

File No. 190146

Committee Item No. 9

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 27, 2019

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
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- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
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Completed by: Linda Wong

Date February 22, 2019

Completed by: Linda Wong

Date _____

1 [Loan Agreement - 88 Broadway Family, L.P. - 100% Affordable Housing at 88 Broadway -
2 Not to Exceed \$31,020,739]

3 **Resolution approving and authorizing the Director of the Mayor's Office of Housing and**
4 **Community Development to execute a Loan Agreement with 88 Broadway Family, L.P.,**
5 **a California limited partnership, in an amount not to exceed \$31,020,739 for a minimum**
6 **term of 57 years to finance the construction of a 100% affordable, 124-unit multifamily**
7 **rental housing development (plus one staff unit) for low and moderate income**
8 **households ("Broadway Project"); and adopting findings that the Loan Agreement is**
9 **consistent with the adopted Mitigation Monitoring and Reporting Program under the**
10 **California Environmental Quality Act, the General Plan, and the eight priority policies of**
11 **Planning Code, Section 101.1.**

12
13 WHEREAS, The City and County of San Francisco, acting through the Mayor's Office
14 of Housing and Community Development ("MOHCD"), administers a variety of housing
15 programs that provide financing for the development of new affordable housing and the
16 rehabilitation of single- and multi-family housing for low- and moderate-income households
17 and resources for homeowners in San Francisco; and

18 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
19 and operators; administers loan agreements; reviews annual audits and monitoring reports;
20 monitors compliance with affordable housing requirements in accordance with capital funding
21 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

22 WHEREAS, The City and County of San Francisco, acting through the San Francisco
23 Port Commission ("Port") owns Seawall Lot 322-1, also known by its street address as "88
24 Broadway" (the "Broadway Property"), a land parcel with approximately 37,810 square feet
25 area bounded by Broadway, Front, and Vallejo Street and buildings and a vacant City-owned

1 property located at 735 Davis Street (Assessor's Parcel Block No. 0140, Lot No. 008) ("Davis
2 Property"); and

3 WHEREAS, In 2015, MOHCD issued a Request for Proposal (RFP), seeking
4 submittals from qualified respondents to develop the Broadway Property and Davis Property
5 as affordable rental housing for low- and moderate-income households; and

6 WHEREAS, BRIDGE Housing Corporation, a California nonprofit public benefit
7 corporation ("BRIDGE"), in collaboration with and the John Stewart Company, a California
8 corporation ("JSCo"), jointly responded to the RFP and was selected to be the developer for
9 the Broadway Property and Davis Property; and

10 WHEREAS, BRIDGE and JSCo established a separate entity named 88 Broadway
11 Family, L.P., a California limited partnership ("Sponsor") under which to lease the Broadway
12 Property and develop the Broadway Project; and

13 WHEREAS, In conjunction with the Broadway Project, which will provide 124
14 affordable housing units for low- and moderate-income families (plus one staff unit), BRIDGE
15 and JSCo will also jointly develop a 100% affordable housing project with 52 rental units for
16 low- and moderate-income senior households (plus one staff unit) on the Davis Property
17 (together with the Broadway Project, the "Project"), for a total of 176 new affordable housing
18 units; and

19 WHEREAS, The Department of City Planning ("Planning Department") prepared a
20 Draft Initial Study/Preliminary Mitigated Negative Declaration ("PMND") and Mitigation
21 Monitoring and Reporting Program ("MMRP") for the Project and published the Draft PMND
22 and MMRP for public review on October 25, 2017, which were available for public comment
23 until November 27, 2017; and

24 WHEREAS, The Planning Commission held a public hearing on the PMND and found
25 that the contents of the PMND and the procedures through which the PMND was prepared,

1 publicized, and reviewed complied with the California Environmental Quality Act (California
2 Public Resources Code Sections 21000 et seq.) (CEQA), 14 California Code of Regulations
3 Sections 15000 et seq. (the "CEQA Guidelines") and Chapter 31 of the San Francisco
4 Administrative Code ("Chapter 31") and finalized the PMND (the Final MND); and

5 WHEREAS, On March 9, 2018, the Environmental Review Officer signed the FMND for
6 the Project and the Final MND was issued in compliance with CEQA, the CEQA Guidelines
7 and Chapter 31; and

8 WHEREAS, On May 3, 2018, the Planning Director found the FMND was adequate,
9 accurate and objective, reflected the independent analysis and judgment of the Planning
10 Director, and adopted the FMND and the MMRP, and authorized the Project in the Affordable
11 Housing Project Authorization; and

12 WHEREAS, The Historic Preservation Commission approved with conditions the
13 Certificate of Appropriateness Motion No. 0335) for the Project on April 4, 2018, on file with
14 the Clerk of the Board of Supervisors in File No. 180683, and incorporated herein by this
15 reference; and

16 WHEREAS, The Planning Department Commission Secretary is the custodian of
17 record for the file for Case No. 2016- 007850PRJ at 1650 Mission Street, Suite 400, San
18 Francisco, California; and

19 WHEREAS, The FMND and the MMRP has been made available to the public, the Port
20 Commission and the Board of Supervisors for their review and action and which is on file with
21 the Clerk of the Board of Supervisors in File No. 180683, and incorporated herein by this
22 reference; and

23 WHEREAS, By letter dated June 15, 2018, the Department of City Planning adopted
24 and issued a General Plan Consistency Finding, a copy of which is on file with the Clerk of the
25 Board in Board File No. 180683 and incorporated in this resolution by reference, wherein the

1 Department of City Planning found that the Project is consistent with the City's General Plan,
2 and with the eight priority policies under Planning Code, Section 101.1;

3 WHEREAS, On July 12, 2018, by Resolution 264-18, the Board of Supervisors
4 approved and authorized an option agreement and form of ground lease of the Broadway
5 Property for the purpose of development and construction of the Broadway Project, and
6 adopted the MMRP and found that all required mitigation measures identified in the FMND
7 and contained in the MMRP will be included in the ground lease; and

8 WHEREAS, On January 18, 2019, the Citywide Affordable Housing Loan Committee,
9 consisting of MOHCD, Department of Homeless and Supportive Housing, and the Office of
10 Community Investment and Infrastructure, recommended approval to the Mayor of a loan for
11 the Broadway Project in an amount not to exceed \$31,020,739; and

12 WHEREAS, To leverage equity from an allocation of low-income housing tax credits,
13 issuance of tax exempt bonds, and other funding sources in order for Sponsor to construct the
14 Broadway Project, MOHCD desires to provide a loan in the amount not to exceed
15 \$31,020,739 to the Sponsor pursuant to a Loan Agreement ("Agreement") in substantially the
16 form on file with the Clerk of the Board in File No. 190146, and in such final form as approved
17 by the Director of MOHCD and the City Attorney; and

18 WHEREAS, The material terms of the Agreement also include: (i) a minimum term of
19 57 years; (ii) an interest rate of up to three percent (3%); (iii) annual repayment of the loan
20 through residual receipts from the Broadway Project; (iv) the Broadway Property shall be
21 restricted for no less than 57 years as affordable housing to low- and moderate-income
22 households with annual maximum rent and income established by MOHCD; (v) the loan shall
23 be secured by a deed of trust recorded against the Sponsor's leasehold interest in the
24 Broadway Property; now, therefore, be it
25

1 RESOLVED, That the Board of Supervisors hereby adopts the findings contained
2 Resolution 264-18 regarding the FMND and MMRP under the California Environmental
3 Quality Act, and hereby incorporates such findings by reference as though fully set forth in this
4 Resolution; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is
6 consistent with the General Plan, and with the eight priority policies of Planning Code, Section
7 101.1 for the same reasons as set forth in the letter of the Planning Department Planning,
8 dated June 15, 2018, and hereby incorporates such findings by reference as though fully set
9 forth in this Resolution; and, be it

10 FURTHER RESOLVED, That the Board of Supervisors hereby approves the
11 Agreement and authorizes the Director of MOHCD or her designee to enter into any
12 amendments or modifications to the Agreement (including, without limitation, preparation and
13 attachment or, or changes to, any of all of the exhibits and ancillary agreements) and any
14 other documents or instruments necessary in connection therewith that the Director
15 determines, in consultation with the City Attorney, are in the best interest of the City, do not
16 materially increase the obligations or liabilities for the City or materially diminish the benefits of
17 the City, are necessary or advisable to effectuate the purposes and intent of this Resolution
18 and are in compliance with all applicable laws, including the City Charter; and, be it

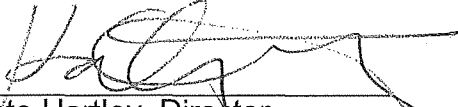
19 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
20 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the
21 authority to undertake any actions necessary to protect the City's financial security in the
22 Broadway Property and enforce the affordable housing restrictions, which may include,
23 without limitation, acquisition of the Broadway Property upon foreclosure and sale at a trustee
24 sale, acceptance of a deed in lieu of foreclosure, or curing the default under a senior loan;
25 and, be it

1 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
2 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;
3 and be it

4 FURTHER RESOLVED, That within thirty (30) days of the Agreement being fully
5 executed by all parties, MOHCD shall provide the final Agreement to the Clerk of the Board
6 for inclusion into the official file.

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RECOMMENDED:



Kate Hartley, Director
Mayor's Office of Housing and Community Development

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| <p>Items 9 and 10 Files 19-0146 and 19-0144</p> | <p>Department: Mayor's Office of Housing</p> |
| <p>EXECUTIVE SUMMARY</p> | |
| <p style="text-align: center;">Legislative Objectives</p> | |
| <p>File 19-0146 is a resolution approving a loan by MOHCD to 88 Broadway Family LP, a California limited partnership, of up to \$31,020,739 for a term of 57 years to develop 100 percent affordable housing. File 19-0144 is a resolution approving a loan by the Mayor's Office of Housing and Community Development (MOHCD) to 735 Davis Senior LP, a California limited partnership, of up to \$19,583,557 for a term of 57 years to develop 100 percent affordable housing.</p> | |
| <p style="text-align: center;">Key Points</p> | |
| <ul style="list-style-type: none"> • 735 Davis Senior LP and 88 Broadway Family LP are limited partnerships of BRIDGE Housing (BRIDGE) and John Stewart Company (John Stewart), selected by MOHCD through a competitive solicitation to develop affordable housing at 88 Broadway and 735 Davis Street. Development of 88 Broadway will create 124 units of housing affordable to households with maximum income between 30 percent and 120 percent of San Francisco's Area Median Income (AMI), and development of 735 Davis Street will create 53 units affordable to low income seniors and formerly homeless adults with maximum income between 30 percent and 75 percent of AMI. The Board of Supervisors previously approved the option for 735 Davis Senior LP and 88 Broadway Family LP to ground lease the respective properties. | |
| <p style="text-align: center;">Fiscal Impact</p> | |
| <ul style="list-style-type: none"> • The total estimated development costs for 88 Broadway are \$97,181,737. Financing includes federal Low Income Housing Tax Credits, commercial loans, the MOCHD loan, and other sources. The MOHCD loan of up to \$31,020,739 includes a loan of \$27,908,676 for up to 57 years; loan repayments would be made to MOHCD only if net revenues are available after operating costs (including debt service on other loans, ground lease payments, and reserves) have been met by the project. The balance of \$3,111,063 would be a bridge loan pending receipt by the project of other financing sources, including an Affordable Housing Program loan by the Federal Home Loan Bank and financing attributed to use of commercial space. • The total estimated development costs for 735 Davis Street are \$40,525,132. Financing includes federal Low Income Housing Tax Credits, commercial loans, the MOCHD loan, and other sources. The MOHCD loan of up to \$19,583,557 includes a forgivable loan of \$18,525,959 for up to 57 years; loan repayments would be made to MOHCD only if net revenues are available after operating costs (including debt service on other loans, ground lease payments, and reserves) have been met by the project. The balance of \$1,057,598 would be a bridge loan pending receipt by the project of other financing sources, including an Affordable Housing Program loan by the Federal Home Loan Bank and financing attributed to use of commercial space. | |
| <p style="text-align: center;">Recommendation</p> | |
| <ul style="list-style-type: none"> • Approve the proposed resolutions. | |

MANDATE STATEMENT / BACKGROUND

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

DETAILS OF PROPOSED LEGISLATION

File 19-0144: The proposed resolution approves a loan by the Mayor's Office of Housing and Community Development (MOHCD) to 735 Davis Senior LP, a California limited partnership, of up to \$19,583,557 for a term of 57 years to develop 100 percent affordable housing.

