122,430	$116,240	$174,360
6	$131,450	$124,880	$187,320
7	$140,580	$133,440	$200,160

[1] Per regulatory agreement, 110% AMI income limit is based on the California Department of Housing and Community Development guidance, effective 4/26/2021. 80% AMI and 120% AMI income limits are based on the California Tax Credit Allocation Committee (TCAC) guidance effective as of 4/1/2021

2021 MAXIMUM RESTRICTED RENTS

(Assumes 30% rent to income ratio)

Unit Type	Low Income 110% AMI	Median Income 80% AMI	Moderate Income 120% AMI
Studio	$2,054	$1,884	$2,826
1BR	$2,349	$2,152	$3,228
2BR	$2,643	$2,422	$3,633
Average	$2,447	$2,243	$3,364

CURRENT RENTS

Unit Type	Market[1]	90-Day Average Leasing Rents for Renovated Units[2]
Studio	$1,950	$1,937
1BR	$2,288	$2,268
2BR	$2,728	$2,660
Average	$2,445	$2,403

[1] Project Administrator's projection of market rents, based on recent leasing and current rent roll at the Facilities, and average rents from competing properties.

[2] Reflects 90-day average leasing rents for renovated units as of July 26, 2021. Weighted on total unit count

AGENCY RENTS[1]

Unit Type	**Low Income 110% AMI**	**Median Income 80% AMI**	**Moderate Income 120% AMI**
Studio	$1,597	$1,650	$1,850
1BR	$1,895	$1,953	$2,188
2BR	$2,285	$2,359	$2,628
Average	$2,035	$2,099	$2,345
Discount to Market Rents	*16.80%*	*14.20%*	*4.10%*
Weighted Average Rent-to-Income Ratio	25.70%	28.0%	20.90%

[1] Blended restricted rents if the Facilities were hypothetically in full compliance with the Regulatory Agreement on the date of closing.

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:	Jefferies LLC
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Issuer Counsel:	Jones Hall APLC
Real Estate Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter Counsel:	Ballard Spahr LLP
Property Tax Counsel:	Meyers, Nave, Riback, Silver & Wilson LLP
Property (Asset) Manager:	Catalyst Housing Group LLC
Property Manager's Counsel:	Black Law Group PLLC
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 $185,000,000 for the Elan Huntington Beach Apartments multi-family housing facility located in the City of Huntington Beach, Orange County, California.