



**2310 Calle Del Mundo  
City of Santa Clara Term-sheet  
CONSTRUCTION AND PERMANENT LOAN**

Date: December 6, 2022

1. **PROPERTY AND PLANNED IMPROVEMENTS:** The project site is 0.99 acres located at 2310 Calle Del Mundo (APN# 097-46-024) in Santa Clara within the Center District of the adopted Tasman East Specific Plan. The proposed project consists of 151 mixed-income apartment units with approximately 86,520 rentable square feet and approximately 4,750 square feet of general retail/commercial space. There is a mix of studios, 1-bedroom, 2-bedroom, and 3-bedroom units ranging in size from 371 square feet to 1,095 square feet. The distribution of these units shall be sixteen (16) units rented to households with income levels at or below 30% TCAC AMI, fifty-eight (58) units rented to households with income levels at or below 50% TCAC AMI and seventy-six (76) units rented to households with income levels at or below 70% TCAC AMI and one (1) unrestricted manager's unit.

The residential units will be constructed in a 5-story Type IIIA wood-frame building above two floors of Type IA structured parking that is partially below grade. The site design incorporates landscaped entryways at the retail corners, activating sidewalks and providing a retail streetscape experience with outdoor seating areas. The building design will complement the high-density transit-oriented urban environment envisioned for the Tasman East area. The building exterior includes various massing and design elements incorporated in the project's façade and architecturally addresses its primary street frontage on Calle Del Mundo.

The project will conform to the existing design, environmental, and efficiency standards set in the approved Conditions of Approval with just a few minor revisions to the original development scope. Common area residential amenities will include a courtyard and outdoor terraces, barbecue and lounge areas, a fitness center, lobby and clubroom.

2. **BORROWER:** Mainline North 701, L.P., a California limited partnership is the Borrower whose administrative general partner is Mainline North GP 701 LLC, a California limited liability company and Riverside Charitable Corporation, a California nonprofit public benefit corporation as the managing general partner. Bank of America, N.A, or an affiliate thereof, shall be the initial limited partner investor.
3. **DEVELOPERS:** USA Multi-family Development, Inc., a California corporation and TPG Affordable LLC, a California limited liability company.

4. PROPERTY MANAGER: USA Multifamily Management, Inc.
5. PURPOSE OF FUNDING: Construction and permanent financing.
6. LOAN/PURCHASE AMOUNT: \$6,000,000 to be funded by a third-party source (i.e. no exhibits City housing funds will be used to fund the Loan). The Loan will be fully funded at closing and shall not be subject to retention or cost-savings provisions.
7. TERM OF LOAN: The Construction/Permanent Loan shall have a term of fifty-five years from the date the Project receives its certificate of occupancy (or equivalent).
8. AFFORDABLE HOUSING AGREEMENT: The Borrower shall enter into an Affordable Housing Agreement with the City that runs coterminous with the loan, fifty-five years from the date the Project receives its certificate of occupancy (or equivalent). If the City Loan is paid off in full before its term, the Affordable Housing Agreement will continue to run its term through the expiration date.
9. INTEREST RATE: Construction/Permanent Loan - 0%.
10. PAYMENTS: Principal and interest are due in full upon the maturity date. The Construction/Permanent Loan shall be repaid on a residual receipts basis, with the City receiving a pro-rata share (based upon relative loan amounts for the City Loan and the CalHFA financing) of 50% of the net cash flow of the Project. "Net cash flow" shall mean the operating revenues less eligible operating expenses, including but not limited to, the Priority Deferred Developer Fee and L.P. and G.P. management fees, and as further specified in the loan documents. The Priority Deferred Developer Fee shall be an amount equal to \$5,992,156 less any Developer Fee paid from Project Development sources. While it is currently anticipated that (i) approximately \$2,503,422 of Developer Fee shall be paid in from Project Developments sources, (ii) the Priority Deferred Developer Fee Amount will be approximately \$3,487,963 and (iii) the Priority Deferred Developer Fee Amount will be paid in approximately 6 years from Project cash-flow, the actual amount of the Priority Deferred Developer Fee is subject to change depending upon the actual final sources and uses for the Project which will be determined subsequent to the completion of construction of the Project. Any amount of deferred Developer Fee in excess of the Priority Deferred Developer Fee Amount shall be payable from Borrower's share of Project residual receipts.
11. COLLATERAL/DOCUMENTATION:  
The Construction/Permanent Loan shall be secured by a subordinate leasehold deed of trust on the Site and a subordinate collateral assignment of contracts, plans, and specifications. The City's affordability restrictions shall be recorded against the Site, subject only to those encumbrances permitted by the City. The Construction/Permanent Loan will be evidenced by a loan agreement and such other documentation as required by the City.
12. AFFORDABILITY RESTRICTIONS: The City's affordability restrictions ("Affordable