File 19-0146: The proposed resolution approves a loan by MOHCD to 88 Broadway Family LP, a California limited partnership, of up to \$31,020,739 for a term of 57 years to develop 100 percent affordable housing.

Affordable Housing Project

735 Davis Senior LP and 88 Broadway Family LP are limited partnerships of BRIDGE Housing (BRIDGE) and John Stewart Company (John Stewart), formed for the simultaneous development of two parcels of affordable housing on 88 Broadway and 735 Davis Street. BRIDGE will be the entity that assumes primary responsibility for development of the properties, with John Stewart serving as co-developer and providing long-term property management services for housing developed on both the 88 Broadway and adjacent 735 Davis Street sites.

88 Broadway is under the jurisdiction of the Port of San Francisco. In July 2018, the Board of Supervisors approved the Memorandum of Understanding (MOU) between the Port and MOHCD in which MOHCD would pay the Port the fair market value of use of 88 Broadway as affordable housing, and the option for 88 Broadway Family LP to ground lease the property from the Port (File 18-0863). 735 Davis is under the jurisdiction of MOHCD, and in July 2018 the Board of Supervisors approved an option for 735 Davis Senior LP to ground lease the property from the City (File 18-0686).

88 Broadway

88 Broadway will consist of 124 units multifamily rental housing that will be affordable to households with income ranging from 30 percent to 120 percent of the Area Median Income (AMI). The actual income and rental unit mix is shown in Table 1. The project will consist of 16 junior studio, 37 one-bedroom, 48 two-bedroom, and 24 three-bedroom units. Of the 124 units, 31 units will be subject to a Housing Assistance Payment contract (HAP) with the San Francisco Housing Authority; preference in HAP unit allocation will be given to Hope SF residents who voluntarily elected to apply for housing at 88 Broadway.¹

¹ Hope SF was a Citywide initiative to redevelop four public housing sites into new mixed-income and mixed-use communities. See: <http://hope-sf.org/basic.php> .

Table 1: 88 Broadway Unit Mix *

| Unit Size | No. of Units | Maximum Income Level |
|------------------|---------------------|-----------------------------|
| Studio | 1 | 30% of AMI |
| 1 bedroom | 2 | 30% of AMI |
| 2 bedroom | 1 | 30% of AMI |
| 3 bedroom | 1 | 30% of AMI |
| Studio | 5 | 50% of AMI |
| 1 bedroom | 13 | 50% of AMI |
| 2 bedroom | 17 | 50% of AMI |
| 3 bedroom | 9 | 50% of AMI |
| Studio | 8 | 60% of AMI |
| 1 bedroom | 16 | 60% of AMI |
| 2 bedroom | 20 | 60% of AMI |
| 3 bedroom | 10 | 60% of AMI |
| Studio | 1 | 80% of AMI |
| 1 bedroom | 3 | 80% of AMI |
| 2 bedroom | 6 | 80% of AMI |
| 3 bedroom | 1 | 80% of AMI |
| Studio | 1 | 100% of AMI |
| 1 bedroom | 1 | 100% of AMI |
| 2 bedroom | 2 | 100% of AMI |
| 3 bedroom | 1 | 100% of AMI |
| 1 bedroom | 2 | 120% of AMI |
| 2 bedroom | 2 | 120% of AMI |
| 3 bedroom | 1 | 120% of AMI |

Source: MOHCD

* 100 percent of the AMI for San Francisco in 2018 is \$118,400 for a family of four.

735 Davis Street

The 735 Davis Street project will provide housing for eligible low income seniors and the formerly homeless. The development will consist of 53 units affordable to adults with income between 30 percent and 75 percent of AMI, consisting of 23 studios, 29 one-bedrooms, and one two-bedroom. The unit mix and income requirements are shown in Table 2 below. Fifteen units are designated for tenants referred from the Department of Homelessness and Supportive Housing, and will be supported by a Local Operating Subsidy Program (LOSP) grant or other subsidy for supportive housing.²

² LOSP is an annual General Fund subsidy to supportive housing projects; MOHCD enters into LOSP contracts of approximately 15 years with the nonprofit operators of the supportive housing projects, subject to Board of Supervisors approval. Other supportive housing subsidy programs include the Continuum of Care federal program.

Table 2: 735 Davis Unit Mix

| Unit Size | No. of Units | Maximum Income Level |
|-----------|--------------|----------------------|
| Studio | 9 | 30% of AMI |
| 1 bedroom | 4 | 30% of AMI |
| Studio | 13 | 50% of AMI |
| 1 bedroom | 12 | 50% of AMI |
| 1 bedroom | 6 | 60% of AMI |
| Studio | 1 | 75% of AMI |
| 1 bedroom | 7 | 75% of AMI |

Source: MOHCD

Commercial Use

Both buildings include commercial ground floor uses. Envisioned usages include a child care center, a community-serving restaurant, and café.

Project Solicitation

The selection of the development team for 88 Broadway and 735 Davis was conducted through a competitive Request for Proposals (RFP) process. The RFP was published on MOHCD’s website. In addition, MOHCD has an email list of interested parties used to distribute the notice of the RFP, and lets affordable housing developers know about upcoming RFPs during the regular monthly meetings. In addition, the announcement for 88 Broadway and 735 Davis was distributed through the Port of San Francisco website and email lists. MOHCD staff also conducts additional outreach to qualified developers to solicit interest and assure a competitive bidding process. In response, qualified development teams submit proposals which are vetted and reviewed by a project selection team, using various scoring criteria to guide the selection and award process.

The RFP for 88 Broadway and 735 Davis Street was issued on December 4, 2015. MOHCD staff made additional outreach efforts to qualified developers in an attempt to attract proposals. According to MOHCD documentation, a pre-submittal meeting convened on December 17, 2015 was well attended. In the end, MOHCD received qualifying proposals from two development teams led by Chinatown Community Development Corporation and BRIDGE-John Stewart, respectively. Proposals were evaluated by a project selection panel composed of representatives from MOHCD, the Port of San Francisco, Human Services Agency, Department of Public Health³ and relevant community groups (Chinatown Progressive Association, Northeast Waterfront Advisory Group, and 88 Broadway Working Group). Interviews with the two prospective candidates were conducted, and smaller focus groups convened that engaged in a detail proposal review and vetting process. At the conclusion of this process, BRIDGE/John Stewart was deemed to have the higher proposal score.

³ The Human Services Agency and Department of Public Health programs were subsequently transferred to the Department of Homelessness and Supportive Housing in 2016.

Review of Project Compliance with MOHCD Underwriting Guidelines

Our review of the loan agreements for the 88 Broadway and 735 Davis projects indicate the terms and financial provisions of these agreements, and the accompanying pro forma analyses, are in conformity with the MOHCD Underwriting Guidelines.

Gap financing is provided in the standard form of fully subordinated, 57-year debt at 0-3% interest. MOHCD will receive any cash disbursements once other operating, debt service, and reserve requirements have been met. The debt service coverage ratio on both projects exceeds the minimum ratio of 1.10:1 in all years shown in the 20 year project pro forma, and is projected to rise over time. Capitalized Operating Reserves, which are a required reserve set-aside to cover unanticipated changes in operating expenses (including changes in debt service), and which must be held in an interest-bearing account, are in conformity with the requirement that the reserve is sufficient to cover three months of operating costs inclusive of debt service.

Both projects are in compliance with the required set aside of funds into Replacement Reserve Deposits, as set by the per unit fixed amount indicated in the Underwriting Guidelines.

Both projects have set asides for payment of the developer fees. The 88 Broadway project allows the developer to receive up to \$4,000,000 in developer fees. The amounts stated in the loan agreement (see above) are \$2,160,000, allowable at specific project milestones. Additional surpluses may be received by 88 Broadway Family LP in the form of Deferred Developer Fees. The 735 Davis Street project provides for up to \$1,000,000 in Developer Fee, paid at specific project milestones.

Our review of the loan agreements indicates that the amounts assessed for Partnership Management Fees and Asset Management Fees fare in compliance with MOHCD underwriting guidelines based on industry standards for the amounts that may be assessed and charged to these fees.

Loan Approval Process

The Citywide Affordable Housing Loan Committee (Loan Committee) approved up to \$31,020,739 in MOHCD gap financing for the 88 Broadway project, and \$19,583,557 in MOHCD gap financing for the 735 Davis Street project. The approval was made in accordance with the Housing Development process document, as follows. Once a project has been recommended for development, MOHCD will convene a Peer Review group composed of representatives from the MOHCD and the Office of Community Investment and Infrastructure. The Peer Review Group is charged with the task of initial review and drafting of the formal request for funding based on various performance targets - income limits, unit mix by affordability targets, and special populations to be housed by the proposed development. This funding request is then submitted to the Loan Committee for approval. Members of the Loan Committee include the MOHCD Director, the Director of the Office of Community Investment and Infrastructure, and Deputy Director of the Department of Homelessness and Supportive Housing. Once the project specifications and loan terms are approved by the Loan Committee, the project can be forwarded to the Mayor. Board of Supervisors approval is required prior to execution of the loan agreement by the Mayor according to City Charter Section 9.118(b).

Conformance to the California Environmental Quality Act (CEQA), General Plan and Planning Code

Files 19-0144 and 19-0146 find that the loan agreements are consistent with the adopted Mitigation Monitoring and Reporting program under CEQA, the General Plan, and the eight priority policies of the Planning Code, Section 101.1. According to a June 2018 letter from the Director of Planning, the proposed projects at 88 Broadway and 735 Davis conform to the General Plan and the eight priority policies of the Planning Code, Section 101.1. The Board of Supervisors previously adopted the Mitigation Monitoring and Reporting program under CEQA for 735 Davis Street (File 18-0686) and 88 Broadway (File 18-0683).

FISCAL IMPACT

88 Broadway Family LP (File 19-0146)

The total estimated development costs for 88 Broadway are \$97,181,737. Of this total, \$36,770,970 is financed by 4 percent federal Low Income Housing Tax Credits that have been secured and committed to the project.⁴ Bank of American is the tax credit investor, and will also provide the construction loan. An additional \$19,815,000 of total project costs will be financed through a 15 year conventional (permanent) self-amortizing mortgage loan at a 5.5 percent interest rate from Barings Bank. BRIDGE/John Stewart Company has a secured Letter of Intent from both Bank of America and Barings Bank. Additional, and not yet committed, portions of the project financing are the anticipated Affordable Housing Program (AHP) loan of \$1,140,000 from the Federal Home Loan Bank, for which MOHCD is providing bridge funding (see below), and project revenues of \$1,887,596 that are anticipated to be received from the conclusion of a commercial space financing once the Developer secures a tenant for the space.

\$31,020,739 in Gap Financing

File 19-0146 would approve a gap loan to be made by MOHCD to 88 Broadway Family LP up to \$31,020,739 for a term of 57 years. Based on estimated project financing and costs, MOHCD estimates that the actual loan amount would be \$27,908,676, as shown in Table 3 below, which would be allocated from the City's Affordable Housing Fund. Under the loan terms, loan repayments would be made to MOHCD only if net revenues are available after operating costs (including debt service on other loans, ground lease payments, and reserves) have been met by the project.

According to Citywide Affordable Housing Loan Committee approval, MOHCD is requesting loan authorization of up to \$31,020,739, which is \$3,111,063 more than the estimated loan of \$27,908,676 because MOCHD will provide bridge financing to cover certain development costs

⁴ The 4 percent Low Income Housing Tax Credit (Tax Credit Equity) is an Internal Revenue Service program that subsidizes affordable housing development by granting investors a one-to-one reduction in their federal tax liability. The Low Income Housing Tax Credit is designed to subsidize either 30 percent or 70 percent of the low-income unit costs in a project. The "4 percent" program equals an approximate 30 percent subsidy for new construction that uses additional subsidies or the acquisition cost of existing buildings. The "9 percent" program equals an approximate 70 percent subsidy that supports new construction without any additional federal subsidies

in anticipation 88 Broadway Family LP receiving an Affordable Housing Program loan from the Federal Home Loan Bank, estimated to be \$1,140,000, and commercial loan for development costs attributable to the ground floor commercial space, estimated to be \$1,887,596.⁵ Upon receipt of these loans, 88 Broadway Family LOP will repay an equal amount toward MOHCD’s gap loan.

