

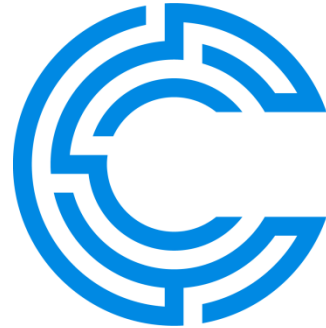
CalCHA

California Community Housing Alliance



Mission

- California Community Housing Alliance (CalCHA) provides perpetually affordable rental housing to essential middle-income community members while creating significant public benefits for local government



CalCHA
CALIFORNIA COMMUNITY HOUSING ALLIANCE

Contributors

- California Public Finance Agency (CalPFA) – Owner, Issuer, Compliance
- Catalyst Housing Group – Acquisitions, Asset Management, Financing
- FPI – Property Management, Renovations, Compliance
- Jefferies – Investment Banking
- Orrick – Legal Framework
- BB&K – Property Tax Exemption

Drivers

- Land use policies and construction costs persistently inhibit necessary levels of multifamily development
- Value-add investment cannibalizes NOAH and produces destructive rental inflation and tenant displacement
- Tax code revisions have depressed LIHTC pricing and reduced traditional affordable housing supply pipelines
- Shortages of protected middle-income housing stresses public infrastructure and personal well-being
- Lack of middle-income housing subsidies and developer incentives dampens essential housing production

Basics

- Acquisition of market-rate rental communities
- Avoidance of public subsidies
- Middle-income regulatory agreements
- Preservation of in-place tenant populations
- Granting of surplus economics to underlying jurisdictions

Regulation

- Term: 15+ years
- Set-asides: <120% AMI
- Incomes: TCAC limits
- Rents: <40% of income
- Increases: <3% annually
- Compliance: FPI & CalPFA
- Displacement: None

Partnership

- Requirements of local jurisdiction

- CalPFA membership
- Issuance acknowledgement
- Accept surplus economics

- Benefits to local jurisdiction

- No investment or subsidy allocation
- Below-market “purchase option”
- No direct ownership requirement
- Assignable purchase option agreement
- Immediate middle-income housing supply
- 100% of surplus economics

Bayside

Broker marketing materials...

“Expiring Regulatory Agreement:

The existing regulatory agreement, which requires the community to set aside 71 moderate-income households and 22 very low-income households, expires in November 2020, **allowing all units to then be rented at market rate rent levels.**

Current spreads between very low-income and market rents at the property range from \$979 to \$1,358 per month, resulting in a monthly gain of \$22,000 once the affordable units transition to market rate.”



Specifics

- Bayside Apartments – 530 Sunnyview Drive, Pinole
- 148-unit “value-add” apartment community
- Expiring regulatory agreement
- All 2BR and 3BR family units
- Sold 10/4/18 for \$37.8MM



Rents

Floorplan	In-Place	Pro Forma
Two-Bedroom	\$1,778	\$2,150
Three-Bedroom	\$2,297	\$2,600
Average	\$1,855	\$2,217



Economics

	Acquisition	Year 15	Year 35
Asset Value	\$46MM	\$55MM	\$67MM
Loan Balance	\$46MM	\$43MM	\$0
Leverage	100% LTC	78% LTV	0% LTV
Purchase Option	NA	\$43MM	\$0
Capital Reserve	\$7K/unit	\$14K/unit	\$28K/unit
Public Cash Flow	NA	NA	\$20MM
Tenant Rental Subsidies	NA	\$16MM	\$64MM

Priority

Cash flow will be distributed as follows:

1. Property Expenses
2. Capital Reserves
3. Bond Servicing
4. Asset Management
5. Senior Interest
6. Subordinate Interest
7. Senior Principal
8. Subordinate Principal
9. Underlying Jurisdiction

CalPFA

- ***Program administrators have issued in excess of \$50 billion of bonds across more than 2,500 properties over 30+ years***
- Joint powers authority and political subdivision of the State, formed to issue bonds for public and private entities
- Empowered to promote economic, cultural and community development opportunities that create affordable housing, jobs, community infrastructure and improve overall quality of life
- Previously acquired and developed student housing and healthcare properties through asset ownership program

Membership

- CalPFA membership is free and carries no liability to its governmental partners
- Current CalPFA members include the following Northern California jurisdictions

City of Antioch

City of Folsom

City of Livermore

Town of Los Altos Hills

County of Marin

City of Redwood City

City of Rocklin

City of Rohnert Park

City of Roseville

City of Santa Cruz

City of Santa Rosa

City of Sunnyvale

City of Vallejo

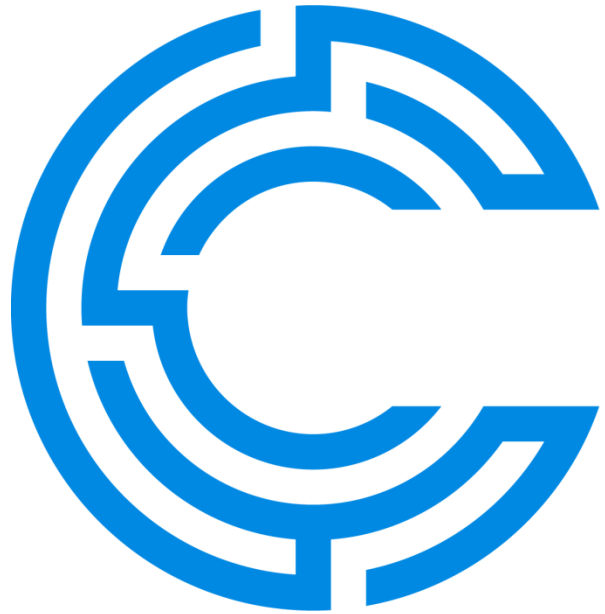
City of Woodland

Dreams



Reality





CalCHA

CALIFORNIA COMMUNITY HOUSING ALLIANCE