Housing Agreement”) shall restrict sixteen (16) units rented to households with income levels at or below 30% TCAC AMI, fifty-eight (58) units rented to households with income levels at or below 50% TCAC AMI, seventy-six (76) units rented to households with income levels at or below 70% AMI and one (1) unrestricted manager’s unit.

13. OTHER LENDERS: Construction, permanent and other soft lender loans shall be provided as follows:

- Senior Tax Exempt construction financing from CalHFA/Bank of America in the anticipated amount of approximately \$42,500,000 (the “Tax Exempt Construction Loan”).
- Senior Taxable construction financing from Bank of America in the anticipated amount of approximately \$19,650,000 (the “Taxable Construction Loan”).
- Senior Permanent Financing from CalHFA in the anticipated amount of approximately \$24,000,000 (the “CalHFA Conventional Loan”).
- Senior Permanent Financing from CalHFA (MIP) in the anticipated amount of approximately \$7,025,000 (the “CalHFA MIP Loan”).
- Junior construction/permanent financing from Life Span Home, Inc. in the anticipated amount of approximately \$1,700,000

14. SUBORDINATION: The City shall subordinate the lien of its Construction/Permanent Loan deed of trust to the liens securing the Tax Exempt Construction Loan, the Taxable Construction Loan, the CalHFA Conventional Loan and the CalHFA MIP Loan., subject to a subordination agreement in form and content acceptable to the City.

15. RESERVED.

16. DEVELOPMENT PRO FORMA: Borrower shall submit for City approval an acquisition and construction/permanent financial pro forma (the “Pro forma”) reflecting Borrower’s projections of tax credit equity, estimated income and operating expense cash flow for the Project and Development, and loan balances for 55 years to City’s satisfaction.

17. DEVELOPER FEE: Pursuant to the California Code of Regulations Section 10327(c)(2)(B) (TCAC regulations) on developer fees, the maximum developer fee shall be 15% of the Project’s unadjusted eligible basis, with the maximum cash portion of the development fee equal to or less than \$2,500,000 plus \$20,000 per unit for each Tax Credit unit in excess of 100 units (the “Developer Fee”). No interest is allowed on the deferred fee.

18. DUE DILIGENCE: Borrower shall provide all reports, studies, approvals, plans, drawings and other due diligence documents, in form and content acceptable to City, as reasonably requested by the City, including without limitation, an appraisal, a Phase I report, an ALTA survey, and preliminary title reports for the Site.

19. RESERVED.

20. PREVAILING WAGE REQUIREMENTS: Borrower shall pay, or cause to be paid, prevailing wages for the construction and demolition work if required by state and federal prevailing wage laws, including without limitation, the California Labor Code and the Davis-Bacon Act.
21. INSURANCE: Borrower shall procure and maintain insurance in form and amount approved by the City's requirements
22. GOOD NEIGHBOR PRACTICES: Borrower will work in collaboration with the City to address concerns and issues the community identified while simultaneously making the City aware of any such issues.
23. EXPIRATION: The City's term sheet shall expire by January 31<sup>st</sup>, 2023, or sooner if City determines in its sole and absolute discretion that the Project is not making substantial progress towards the commencement of construction.