Table 3: 88 Broadway Family LP, Sources and Uses

| Sources | |
|---|---------------------|
| MOHCD Gap Financing Loan (File 19-0146) | \$27,908,676 |
| Tax Credit Equity | 36,770,970 |
| Affordable Housing Program Loan | 1,140,000 |
| Commercial Bank Loan | 19,815,000 |
| Commercial Space Loan | 1,887,596 |
| General Partner Equity | 5,159,495 |
| Deferred Developer Fee | 4,500,000 |
| Total Sources | \$97,181,737 |
| Uses | |
| Design and Engineering | \$3,810,438 |
| Legal and Other | 2,902,610 |
| Financing | 6,965,374 |
| Contingency and Reserves | 1,372,220 |
| Subtotal | 15,050,642 |
| Developer Costs | 11,819,495 |
| Construction | 70,311,600 |
| Total Uses | \$97,181,737 |

In addition, the gap loan of up to \$31,020,739 to be provided by MOHCD to 88 Broadway Family LP includes a previously allocated predevelopment loan of \$3,800,000 to the 88 Broadway project. The predevelopment loan was not subject to Board of Supervisors approval because the loan amount was less than \$10 million and the term was less than 10 years.

Tax Credit Equity, General Partner Equity, and Developer Deferred fee

The amount of federal tax credits allocated to an affordable housing project is based on the total project costs (“eligible basis”). The 4 percent Low Income Housing Tax Credit provides a subsidy approximately equal to 30 percent of the project costs.⁶ In order to maximize eligible

⁵ The Affordable Housing Program loan of \$1,140,000 and commercial loan of \$1,887,596 total \$3,027,596. According to MOHCD, the loan amount up to \$3,112,063 is greater than the estimated loan amount of \$3,027,596 because the developer provided two sets of cost estimates and MOHCD determined to use the higher amount for the approval. The final commercial bridge loan amount will be determined prior to execution of gap loan and will be no more than \$1,972,063.

⁶ The 30 percent subsidy is calculated on the present value of the tax credits, which are allocated to the equity investor over 10 years. Therefore, while the federal tax credits allocated to 88 Broadway of \$36.8 million are approximately 38 percent of estimated project costs of \$97.2 million, the present value of the tax credits is approximately 30 percent of the project costs. \$36.8 million is provided by Bank of America in equity to the

project costs, the financing plan for 88 Broadway includes deferred developer fees of \$4,500,000 and general partner equity of \$5,159,495 as sources of funds, as shown in Table 3 above, which complies with Internal Revenue Code Section 42. The uses of funds, shown in Table 3 above, include \$11,819,495 in developer costs, consisting of (a) general partner equity of \$5,159,495, which is an accounting entry to balance sources and uses, (b) deferred developer fees of \$4,500,000 which will be paid only if net revenues are realized from the project, (net revenue will be evenly split between MOHCD and the 88 Broadway Family LP, and (c) \$2,160,000 in cash reimbursement.

735 Davis Senior LP (File 19-0144)

The total estimated development costs for 735 Davis Street are \$40,525,132. Of this total, \$16,925,551 is financed by a percent federal Low Income Housing Tax Credit that has been secured and committed to the project. Bank of American is the tax credit investor. BRIDGE/John Stewart Company has secured a Letter of Intent from the Bank of America. Additional, and not yet committed, portions of the project financing are the anticipated Affordable Housing Program (AHP) loan of \$520,000 from the Federal Home Loan Bank, for which MOHCD is providing bridge funding, and project costs attributable to the commercial space ground floor uses of \$558,851 will be repaid with the developer secures debt on the commercial space component of the project.

\$19,583,557 in Gap Financing

File 19-0144 would approve a gap loan to be made by MOHCD to 735 Davis Senior LP up to \$19,583,557 for a term of 57 years. Based on estimated project financing and costs, MOHCD estimates that the actual loan amount would be \$18,525,959, as shown in Table 4 below, which would be allocated from the City's Affordable Housing Fund. Under the loan terms, loan repayments would be made to MOHCD only if net revenues are available after operating costs (including debt service on other loans, ground lease payments, and reserves) have been met by the project.

According to Citywide Affordable Housing Loan Committee approval, MOHCD is requesting loan authorization of \$19,583,555, which is \$1,057,598 more than the estimated loan of \$18,525,959 because MOCHD will provide bridge financing to cover certain development costs in anticipation of 735 Davis Senior LP receiving an Affordable Housing Program loan from the Federal Home Loan Bank, estimated be \$520,000, and a commercial loan for development costs attributable to the ground floor commercial space, estimated to be \$558,851.⁷ Upon receipt of these loans, 735 Davis Senior LP will repay an equal amount toward MOHCD's gap loan.

project, in exchange for the future 10 year stream of Low-Income Housing Tax Credits and is priced based on a competitive bidding process for investors.

⁷ The Affordable Housing Program loan of \$520,000 and commercial space loan of \$558,851 total \$1,078,851. According to MOHCD, the projected loan balance of \$1,057,598 is less than the estimated bridge loan amount up to \$1,078,851 because the developer provided two sets of cost estimates and MOHCD determined to use the higher amount for the approval. The final commercial bridge loan amount will be determined prior to execution of gap loan and will be no more than \$537,598.

Table 4: 735 Davis Senior LP, Sources and Uses

| Sources | |
|---|---------------------|
| MOHCD Gap Financing Loan (File 19-0146) | \$18,525,959 |
| Tax Credit Equity | 16,925,550 |
| Affordable Housing Program Loan | 520,000 |
| Commercial Bank Loan | |
| Commercial Space Loan | 558,851 |
| General Partner Equity | 3,994,770 |
| Deferred Developer Fee | |
| Total Sources | \$40,525,130 |
| Uses | |
| Design and Engineering | \$2,068,661 |
| Legal and Other | 1,969,957 |
| Financing | 2,387,892 |
| Contingency and Reserves | 544,318 |
| Subtotal | 6,970,828 |
| Developer Costs | 4,994,770 |
| Construction | 28,559,532 |
| Total Uses | \$40,525,130 |

In addition, the gap loan of up to \$19,583,557 to be provided by MOHCD to 735 Davis Senior LP, includes a previously allocated predevelopment loan of \$2,200,000 to the 735 Davis Street project. The predevelopment loan was not subject to Board of Supervisors approval because the loan amount was less than \$10 million and the term was less than 10 years.

Tax Credit Equity, General Partner Equity, and Developer Deferred fee

The amount of federal tax credits allocated to an affordable housing project is based on the total project costs (“eligible basis”). The 4 percent Low Income Housing Tax Credit provides a subsidy equal to approximately 30 percent of the project costs.⁸ In order to maximum eligible project costs, the financing plan for 735 Davis Street includes general partner equity of \$3,994,770 as a source of funds, as shown in Table 4 above, which complies with the Internal Revenue Code Section 42. The uses of funds, shown in Table 4 above, include \$4,994,770 in developer costs, consisting of (a) general partner equity of \$3,994,770, which is an accounting entry to balance sources and uses, and (b) developer fees of \$1,000,000 based on achieving milestones.

⁸ The 30 percent subsidy is calculated on the present value of the tax credits, which are allocated to the equity investor over 10 years. Therefore, while the federal tax credits allocated to 735 Davis Street of \$16.9 million are approximately 42 percent of estimated project costs of \$40.5 million, the present value of the tax credits is 30 percent of the project costs. \$16.9 million dollars is provided by Bank of America in equity to the project, in exchange for the future 10 year stream of Low-Income Housing Tax Credits and is priced based on a competitive bidding process for investors.

Affordable Housing Fund

Files 19-0144 and 19-0146 approve loans of \$19,583,557 and \$31,020,739 respectively, totaling \$50,604,296 in Affordable Housing Fund loans. According to Benjamin McCloskey, Deputy Director for Finance and Administration at MOHCD, the balance of the Affordable Housing Fund at the end of FY 2017-18 was \$167.9 million.

RECOMMENDATION

Approve the proposed resolutions.

**AMENDED AND RESTATED LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO)**

**AFFORDABLE HOUSING FUND INCLUSIONARY AFFORDABLE HOUSING
PROGRAM / JOBS-HOUSING LINKAGE PROGRAM / 2015 GENERAL OBLIGATION
BOND FOR AFFORDABLE HOUSING)**

By and Between

THE CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, represented by the Mayor,
acting by and through the Mayor's Office of Housing and Community Development,

and

88 BROADWAY FAMILY LP,
A California limited partnership,

for

88 Broadway Family
88 Broadway San Francisco CA 94111
\$TBD (Up to \$31,020,739)
AHF:
JHL:
Prop A Bond:

Dated as of _____

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AMENDED AND RESTATED LOAN AGREEMENT

(City and County of San Francisco)

Affordable Housing Fund: Inclusionary Affordable Housing Program and Jobs-Housing Linkage Program and 2015 General Obligation Bond for Affordable Housing)
(88 Broadway)

THIS AMENDED AND RESTATED LOAN AGREEMENT ("Agreement") is entered into as of _____, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **88 BROADWAY FAMILY LP**, a California limited partnership ("Borrower").

RECITALS

A. Under the Jobs-Housing Linkage Program set forth in Sections 413.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu fees ("Jobs-Housing Fees") paid by developers to satisfy requirements of the Jobs-Housing Linkage Program. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu Affordable Housing Fees ("Inclusionary Fees") paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. The City may use the Jobs-Housing Fees and Inclusionary Fees received by the Citywide Affordable Housing Fund (the "Funds") to finance housing affordable to qualifying households. MOHCD administers the Funds pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them.

B. Borrower intends to acquire a leasehold interest in the real property located at 88 Broadway, San Francisco, California (the "Land") under a Ground Lease dated March 29, 2019 ("Ground Lease"), by and between Borrower and the Port of San Francisco ("Ground Lessor"). Borrower desires to use the Funds to construct a 125-unit multifamily rental housing development (the "Improvements"), affordable to low- and moderate- income households, including the commercial shell of a childcare center space and a commercial space (the "Commercial Space") which will be known as 88 Broadway Family (the "Project"). If the context requires, the term "Improvements" will include the Commercial Space.

C. City provided a loan of \$3,800,000 ("Original Loan") to Borrower pursuant to that certain Loan Agreement dated May 12, 2017 and as Amended by the First Amendment to the Loan Agreement dated August 16, 2018 ("Original Agreement"), for the purpose of financing Borrower's costs related to predevelopment activities of the Project. As evidence of the Original Loan, Borrower executed that certain First Amended and Secured Promissory Note dated August 16, 2018 ("Original Note").

D. The City has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has agreed to provide additional Funds to Borrower in the amounts as follows: (1) [TBD-Up to \$27,220,739] and No/100 Dollars (\$TBD) (the "Additional Loan Amount") to fund completion of predevelopment and construction

activities, including permanent financing, related to the Project, and (2) _____ and No/100 Dollars (\$TBD) ("Commercial Bridge Loan Amount") to fund construction activities related to the Commercial Shell (defined herein) and certain improvements to the Commercial Space. Based on the foregoing, the Original Loan is increased by the Additional Loan Amount and the Commercial Bridge Loan Amount, such that the City has agreed to make a total loan of Funds to the Borrower in the amount of TBD and No/100 Dollars (\$_____) (the "Funding Amount") under this Agreement (the "Loan"). The Funding Amount is comprised of (i) Affordable Housing Fund Inclusionary Fees in the amount of _____ (\$_____) and (ii) Affordable Housing Fund Jobs-Housing Linkage Fees in the amount of _____ (\$_____) and (iii) 2015 General Obligation Bond for Affordable Housing in the amount of _____ (\$_____).

E. Borrower has secured the following additional financing for the Project (as defined below):

1. a commitment from the San Francisco Housing Authority for rental assistance payments under a Project Rental Assistance Contract/Housing Assistance Payment ("HAP") contract for 31 units, respectively;
2. federal low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Preliminary Reservation of Low Income Housing Tax Credits dated December 12, 2018; and
3. an equity contribution from Borrower in the amount of _____ Dollars (\$_____), subject to the terms and conditions of the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of _____, 2019.

F. On the Agreement Date, this Agreement will amend, restate, supersede and replace the Original Agreement. Concurrently herewith, Borrower will also (i) execute an amended and restated promissory note in favor of the City to supersede and replace the Original Note to evidence the Residential Loan, (ii) execute a new promissory note in favor of the City to evidence the Commercial Bridge Loan, (iii) execute and record deeds of trust to secure such amended and restated note and new promissory note, and (iv) execute and record a new declaration of restriction. As of the Agreement Date, the City will cancel and return the Original Note.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

ARTICLE 1 DEFINITIONS.

1.1 Defined Terms. As used in this Agreement, the following words and phrases have the following meanings:

"Accounts" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the City in writing. All Accounts must be maintained in accordance with **Section 2.3.**

"AHP" means the Affordable Housing Program, which provides funds from a Federal Home Loan Bank.

"AHP Bridge Loan" means the portion of the Funding Amount that is a loan of \$_____ from the City to the Borrower for financing of the Project during the pendency of Borrower's AHP loan application and until the Borrower is awarded an AHP loan.

"AHP Loan Amount" means the loan amount of up to \$_____ from AHP awarded to Borrower for permanent financing of the Project.

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

"Annual Monitoring Report" has the meaning set forth in **Section 10.3.**

"Annual Operating Budget" means an annual operating budget for the Project attached hereto as **Exhibit B-2**, which may not be adjusted without the City's prior written approval.

"Approved Plans" has the meaning set for in **Section 5.2.**

"Approved Specifications" has the meaning set forth in **Section 5.2.**

"Authorizing Resolutions" means: (a) in the case of a corporation, a certified copy of resolutions adopted by its board of directors; (b) in the case of a partnership (whether general or limited), a certificate signed by all of its general partners; and (c) in the case of a limited liability company, a certified copy of resolutions adopted by its board of directors or members, satisfactory to the City and evidencing Borrower's authority to execute, deliver and perform the obligations under the City Documents to which Borrower is a party or by which it is bound.

"Borrower" means 88 Broadway Family LP, a California limited partnership, whose managing general partner is 88 Broadway Family BRIDGE LLC, a California limited liability company, and its authorized successors and assigns.

"Certificate of Preference" means the form establishing a priority right for tenant selection, as further described in the Operational Rules.

"Certificate of Preference Holder" means a person or household that has been issued a Certificate of Preference.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

"City" means the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through MOHCD. Whenever this Agreement provides for a submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by MOHCD unless otherwise indicated.

"City Documents" means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions and any other documents executed or, delivered in connection with this Agreement.

"City Project" has the meaning set forth in **Exhibit E, Section 13(c)**.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further described in the CNA policy.

"CNA Policy" means MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

"Commercial Expenses" means all expenses received by Borrower from the operation of the Commercial Space, and administration of sub-leases related to the Commercial Space, including but not limited to payments made to the Port in connection with the Commercial Space pursuant to the Ground Lease, a commercial developer fee in the amount of \$_____, any debt service payable by the subtenant of the Commercial Space, and other Operating Expenses as defined in the Ground Lease.

"Commercial Income" means all receipts received by Borrower from the operation of the Commercial Space, including rents, fees, deposits (other than security deposits), any accrued interest disbursed from any reserve account authorized under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Commercial Space.

"Commercial Bridge Loan" means the portion of the Funding Amount that is a loan of the Commercial Bridge Loan Amount from the City to the Borrower for financing of the Commercial Shell and certain improvements to the Commercial Space during the pendency of Borrower's loan application to lenders and until the Borrower secures such loan related to the Commercial Space.

"Commercial Bridge Loan Amount" has the meaning set forth in **Recital D**.

"Commercial Deed of Trust" means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Commercial Note, in form and substance acceptable to the City.

"Commercial Note" means the promissory note executed by Borrower in favor of the City in the original principal amount of the Commercial Bridge Loan Amount.

"Commercial Shell" means all components of an unfinished Commercial Space as further defined by MOHCD's Commercial Underwriting Guidelines, as it may be amended from time to time.

"Commercial Space" has the meaning set forth in Recital B and, as applicable, further defined in MOHCD's Commercial Underwriting Guidelines, as it may be amended from time to time. As used in this Agreement, the term excludes non-residential space in the Project to be used primarily for the benefit of the Tenants. The term Commercial Space will also exclude the Retail Space, provided that the Site has been subdivided and the Commercial Note has been fully repaid.

"Completion Date" has the meaning set forth in **Section 5.6**.

"Compliance Term" has the meaning set forth in **Section 3.2**.

"Construction Contract" has the meaning set forth in **Section 5.2**.

"Contracting Manual" means the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor's Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time.

"Conversion Date" means the date on which construction financing for the Project is converted into permanent financing, if applicable.

"Declaration of Restrictions" means a recorded declaration of restrictions in form and substance acceptable to the City that requires Borrower and the residential portion of the Project to comply with the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.

"Deed of Trust" means collectively the Commercial Deed of Trust and the Residential Deed of Trust.

"Department of Building Inspection" has the meaning set forth in **Section 5.2**.

"Developer" means [BRIDGE Housing Corporation, a California public benefit corporation, and John Stewart Company, a California corporation], , and its authorized successors and assigns.

"Developer Fees" has the meaning set forth in **Section 15.1**.

"Development Expenses" means all costs incurred by Borrower and approved by the City in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

"Development Proceeds" means the sum of: (a) funds contributed or to be contributed to Borrower by Borrower's limited partner as capital contributions, equity or for any other purpose under Borrower's limited partnership agreement; and (b) the proceeds of all other financing for the Project.

"Disbursement" means the disbursement of all or a portion of the Funding Amount by the City as described in **Article 4**.

"Distributions" has the meaning set forth in **Section 13.1**.

"Early Retention Release Contractors" means contractors who will receive retention payments upon satisfaction of requirements set forth in **Section 4.7**. A list of Early Release Retention contractors is listed in Exhibit K.

"Environmental Activity" means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

"Environmental Laws" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental

Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 ("NEPA") (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

"Escrow Agent" has the meaning set forth in **Section 4.2**.

"Event of Default" has the meaning set forth in **Section 19.1**.

"Excess Proceeds" means Development Proceeds remaining after payment of Development Expenses. For the purposes of determining Excess Proceeds, no allowed Project Expenses (excepting adjustors and those approved by the City) may be included in Development Expenses.

"Expenditure Request" means a written request by Borrower for a Disbursement from the Funding Amount, which must certify that the Project costs covered by the Expenditure Request have been paid or incurred by Borrower.

"Federal Funding" means funding provided by the federal government for capital improvements, operations or other financial assistance of the Project.

"Funding Amount" has the meaning set forth in **Recital D**.

"Funds" has the meaning set forth in **Recital A**.

"GAAP" means generally accepted accounting principles in effect on the date of this Agreement and at the time of any required performance.

"General Partner" means collectively 88 Broadway Family BRIDGE LLC and JSCo 88 Broadway Family LLC, each a California limited liability company, and its permitted successor(s) and assign(s).

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"Ground Lease" has the meaning set forth in **Recital B**.

"Ground Lessor" has the meaning specified in **Recital B**.

"HAP" has the meaning set forth in **Recital D**.

"Hazardous Substance" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them, and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

"HUD" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

"Improvements" has the meaning set forth in **Recital B**.

"in balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as set forth in **Exhibit A**.

"Indemnify" means, whenever any provision of this Agreement requires a person or entity (the "Indemnitor") to indemnify any other entity or person (the "Indemnitee"), that the Indemnitor will be obligated to defend, indemnify and protect and hold harmless the Indemnitee, its officers, employees, agent, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to indemnify an Indemnitee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; *provided that* no Indemnitor will be obligated to indemnify any Indemnitee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnitee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), the Indemnitor must Indemnify the Indemnitee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.

"Indemnitee" has the specific meaning set forth in **Section 23.1** and the general meaning set forth in the definition of "Indemnify."

"Indemnitor" has the meaning set forth in the definition of "Indemnify."

"Land" means the real property owned by Ground Lessor on which the Improvements are located.

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency.

"Limited Partner" means Bank of America, N.A., and its successor(s) and assigns.

"Loan" has the meaning set forth in **Recital D**.

"Loss" or "Losses" includes any loss, liability, damage, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of the City's rights or in defense of any action in a bankruptcy proceeding.

"Marketing and Tenant Selection Plan" has the meaning set forth in **Section 6.1**.

"Maturity Date" has the meaning set forth in **Section 3.1**.

"Median Income" means median income as published annually by MOHCD, derived from the Income Limits determined by HUD for the for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income."

"MOHCD" means the Mayor's Office of Housing and Community Development or its successor.

"MOHCD Monthly Project Update" has the meaning set forth in **Section 10.2**.

"Notes" means, collectively, the Residential Note and the Commercial Note.

"Operating Reserve Account" has the meaning set forth in **Section 12.2**.

"Operational Rules" means MOHCD's Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities dated August 1, 2015, as amended from time to time.

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing California limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the City Documents and will be bound by their terms when executed and delivered, and that addresses any other matters the City reasonably requests.

"out of balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will not be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of _____, as amended from time to time.

"Payment Date" means the first May 1st following the Completion Date and each succeeding May 1 until the Maturity Date.

"Permitted Exceptions" means liens in favor of the City, real property taxes and assessments that are not delinquent, and any other liens and encumbrances the City expressly approves in writing in its escrow instructions.

"Preferences and Lottery Manual" means MOHCD's Housing Preferences and Lottery Procedures Manual dated March 31, 2017, as amended from time to time.

"Preferences Ordinance" means Chapter 47 of the San Francisco Administrative Code, as amended from time to time.

"Project" means the development described in **Recital B**. If indicated by the context, "Project" means the Site and the improvements developed on the Site.

"Project Expenses" means all charges incurred in the operation of the Project including but not limited to (a) lease payments (other than payments under the Ground Lease), utilities, real estate and/or possessory interest taxes, assessments, and liability, fire and other hazard insurance premiums or other insurance premiums required under this Agreement or by lenders providing secured financing for the Project; (b) salaries, wages and other compensation due and payable to the employees or agents of Borrower who maintain, administer, operate or provide services or are otherwise employed in connection with the Project, including all withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments required for such employees; (c) payments of required interest, principal or annual servicing fees, if any, on any construction or permanent financing secured by the Project or otherwise approved by the City, including but not limited to the following bond issuer fee in the amount of \$_____, trustee fees of \$_____, annual administrative fee of \$_____, annual monitoring fee of \$_____, asset management fee of \$_____, increasing by 3.5% annually, payable to General Partner; (d) all other expenses actually incurred by Borrower to cover operating and services provision costs of the Project, including maintenance and repair and the reasonable fee of any managing agent; (e) credit adjustor payments including interest to the Permitted Limited Partner; (f) annual Base Rent payments (as defined in the Ground Lease); (g) any extraordinary expenses as approved in advance by the City; (h) deposits to reserves accounts required to be established under the Loan Documents, this Agreement or required by other Project lenders and the Permitted Limited Partner, and (i) any approved supportive service or resident service fees. Project Fees and Commercial Expenses are not Project Expenses. [confirm amounts]

"Project Fees" means (i) a partnership management fee in the amount of \$_____, increasing by 3.5% annually, payable to the General Partner, and (ii) an annual investor services fee in the amount of \$5,000, payable to Limited Partner. [confirm amounts]

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including residential rents, fees, deposits (other than tenant security deposits), any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Project. Interest accruing on any portion of the Funding Amount is not Project Income. Project Income does not include Commercial Income.

"Project Operating Account" has the meaning set forth in **Section 11.1**.

"Public Benefit Purposes" means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)(3) public benefit organizations, or have been identified by a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.

"Publication" means any report, article, educational material, handbook, brochure, pamphlet, press release, public service announcement, webpage, audio or visual materials or other communication for public dissemination, which relates to all or any portion of the Project or is paid for in whole or part using the Funding Amount.

"Qualified Tenant" means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in **Exhibit A**. The term "Qualified Tenant" includes each category of Tenant designated in **Exhibit A**.

"Rent" means the aggregate annual sum charged to Tenants for rent and utilities in compliance with **Article 7**, with utility charges to Qualified Tenants limited to an allowance determined by the SFHA.

"Replacement Cost" means all hard construction costs of the Project, not including the cost of site work and foundations but including construction contingency, for the purpose of establishing the amount of the Replacement Reserve Account. This defined term is not intended to affect any other calculation of replacement cost for any other purpose.

"Replacement Reserve Account" has the meaning set forth in **Section 12.1**.

"Residential Deed of Trust" means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Residential Note, in form and substance acceptable to the City.

"Residential Loan" means the Original Loan plus the Additional Loan Amount.

“Residential Note” means the promissory note executed by Borrower in favor of the City in the original principal amount of the Residential Loan.

"Residual Receipts" means Project Income remaining after payment of Project Expenses and Project Fees. The amount of Residual Receipts must be based on figures contained in audited financial statements.

“Retail Portion” means _____ square feet of the Commercial Space to be operated as a restaurant or other retail use.

"Retention" has the meaning set forth in **Section 4.7**.

“SBE Manual” means that certain Small Business Enterprise Program manual dated July 1, 2015, as the same may be amended from time to time.

"Section 8" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f) or any successor or similar rent subsidy programs.

"Senior Lien" has the meaning set forth in **Section 24.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" means the Land and the Improvements.

“Surplus Cash” means Commercial Income remaining after payment of Commercial Expenses, but excludes depreciation, amortization, depletion, other non-cash expenses or expenditures from reserve accounts.

"Table" means: (a) the Table of Sources and Uses, (b) the Annual Operating Budget, and (c) the 20-Year Cash Flow Proforma.

"Table of Sources and Uses" means a table of sources and uses of funds attached hereto as **Exhibit B-1**, including a line item budget for the use of the Funding Amount, which table may not be adjusted without the City’s prior written approval.

"TCAC" means the California Tax Credit Allocation Committee.

"Tenant" means any residential household in the Project, whether or not a Qualified Tenant.

“Tenant Screening Criteria Policy” has the meaning set forth in **Section 6.3**.

"Title Policy" means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or

reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

“20-Year Cash Flow Proforma” means the 20-year cash flow proforma for the Project attached as **Exhibit B-3**.

"Unit" means a residential rental unit within the Project (excluding the manager's unit).

“Waiting List” has the meaning set forth in **Section 6.5**.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other City Documents.

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

(b) Headings are for convenience only and do not define or limit any terms. References to a specific City Document or other document or exhibit mean the document, together with all exhibits and schedules, as supplemented, modified, amended or extended from time to time in accordance with this Agreement. References to Articles, Sections and Exhibits refer to this Agreement unless otherwise stated.

(c) Accounting terms and financial covenants will be determined, and financial information must be prepared, in compliance with GAAP as in effect on the date of performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

(d) The terms and conditions of this Agreement and the other City Documents are the result of arms'-length negotiations between and among sophisticated parties who were represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the City Documents. The language of this Agreement must be construed as a whole according to its fair meaning.

1.3 Websites for Statutory References. The statutory and regulatory materials listed below may be accessed through the following identified websites.

(a) CFR provisions: www.access.gpo/nara/cfr

(b) OMB circulars: www.whitehouse.gov/OMB/circulars

(c) S.F. Administrative Code:
www.sfgov.org/site/government_index.asp#codes

1.4 Contracting Manual. Borrower shall use the Contracting Manual as a guide to Borrower's responsibilities under Laws and regulations regarding soliciting, awarding and administering contracts associated with projects assisted by federal funds. In the event of a conflict between the terms of the Contracting Manual and this Agreement, the terms of the Agreement shall prevail.

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance the development of the Site into 125 units of affordable housing, plus 1 manager's unit for low-income persons, including 31 units under a contract with the San Francisco Housing Authority. Borrower acknowledges and agrees that a portion of the Funding Amount is the AHP Bridge Loan and Commercial Bridge Loan. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City shall not approve expenditure of Funds for expenses incurred by Borrower prior to April 1, 2016. With the City's prior written consent, which must not be unreasonably withheld or delayed, Borrower may use the Commercial Bridge Loan to make a loan up to the Commercial Bridge Loan Amount to the master tenant of the Commercial Space for constructing improvements to the Commercial Space in accordance with the terms and conditions of this Agreement.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement must be held in a bank or savings and loan institution acceptable to the City as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, any interest earned on funds in any Account must be used for the benefit of the Project.

2.4 Records. Borrower must maintain and provide to the City upon request records that accurately and fully show the date, amount, purpose and payee of all expenditures from each Account authorized under this Agreement or by the City in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition Borrower must provide to the City promptly following Borrower's receipt, complete copies of all monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.

2.6 AHP Loan. Borrower shall submit an application for an AHP loan for permanent financing of the Project to the Federal Home Loan Bank of San Francisco, provided the Project meets a minimum score of 68 in 2019 or applicable competitive score in 2020. If Borrower's application for the AHP loan cannot meet the minimum score, or if a submitted application is subsequently denied, this condition shall be deemed satisfied, provided MOHCD reviews and approves minimum score and application assumptions. If awarded AHP funds, and subject to any requirements of the San Francisco Federal Home Loan Bank Affordable Housing Program, Borrower will use the AHP Loan Amount to repay the AHP Bridge Loan, or any portion thereof, as set forth in Article 3. Borrower must submit to MOHCD a preliminary AHP application with a self-score prior to submission to Federal Home Loan Bank.

2.7 Commercial Bridge Loan. Borrower shall submit an application for a commercial loan for permanent financing of the Commercial Space. If Borrower's application for the commercial loan cannot meet the minimum loan standards, or if a submitted application is subsequently denied, this condition shall be deemed satisfied, provided MOHCD reviews and approves application and commercial financing assumptions. If awarded commercial loan funds, Borrower will use such commercial loan funds to repay the Commercial Bridge Loan, or any portion thereof, as set forth in Article 3.

ARTICLE 3 TERMS. Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Notes, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the later of (a) the fifty seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the 55th anniversary of the Conversion Date (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the official records of San Francisco County, for the period commencing on the date a certificate of occupancy for the Project is issued and ending on the Maturity Date (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before that date. Notwithstanding the forgoing, following the completed subdivision of the Site and receipt of a certificate of occupancy for the residential portion of the Project, upon the request of the Borrower, the City will release the Commercial Space from the Declaration. Following repayment of the Commercial Note, the City shall release the Commercial Space from all of the obligations of the Loan Documents.

3.3 Interest. Except as provided in **Section 3.4**, the outstanding principal balance of the Residential Loan will bear simple interest at a rate of [TBD: _____ *Up to three percent (____ 1-3%)*] per annum, as provided in the Note. Except as provided in **Section 3.4**, the outstanding principal balance of the Commercial Bridge Loan will bear simple interest at a rate of [TBD: _____ *Up to three percent (1-3%)*] per annum, as provided in the Commercial Note.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the Loan will bear interest at the default interest rate set forth in the Note, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.5 Repayment of Principal and Interest.

(a) Except as set forth in Section 3.7 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Notes.

(b) With respect to the Residential Loan, if Borrower is awarded AHP funding, Borrower shall repay the AHP Bridge Loan to the City on the date that Borrower closes such loan for AHP funding and the AHP funds are disbursed to Borrower; provided, however, that if Borrower is not awarded AHP funding or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan and unpaid costs and fees incurred shall be due and payable at the Maturity Date according to the terms set forth in full in the Residential Note.

(c) With respect to the Commercial Bridge Loan, if Borrower is awarded commercial loan funding, Borrower shall repay the Commercial Bridge Loan to the City on the date that Borrower closes such loan and the funds are disbursed to Borrower; provided, however, that if Borrower is not awarded commercial loan funding or receives commercial loan funding sufficient for only partial repayment of the Commercial Bridge Loan, the unpaid principal balance of the Commercial Bridge Loan and unpaid costs and fees incurred shall be due and payable at the Maturity Date according to the terms set forth in full in the Commercial Note.

3.6 Changes In Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all funds for the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the City within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the City. Examples of significant changes include loss or adjustments (other than regular annual adjustments) in funding under Shelter + Care, Section 8 or similar programs.

3.7 Notification and Repayment of Excess Proceeds. Borrower must notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower

receives Excess Proceeds from its limited partner or other financing sources. City shall have sixty (60) days after receipt of such notification to provide Borrower with a demand for payment, and upon receipt of the City's demand, Borrower shall repay all Excess Proceeds to the City. The allocation of Excess Proceeds to repay the Commercial Note shall be determined pursuant to a cost allocation method attributable to the Retail Portion of the Commercial Space established by the Borrower and reasonably agreed to by the City, and the remaining portion of Excess Proceeds shall be used to repay the Residential Note. The City shall use such Excess Proceeds to reduce the balance of the Loan.

3.8 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, the City will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses.

4.2 Closing. Unless otherwise agreed by the City and Borrower in writing, Borrower will establish an escrow account with the title company issuing the Title Policy, or any other escrow agent Borrower chooses, subject to the City's approval (the "Escrow Agent"). The parties will execute and deliver to the Escrow Agent written instructions consistent with the terms of this Agreement. In the event the escrow does not close on or before the expiration date of escrow instructions signed by the City, or any other mutually agreed date, the City may, prior to close of escrow, declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Residential Note; (ii) the Commercial Note; (iii) this Agreement (in triplicate); (iv) the Residential Deed of Trust; (v) the Commercial Deed of Trust; (vi) the Declaration of Restrictions; (vii) the Opinion; (viii) the Authorizing Resolutions; (x) the Developer Fee Agreement; and (x) any other City Documents reasonably requested by the City.

(b) Borrower must have delivered to the City: (i) Borrower's Charter Documents; and (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection;

(c) Borrower must have delivered to the City satisfactory evidence that Borrower has obtained commitments for any additional financing that may be required for the Project, in amounts and from lenders or investors satisfactory to the City in its sole discretion.

(d) Borrower must have delivered to the City insurance endorsements and, if requested by the City, copies of policies for all insurance required under **Exhibit L** of this Agreement.

(e) Borrower must have delivered to the City a preliminary report on title for the Site dated no earlier than thirty (30) days before the Agreement Date.

(f) Borrower must have submitted a "Phase I" environmental report for the Site, or any other report reasonably requested by the City, prepared by a professional hazardous materials consultant acceptable to the City.

(g) The Declaration of Restrictions and Deed of Trust must have been recorded as valid liens in the official records of San Francisco County, subject only to the Permitted Exceptions.

(h) The Escrow Agent must have committed to provide to the City the Title Policy in form and substance satisfactory to the City.

(i) Borrower must have delivered to MOHCD a revised services plan and budget to be reviewed and approved by MOHCD's Director or Public Initiatives prior to loan closing. Such services plan and budget must not include a line item for escalation and can fund one FTE or the equivalent through operations.

4.4 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the following conditions precedent.

(a) Borrower must have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, the City must approve all requested reallocations of Funds for line items previously approved by the City.

(b) With respect to any Expenditure Request that covers travel expenses, Borrower's travel expenses must be reasonable and must comply with the following:

- (i) Lodging, meals and incidental expenses shall not exceed the then-current per diem rates set forth by the United States General Services Administration for the County of San Francisco found at: <https://www.gsa.gov/portal/category/104711>.
- (ii) Air transportation expenses must use fares for coach-class accommodations, provided that purchases for air travel must occur no less than one week before the travel day.
- (iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not provided by a lodging, ground transportation expenses for travel to or from regional airports must not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses must not exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation shall not include any expenses for luxury transportation services, such as a limousine, or any expenses related to travel to or from Project site meetings by Borrower's employees.
- (iv) Miscellaneous travel expenses must not exceed Fifty Dollars (\$50.00) without prior written approval of the City.
- (v) Any Expenditure Request for travel expenses must include supporting documentation, including, without limitation, original itemized receipts showing rates and cost, air travel itinerary, proof of payment, and any written justification requested by the City.

For the purpose of this Section, the terms "lodging," "meals" and "incidental expenses" shall have the same meanings defined in 41 CFR Part 300-3; the term "coach-class" shall have the same meaning defined in 41 CFR Part 301-10.121(a); and the term "miscellaneous" means copying services, printing services, communication services, or other services reasonably related to travel for the Project and approved by the City.

(c) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the date of the Expenditure Request.

(d) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to the City that the Project complies with the labor standards set forth in **Exhibit E, Section 1**, if applicable.

- (e) The Loan must be in balance.

4.5 Loan In Balance. The City may require Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines that the Loan is out of balance. When the City is satisfied that the Loan is again in balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

4.6 Retention.

(a) In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, and upon Borrower's written request, the City may but shall not be obligated to permit Borrower to increase such amount to ninety five percent (95%) of the approved budgeted costs on a line item basis, provided that the following prerequisites have been met: (a) all work required to be performed by the Early Retention Release Contractors has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (b) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (c) no liens or stop notices have been filed against the Project and no claims are pending; (d) the City determines that the contingency is in balance and adequate to complete the Project; and (e) the Project is on schedule.

(b) Except as otherwise provided in subsection (c) below with respect to Release of any Retention to Early Retention Release Contractors, the remaining percentage of hard costs or tenant improvement costs associated with rehabilitation or construction may be held by the City and/or other Project lenders (the "Retention") and may be released only upon satisfaction of all applicable requirements listed in the Construction Manager's Checklist for Release of Retention included in the Contracting Manual and, other than release of Retention to Early Retention Release Contractors, each of the following conditions, unless otherwise approved in writing by the City: (a) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; (b) timely recordation of a notice of completion; (c) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project; and (d) the Construction Manager's Checklist, as applicable, for Release of Retention.

(c) Release of any Retention to Early Retention Release Contractors will be subject to the satisfaction of all requirements listed in the Construction Manager's Checklist, as applicable, for Release of Retention included in the Contracting Manual and each of the following conditions, unless otherwise approved in writing by the City: (a) the work to be

performed by the applicable Early Retention Release Contractor has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (b) the applicable Early Retention Release Contractor has filed unconditional lien waivers satisfactory to the City; and (c) no liens or stop notices have been filed against the Project in connection with the work performed by the applicable Early Retention Release Contractor and no claims are pending.

4.7 Limitations on Approved Expenditures. The City may refuse to approve any expenditure: (a) during any period in which an event that, with notice or the passage of time or both, would constitute an Event of Default remains uncured, or during the pendency of an uncured Event of Default; or (b) for disapproved, unauthorized or improperly documented expenses. The City is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no event may the aggregate amount of all Funds disbursed to Borrower under this Agreement exceed the Funding Amount.

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Selection Requirements. In the selection of all contractors and professional consultants for the Project, Borrower must comply with the City's procurement requirements and procedures as described in the Contracting Manual and with the requirements of the Small Business Enterprise Program ("SBE Program") as set forth in the SBE Manual according to the procedures established by the City's Contract Monitoring Division.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower must have delivered to the City, and the City must have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "Construction Contract"). The plans approved by the City must also be approved by the City and County of San Francisco's Department of Building Inspection (the "Department of Building Inspection") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans must be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") must also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. The Contracting Manual provides further guidance to Borrower regarding the City's policies for the review and approval of plans, specifications and construction contracts. After completion of the Project, Borrower must retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower must make available to the City upon request.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower must provide adequate and complete backup documentation for analysis of the appropriateness of the change order request to the City. Questions, comment or requests for additional

information shall be issued by the City within five (5) business days of receipt of change order request. City shall promptly review and approve or disapprove change order requests within ten (10) days of a complete submission by Borrower. In the event the City fails to approve or disapprove the change order request within such ten (10) day period, the change order shall be deemed approved. If the City disapproves the change order request, it shall specify the reasons for the disapproval in writing. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower must deliver to the City insurance endorsements and bonds as described in **Exhibit L**. At all times, Borrower must take prudent measures to ensure the security of the Site.

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with the City's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence demolition, rehabilitation or construction by a date no later than April 30, 2019; (b) complete demolition, rehabilitation or construction by a date no later than _____, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of 100 percent (100%) of the Units by a date no later than _____.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction must be performed in a first class manner, substantially in accordance with final plans and specifications approved by the City and in accordance with all applicable codes.

ARTICLE 6 MARKETING.

6.1 Marketing and Tenant Selection Plan. No later than six (6) months before the Completion Date, Borrower must deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan must address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and

Tenant Selection Plan shall include as many of the following elements as are appropriate to the Project, as determined by the City:

(a) A reasonable accommodations policy that indicates how Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible Units.

(b) A plan that satisfies the requirement to give preference in occupying units in accordance with the Preferences and Lottery Manual and the Preferences Ordinance.

(c) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising must display the Equal Housing Opportunity logo.

(d) Notices to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(e) Notices to SFHA.

(f) Notices to MOHCD

(g) To the extent practicable, without holding Units off the market, the community outreach efforts listed above must take place before advertising vacant Units or open spots on the Waiting List to the general public.

(h) An acknowledgement that, with respect to vacant Units, the marketing elements listed above shall only be implemented if there are no qualified applicants interested or available from the Waiting List.

6.3 Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements:

(a) Borrower's Marketing and Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Marketing and Tenant Selection Plan must be kept on file at the Project at all times.

(b) Borrower's tenant screening criteria must comply with the Tenant Screening Criteria Policy set forth in the attached Exhibit I.

6.4 Marketing Records. Borrower must keep records of: (a) activities implementing the Marketing and Tenant Selection Plan; (b) advertisements; and (c) other community outreach efforts.

6.5 Waiting List. Borrower's Marketing and Tenant Selection Plan must contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list that complies with the Marketing and Tenant Selection Plan (the "Waiting List"). The Marketing and Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but shall limit the number of refusals without cause as approved by the City. Borrower shall at all times maintain the Waiting List. Upon the vacancy of any Unit, excluding the Units under the HAP contract (and excluding any manager's unit), Borrower shall first attempt to select the new Tenant for such Unit from the Waiting List, and shall only market the Unit to the general public after determining that no applicants from the Waiting List qualify for such Unit. The Waiting List must be kept on file at the Project at all times.

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article will remain in full force and: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; (b) for any Unit that has been subject to a regulatory agreement with TCAC, for a period ending three (3) years after the date of any transfer of the Project by foreclosure or deed-in-lieu of foreclosure; and (c) with respect to any Unit occupied by a Qualified Tenant at expiration of either the Compliance Term or the 3-year period referred to in **Subsection (b)** above, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause. The requirements to comply with the provisions of Internal Revenue Code Section 42, including Section 42(h)(6)(E)(ii), are hereby acknowledged.

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, thirty-one (31) Units will be subject to a Housing Assistance Payment Contract with the San Francisco Housing Authority ("HAP") and will be subject to the terms of the HAP and applicable law.

(b) A Tenant who is a Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit must be rented only to Qualified Tenants as provided in **Section 7.1**.

7.3 Rent Restrictions.

(a) Rent charged to each Qualified Tenant may not exceed the amounts set forth in **Exhibit A**, *provided that* Rents may be adjusted annually, subject to the limitations below.

(b) Rents for all Units may be increased once annually by the amount which corresponds to the percentage increase of the annual change in Median Income.

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses shall not be unreasonably withheld.

(d) For any Qualified Tenant participating in a Rent or operating subsidy program where the Rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program. There is no limit on the increase/decrease in Rent charged under this provision, as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**. There is no limit on the number of Rent adjustments that can be made in a year under this provision.

(e) For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, there is no limit on the increase in Rent charged as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**.

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3(a), (c), (d) and (e)**.

7.4 Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project must be required to sign and deliver to Borrower a certification in the form shown in **Exhibit C** in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant. In addition, each person must be required to provide any other information, documents or certifications deemed necessary by the City to substantiate the prospective Tenant's income. Certifications provided to and accepted by the SFHA will satisfy this requirement.

(b) Each Qualified Tenant in the Project must recertify his/her household income to Borrower one time in the year after the first year of tenancy in accordance with tax credit requirements.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year must be maintained on file at Borrower's principal office, and Borrower must file or cause to be filed copies thereof with the City promptly upon request by the City.

7.5 Form of Lease. The form of lease for Tenants must provide for termination of the lease and consent to immediate eviction for failure to qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification.

7.6 Nondiscrimination. Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. Borrower agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Any security deposits collected must be segregated from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

7.8 Commercial Space. At least sixty (60) days prior to the date that build-out of the Commercial Space begins, MOHCD must have reviewed and approved Borrower's the master lease for the Commercial Space between Borrower and [Commercial LLC] and the proposed childcare lease between [Commercial LLC] and a nonprofit childcare provider. With the exception of such master lease between Borrower and [Commercial LLC], all leases or subleases of Commercial Space must be to bona fide third party tenants capable of performing their financial obligations under their leases, which must reflect arms'-length transactions at the then-

current market rental rate for comparable space, *provided that*, leases for Public Benefit Purposes may be at below-market rates so long as the sum of Project Income and Commercial Income meets approved cash flow requirements for the Project. Allowed uses of Commercial Space must be consistent with all applicable redevelopment plans and local planning and building codes and be reasonably compatible with the design and purpose of the Project. Each lease or sublease of Commercial Space must restrict its use to the applicable Public Benefit Use approved by MOHCD or all Surplus Cash generated as a result of a market-rate lease of the Commercial Space must be directed toward repayment of the Loan. If requested by Borrower, the City will enter into reasonable non-disturbance and attornment agreements with Borrower's tenants and subtenants that will allow any non-defaulting tenants and subtenants to continue their leases in the event of a default by Borrower. Borrower must obtain MOHCD's prior written approval of any proposed use or change in use of the Commercial Space. All Surplus Cash shall be subject to the MOHCD Policy on the Use of Residual Receipts. During the time that the Commercial Note remains unpaid in whole or in part, each lease of the retail portion of the Commercial Space must comply with the MOHCD Commercial Underwriting Guidelines in effect at the time construction of the Commercial Space has commenced. The [Commercial LLC] will fund and control the following reserves: _____.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

(a) Subject to the rights set forth in **Section 8.2**, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. Borrower must maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35.

8.2 Contracting With Management Agent.

(a) Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in **Section 8.1(a)**, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between Borrower and the management agent, *provided, however*, that the arrangement will not relieve Borrower of responsibility for performance of those duties. Any management contract must contain a provision allowing Borrower to terminate the contract without penalty upon no more than thirty (30) days' notice. As of the Agreement Date, the City has approved the John Stewart Company as Borrower's management agent, subject to the City's approval of the management contract.

(b) The City will provide written notice to Borrower of any determination that the contractor performing the functions required in **Section 8.1(a)** has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period, as determined by the City, Borrower must exercise its right of termination immediately and make immediate arrangements for continuous and continuing performance of the functions required in **Section 8.1(a)**, subject to the City's approval.

8.3 Borrower Management. Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to Borrower of any determination that Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, the City may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in **Section 8.1(a)**.

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that the City may also conduct periodic on-site inspections of the Project. Borrower must cooperate with the monitoring by the City and ensure full access to the Project and all information related to the Project as reasonably required by the City.

(b) Borrower must keep and maintain books, records and other documents relating to the receipt and use of all Funds, including all documents evidencing any Project Income and Project Expenses. Borrower must maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) Borrower must provide written notice of the replacement of its executive director, director of housing development, director of property management and/or any equivalent position within thirty (30) days after the effective date of such replacement.

10.2 Monthly Reporting. Borrower must submit monthly reports (the "MOHCD Monthly Project Update") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update must be submitted by email in substantially the form to be found in the Contracting Manual to MOHCD and the Port of San Francisco ("Port") until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below. To assist MOHCD and the Port determine financing and feasibility of the Project, Borrower must provide the following additional information with the MOHCD Monthly Project Update as such information becomes available:

- (a) Updates to design drawings, cost estimates and Project feasibility;
- (b) Project timeline, updated as needed, with input from MOHCD and the Port as to milestones or benchmarks;
- (c) Advance notice of updates or approvals desired or needed by any community group or governmental entity set forth in Section 18.1.

10.3 Annual Reporting.

(a) From and after the Completion Date, Borrower must file with the City annual report forms (the "Annual Monitoring Report") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Project Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred fifty (150) days after the end of Borrower's fiscal year. The Annual Monitoring Report must be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

(b) If the source of Funds is federal, Borrower must also provide an annual accounting of program income, as defined in applicable federal regulations.

10.4 Capital Needs Assessment. In accordance with the CNA Policy, Borrower must deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval. Each CNA must conform with MOHCD's CNA policy as it may be amended from time to time.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of rehabilitation or construction, the lease-up and/or permanent financing of the Project, as applicable, Borrower must provide to the City the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower shall provide to the City information or documents reasonably requested by the City to assist in the City's review and analysis of the submitted reports:

(a) within ninety (90) days after the Completion Date, a project completion audit performed by an independent certified public accountant (which audit may be in the form of a draft cost certification) identifying the sources and uses of all Project funds including the Funds;

(b) within one hundred-eighty (180) days after the Completion Date, a report on use of Small Disadvantaged Business Enterprises as defined in the SBE Manual, including the type of work and the dollar value of such work;

(c) within ninety (90) days after seventy-five percent (75%) occupancy, and one hundred percent (100%) occupancy, respectively, a report on the lease-up of the Units including number of leases by race, ethnicity and single-headed household by gender, to the extent available, location of previous residence, and also indicating the Units by income category; and

(d) within ninety (90) days after the Completion Date, a report demonstrating compliance with all requirements regarding relocation, including the names of all individuals or businesses occupying the Site on the date of the submission of the application for Funds, those moving in after that date, and those occupying the Site upon completion of the Project.

(e) within one hundred-eighty (180) days after the Completion Date, and if the Project has used federal funds, a report demonstrating compliance with all requirements regarding HUD Section 3 and MOHCD Section 3 hiring goals, including documentation of total labor hours worked on the Project, total Section 3 hours worked, total wages paid, total Section 3 wages paid, and the names of all individuals employed to comply with the Section 3 and Section 3 goals, including the total hours worked for each individual and total wages paid to each individual.

10.6 Response to Inquiries. At the request of the City, its agents, employees or attorneys, Borrower must respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Project, the status of any mortgage encumbering the Project and any other requested information with respect to Borrower or the Project.

10.7 Delivery of Records. At the request of the City, made through its agents, employees, officers or attorneys, Borrower must provide the City with copies of each of the following documents, certified in writing by Borrower to be complete and accurate:

(a) all tax returns filed with the United States Internal Revenue Service, the California Franchise Tax Board and/or the California State Board of Equalization on behalf of Borrower and any general partner or manager of Borrower;

(b) all certified financial statements of Borrower and, if applicable, its general partner or manager, the accuracy of which must be certified by an auditor satisfactory to the City; and

(c) any other records related to Borrower's ownership structure and the use and occupancy of the Site.

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6** and **10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) access to the Project throughout the Compliance Term to monitor the progress of work on the Project and compliance by Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Section 10.9.**

10.9 Records Retention. Borrower must retain all records required for the periods required under applicable Laws.

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

(a) Borrower must deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Project Fees. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

(b) Borrower must keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower must provide copies of the records to the City upon request.

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Monthly deposits must equal the lesser of: (i) 1/12th of 0.6% of Replacement Cost; or (ii) 1/12th of the following amount: \$ _____. After the Project's first five (5) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

12.2 Operating Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

(b) No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, Borrower must make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to twenty-five percent (25%) of the prior year's actual Project Expenses.

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

ARTICLE 13 DISTRIBUTIONS.

13.1 Definition. "Distributions" refers to cash or other benefits received as Project Income from the operation of the Project and available to be distributed to Borrower or any party having a beneficial interest in the Project, but does not include reasonable payments for property management, asset management and approved deferred Developer Fees or other services performed in connection with the Project.

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-2 includes projections of annual Distributions. Exhibit B-2 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that Borrower is not in default under this Agreement or any

other agreement entered into with the City and County of San Francisco or the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

13.3 Prohibited Distributions. No Distribution may be made in the following circumstances:

- (a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or
- (b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or
- (c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or
- (d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or
- (e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or
- (f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. For purposes of clarification, Section II-Annual Residual Receipts Payments under MOHCD Ground Leases and Loans of Exhibit P is applicable to the Borrower and the Project. Subject to the terms of this Agreement and the conditions to distribution of Residual Receipts set forth in Exhibit P, Borrower may retain 50% of Residual Receipts until the earlier of (i) the fifteenth (15th) anniversary of the first Payment Date; or (ii) the payment in full of the deferred development fee in the approved amount of \$_____ payable by the Borrower to the Developer pursuant to _____ dated _____. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note. [update per loan committee approvals]

ARTICLE 14 SYNDICATION PROCEEDS.

14.1 Distribution and Use. If Borrower is a limited partnership or limited liability company, and unless otherwise approved by the City in writing, Borrower must allocate, distribute and pay or cause to be allocated, distributed and paid all net syndication proceeds and all loan and grant funds as specified in the Table. Borrower must notify the City of the receipt and disposition of any net syndication proceeds received by Borrower during the term of this Agreement.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. Borrower or its designee(s) is entitled to receive [Four Million and No/100 Dollars (\$4,000,000.00)] in fees for services related to development, construction and leasing of the Project (“Developer Fees”), subject to the terms and conditions set forth in full in the Developer Fee Agreement between the City and Borrower. Borrower may request a disbursement of up to [Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00)] of the Funding Amount under this Agreement to fund a portion of the Developer Fees.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the managing general partner or manager of that entity, or the manager of a limited liability company that is the managing general partner of that entity; (d) transfers of the General Partner's members or manager's interest in Borrower to a nonprofit public benefit corporation, or a limited liability company of which a general partner (or affiliate thereof) of Borrower is a member, approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project and/or as otherwise permitted by Borrower's Partnership Agreement; or (f) the grant or exercise of a Purchase Option Agreement and a Right of First Refusal Agreement between Borrower and Borrower's General Partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City or (g) the transfer of JSCo 88 Broadway Family LLC's interest to JSCo Development Services LLC or another entity whose members or partners are the John Stewart Company or the owners of the John Stewart Company.. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

ARTICLE 18 GOVERNMENTAL APPROVALS.

18.1 Compliance. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project, including the following:

- (a) Update the community regarding the progress of the Project through periodic presentations before the Northeast Waterfront Advisory Group;
- (b) Provide periodic updates, as necessary, about the Project to the Historic Preservation Commission, the State Lands Commission, Port, Mayor's Office of the City and any other regulatory entities whose approval, authorization or actions are required to move the Project forward;
- (c) Cooperation with the Port in order to obtain resolution/approval from the State Lands Commission;
- (d) Obtain necessary entitlements, CEQA certification, land use approvals and building permits; and
- (e) Obtain approval of transaction documents from Port's Commission and City's Board of Supervisors.

Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19 DEFAULT.

19.1 Event of Default. Any material breach by Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the City Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any City Document will constitute an "Event of Default," including the following:

- (a) Borrower fails to make any payment required under this Agreement within ten (10) days after the date when due; or
- (b) Any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or
- (c) Borrower fails to perform or observe any other term, covenant or agreement contained in any City Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be

cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(d) Any representation or warranty made by Borrower in any City Document proves to have been incorrect in any material respect when made; or

(e) All or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or repair that the security of the Deed of Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the Deed of Trust is not economically practicable or is not completed within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

(g) Without the City's prior written consent, Borrower assigns or attempts to assign any rights or interest under any City Document, whether voluntarily or involuntarily, except as permitted under **Section 16.1**; or

(h) Without the City's prior written consent, Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Borrower or of its right, title or interest in the Project or the Site except as permitted under **Article 16**; or

(i) Without the City's prior written consent, Borrower transfers, or authorizes the transfer of, funds in any Account required or authorized under this Agreement; or

(j) Either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements (provided that it will not be a default if the Commercial Deed of Trust only encumbers the Commercial Space, the Residential Deed of Trust only encumbers the residential portion of the Site, and the Declaration only encumbers the residential portion of the Site), subject only to Permitted Exceptions; or

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any

receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project; or

(m) Borrower fails to make any payments or disbursements required to bring the Loan in balance after the City determines that the Loan is out of balance; or

(n) Before a certificate of occupancy or equivalent certification is issued for the Project, Borrower ceases rehabilitation or construction of the Project for a period of twenty five (25) consecutive calendar days, and the cessation is not excused under **Section 19.3**; or

(o) Borrower is in default of its obligations with respect to the Ground Lease or any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(p) Borrower is in default of its obligations under any other agreement entered into with the City and County of San Francisco, and the default remains uncured following the expiration of any applicable cure periods.

Notwithstanding the foregoing, the Limited Partner shall have the right to cure any Event of Default, and City shall accept or reject such cure on the same terms as if rendered by Borrower.

19.2 Remedies. During the pendency of an uncured Event of Default, the City may exercise any right or remedy available under this Agreement or any other City Document or at law or in equity. All of the City's rights and remedies following an Event of Default are cumulative, including:

(a) The City at its option may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

(b) The City at its option may terminate all commitments to make Disbursements or to release the Site from the Deed of Trust or Declaration of Restrictions, or,

without waiving the Event of Default, the City may determine to make further Disbursements or to release all or any part of the Site from the Deed of Trust or Declaration of Restrictions upon terms and conditions satisfactory to the City in its sole discretion.

(c) The City may perform any of Borrower's obligations in any manner, in the City's reasonable discretion.

(d) The City, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action the City deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project the City deems appropriate.

(e) The City may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement.

(f) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, will become due and payable automatically.

(g) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

20.1 Borrower Representations and Warranties. As a further inducement for the City to enter into this Agreement, Borrower represents and warrants as follows:

(a) The execution, delivery and performance of the City Documents will not contravene or constitute a default under or result in a lien upon assets of Borrower under any applicable Law, any Charter Document of Borrower or any instrument binding upon or affecting

Borrower, or any contract, agreement, judgment, order, decree or other instrument binding upon or affecting Borrower.

(b) When duly executed, the City Documents will constitute the legal, valid and binding obligations of Borrower. Borrower hereby waives any defense to the enforcement of the City Documents related to alleged invalidity of the City Documents.

(c) No action, suit or proceeding is pending or threatened that might affect Borrower or the Project adversely in any material respect.

(d) Borrower is not in default under any agreement to which it is a party, including any lease of real property.

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency.

(f) The Loan is in balance, and the Funding Amount, together with all other committed sources of financing for the Project, are sufficient to complete the Project in accordance with this Agreement.

(g) All statements and representations made by Borrower in connection with the Loan remain true and correct as of the date of this Agreement.

(h) The Borrower is duly organized and in good standing under applicable laws of the State of California and is qualified to do business in the City and County of San Francisco.

ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement must be made in writing and may be communicated by personal delivery, by a nationally recognized courier that obtains receipts, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

To the City: Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Director
Re: 735 Davis/88 Broadway

To Borrower: 88 Broadway Family BRIDGE LLC
c/o BRIDGE Housing
600 California Street, Suite 900,
San Francisco, CA 94108
Attn: General Counsel
and

JSCo 88 Broadway Family LLC
c/o John Stewart Company
1388 Sutter Street
11th Floor
San Francisco, California, 94109
Attn: Jack Gardner

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be out of balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

21.3 Notice to Limited Partner. The City agrees to deliver a copy of any notice of default to Borrower's Limited Partner at the address set forth below at the same time and in the same manner as notice is delivered to Borrower. The City's failure to deliver notice under this Section will not affect or impair the City's right to enforce its rights at law or in equity arising by reason of an Event of Default.

To: Bank of America, N.A.
MA1-225-02-02
225 Franklin Street
Boston, MA 02110
Attn: Asset Manager for 88 Broadway)

With a copy to: Buchalter, A Professional Corporation
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017-1730
Attn: Michael A. Williamson, Esq.
Re: 88 Broadway (B0965-0416)

ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as otherwise disclosed in the Phase 1 Environmental Site Assessment report by ENGEO dated February 13, 2017 [Borrower to add other relevant studies]: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

22.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify the City and its respective officers, agents and employees (individually or collectively, an "Indemnitee") against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 22** above); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any Improvements or offsite Improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring from and after the close of escrow of this Loan and before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 18.1 and 22.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct and Borrower shall not be responsible for any Environmental Activity existing prior to the Effective Date unless Borrower or its agents, employees, affiliates and contractors act or omission (1) increases the quantity or concentration of Hazardous Substance in the affected area, (2) causes the increased migration of a plume of Hazardous substance in soil or groundwater, (3) causes any release of any Hazardous Substance that had been contained until the act or omission, (4) requires investigation or remediation that would not have been required but for the act or omission other than the mere discovery of such Hazardous Substance, or (5) otherwise disturbs, removes or generates Hazardous Substances in the course of Borrower's operations, maintenance, repair, and improvements of the Site under this Agreement. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

23.2 No Limitation. Borrower's obligations under **Section 23.1** are not limited by the insurance requirements under this Agreement.

ARTICLE 24 GENERAL PROVISIONS.

24.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval.

24.2 No Third Party Beneficiaries. Nothing contained in this Agreement, nor any act of the City, may be interpreted or construed as creating the relationship of third party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between the City and Borrower or Borrower's agents, employees or contractors.

24.3 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against the City by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Project. Borrower must include this requirement as a provision in any contracts for the development of the Project.

24.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

24.5 City Obligations. The City's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will the City be liable to Borrower for any special or consequential damages arising out of actions or failure to act by the City in connection with any of the City Documents.

24.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the

City and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

24.7 No Inconsistent Agreements. Borrower warrants that it has not executed and will not execute any other agreement(s) with provisions materially contradictory or in opposition to the provisions of this Agreement.

24.8 Inconsistencies in City Documents. In the event of any conflict between the terms of this Agreement and any other City Document, the terms of this Agreement control unless otherwise stated; *provided, however*, that any provision in this Agreement in conflict with any Law will be interpreted subject to that Law.

24.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

24.10 Joint and Several Liability. If Borrower consists of more than one person or entity, each is jointly and severally liable to the City for the faithful performance of this Agreement.

24.11 Successors. Except as otherwise limited herein, the provisions of this Agreement bind and inure to the benefit of the undersigned parties and their heirs, executors, administrators, legal representatives, successors and assigns. This provision does not relieve Borrower of its obligation under the City Documents to obtain the City's prior written consent to any assignment or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

24.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

24.13 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

24.14 Time. Time is of the essence in this Agreement. Whenever the date on which an action must be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

24.15 Further Assurances. Borrower agrees to: (a) pursue in an effective and continuous manner; (b) use best efforts to achieve; and (c) take all actions reasonably required by the City from time to time to confirm or otherwise carry out the purpose of this Agreement.

24.16 Binding Covenants. The provisions of the City Documents constitute covenants running with the land and will be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants and approved commercial tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the Compliance Term of this Agreement. Any attempt to transfer any right, title or interest in the Property in violation of these covenants will be void.

24.17 Consent. Except as expressly provided otherwise, whenever consent or approval of a party is required in any City Document, that party agrees not to withhold or delay its consent or approval unreasonably.

24.18 Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute but one agreement.

24.19 Borrower's Personnel. The Project shall be implemented only by competent personnel under the direction and supervision of Borrower.

24.20 Borrower's Board of Directors. Borrower, or Borrower's manager or general partner, as applicable, shall at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors shall meet regularly and maintain appropriate membership, as established in the bylaws and other governing documents of Borrower, Borrower's manager or Borrower's general partner, as applicable, and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Such board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

24.21 Non-Recourse. The City's recourse against Borrower following an Event of Default is limited as set forth more specifically in the Note.

24.22 Intentionally omitted.

24.23 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities

- K Early Release Retention Contractors
- L Insurance Requirements
- M Reserved
- N Reserved
- O Commercial Underwriting Guidelines
- P MOHCD Residual Receipts Policy

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Francisco, California as of the date first written above.

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

By: _____
Kate Hartley
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

BORROWER:

88 Broadway Family LP, a California limited partnership

By: 88 Broadway Family BRIDGE LLC
Its: Managing General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Name: _____
Title: Vice President

By: JSCo 88 Broadway Family LLC
Its: Administrative General Partner

By: John Stewart Company, a California corporation

Name: Jack D. Gardner
Title: President and CEO

EXHIBIT A

Schedules of Income and Rent Restrictions

1. **Income and Rent Restrictions.** Maximum rent is 30% of maximum income level. As used in this Agreement, the term "Qualified Tenant" includes each category of Tenant included below:

| Unit Size | No. of Units | Maximum Income Level |
|------------------|---------------------|-----------------------------|
| Studio | 1 | 30% of AMI |
| 1 bedroom | 2 | 30% of AMI |
| 2 bedroom | 1 | 30% of AMI |
| 3 bedroom | 1 | 30% of AMI |
| Studio | 5 | 50% of AMI |
| 1 bedroom | 13 | 50% of AMI |
| 2 bedroom | 17 | 50% of AMI |
| 3 bedroom | 9 | 50% of AMI |
| Studio | 8 | 60% of AMI |
| 1 bedroom | 16 | 60% of AMI |
| 2 bedroom | 20 | 60% of AMI |
| 3 bedroom | 10 | 60% of AMI |
| Studio | 1 | 80% of AMI |
| 1 bedroom | 3 | 80% of AMI |
| 2 bedroom | 6 | 80% of AMI |
| 3 bedroom | 1 | 80% of AMI |
| Studio | 1 | 100% of AMI |
| 1 bedroom | 1 | 100% of AMI |
| 2 bedroom | 2 | 100% of AMI |
| 3 bedroom | 1 | 100% of AMI |
| 1 bedroom | 2 | 120% of AMI |
| 2 bedroom | 2 | 120% of AMI |
| 3 bedroom | 1 | 120% of AMI |

Thirty-one (31) units must be rented at all times to tenants receiving vouchers or other subsidy through the HAP contract. If the HAP is terminated or discontinued with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that one hundred percent (100%) of the units must at all times be occupied by Low Income Households whose Adjusted Income does not exceed sixty percent (60%) of area median income as published by TCAC (or MOHCD equivalent) and the monthly rent paid by the Low Income Households may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income (b) less utility allowance. If the HAP is terminated or discontinued with respect to the Project, then City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrowers request to meet. The relief provided by the paragraph will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC,

CTAC, or under any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

EXHIBIT B-1
Table of Sources and Uses of Funds

Application Date: 1/18/19 # Units: 125
Project Name: 66 Broadway Family # Bedrooms: 221
Project Address: 68 Broadway # Beds:
Project Sponsor: The John Stewart Company, Bridge Housing Corporation

SOURCES table with columns for various funding sources and their amounts. Total Sources: 97,181,737

ACQUISITION table showing acquisition costs categorized by source type (Tax Credit, AHP, etc.).

CONSTRUCTION (HARD COSTS) table detailing construction expenses like labor, materials, and contingencies. Total Construction Costs: 70,211,500

SOFT COSTS - Architecture & Design table listing design fees, architect salaries, and consultant costs. Total Architecture & Design: 3,258,233

SOFT COSTS - Engineering & Environmental Studies table listing survey, geotechnical, and environmental review costs. Total Engineering & Environmental Studies: 562,205

SOFT COSTS - Financing Costs table listing construction loan origination fees, interest, and other financing expenses. Total Financing Costs: 5,777,082

SOFT COSTS - Legal Costs table listing attorney fees, court costs, and other legal expenses. Total Legal Costs: 396,847

SOFT COSTS - Other Development Costs table listing various development expenses like insurance, accounting, and furnishing. Total Other Development Costs: 3,684,696

RESERVES table listing operating, replacement, and tenant improvement reserves. Total Reserves: 620,097

DEVELOPER COSTS table listing developer fees, consultant fees, and other costs. Total Developer Costs: 11,810,499

TOTAL DEVELOPMENT COST table summarizing all development expenses. Total Development Cost: 144,330,545

Acquisition Cost/Unit by Source, Construction Cost (no Contingency)/Unit by Source, and City Subsidy/Unit tables.

Financing Cost/Unit by Source table showing the breakdown of financing costs per unit.

EXHIBIT B-2
Annual Operating Budget

MOHCD Phoenix - Year 1 Operating Budget

Application Date: 1/18/2019 Project Name: 88 Broadway Family
 Total # Units: 125 Project Address: 88 Broadway
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021 Project Sponsor: The John Stewart Company, Bridge Housing Corporation

| INCOME | Total | Comments |
|---|------------------|--|
| Residential - Tenant Rents | 1,972,404 | Links from New Dev - Rent & Unit Mx Worksheet |
| Residential - Tenant Assistance Payments (from COSP) | 528,728 | Links from New Dev - Rent & Unit Mx Worksheet |
| Commercial Rent | 0 | 0% |
| Residential Parking | 0 | Links from Utilities & Other Income Worksheet |
| Miscellaneous Rent Income | 0 | Links from Utilities & Other Income Worksheet |
| Residential Services Income | 0 | 0 |
| Interest Income - Project Operations | 0 | Links from Utilities & Other Income Worksheet |
| Laundry and Vending | 13,500 | Links from Utilities & Other Income Worksheet |
| Tenant Charges | 0 | Links from Utilities & Other Income Worksheet |
| Miscellaneous Residential Income | 0 | Links from Utilities & Other Income Worksheet |
| Other Commercial Income | 0 | Links from Commercial Op. Budget Worksheet |
| Withdrawal from Capitalized Reserve (Report to operating account) | 0 | |
| Gross Potential Income | 2,814,132 | |
| Vacancy Loss - Residential - Tenant Rents | (68,820) | Vacancy loss is 5% of Tenant Rents |
| Vacancy Loss - Residential - Tenant Assistance Payments | (41,471) | Vacancy loss is 5% of Tenant Assistance Payments |
| Vacancy Loss - Commercial | 0 | Links from Commercial Op. Budget Worksheet |
| EFFECTIVE GROSS INCOME | 2,674,100 | PUPA: 21,393 |

| OPERATING EXPENSES | Total | Comments |
|--------------------------------------|----------------|---|
| Management | | |
| Management Fee | 67,500 | 165 per unit per month |
| Asset Management Fee | 19,050 | 4/1/2016 MOHCD Operating Fees Policy - Assumes 2016 Max Fee |
| Sub-total Management Expenses | 116,550 | PUPA: 933 |

| Salaries/Benefits | Total | Comments |
|-------------------------------------|----------------|--|
| Office Salaries | 93,040 | 13.2 FTEs across both projects, (4.0 Office FTEs, 4.0 Maintenance FTEs, 3 Desk Clerks) |
| Manager's Salary | 55,510 | |
| Health Insurance and Other Benefits | 42,500 | Life, Dental, Health for staff allocated to this property. Disabled sick w/35 Days |
| Other Salaries/Benefits | 5,254 | Payroll Processing |
| Administrative Rent-Free Unit | 0 | |
| Sub-total Salaries/Benefits | 196,336 | PUPA: 1,571 |

| Administration | Total | Comments |
|--|---------------|--|
| Advertising and Marketing | 4,500 | |
| Office Expenses | 9,600 | |
| Office Rent | 0 | |
| Legal Expense - Property | 5,000 | |
| Audit Expense | 6,840 | |
| Bookkeeping/Accounting Services | 16,740 | |
| Bad Debt | 0 | |
| Miscellaneous | 31,600 | Telephone/internet, Supplies, Training, Computer |
| Sub-total Administration Expenses | 80,180 | PUPA: 642 |

| Utilities | Total | Comments |
|----------------------------|----------------|--------------------|
| Electricity | 67,500 | |
| Water | 45,000 | |
| Gas | 31,000 | |
| Sewer | 67,500 | |
| Sub-total Utilities | 191,000 | PUPA: 1,570 |

| Taxes and Licenses | Total | Comments |
|---|----------------|------------------|
| Real Estate Taxes | 80,208 | |
| Payroll Taxes | 78,968 | |
| Miscellaneous Taxes, Licenses and Permits | 3,600 | |
| Sub-total Taxes and Licenses | 162,776 | PUPA: 738 |

| Insurance | Total | Comments |
|--|----------------|--------------------|
| Property and Liability Insurance | 140,000 | |
| Fidelity Bond Insurance | 420 | |
| Worker's Compensation | 11,564 | |
| Director's & Officers' Liability Insurance | 0 | |
| Sub-total Insurance | 152,264 | PUPA: 1,218 |

| Maintenance & Repair | Total | Comments |
|---|----------------|---|
| Payroll | 118,844 | Maintenance and Janitor |
| Supplies | 2,400 | |
| Contractors | 35,700 | Maintenance, Life-Support, Elevator |
| Garbage and Trash Removal | 45,000 | |
| Security Payroll/Contract | 0 | |
| HVAC Repairs and Maintenance | 0 | |
| Vehicle and Maintenance Equipment Operation and Repairs | 0 | |
| Miscellaneous Operations and Maintenance Expenses | 41,200 | Ind. fire alarm, ent. isolat. system, elev. work/ins. paint, lift, fire, heavy supplies |
| Sub-total Maintenance & Repair Expenses | 243,844 | PUPA: 2,085 |

| | | |
|---------------------|---------|--|
| Supportive Services | 154,505 | |
| Commercial Expenses | 0 | Links from Commercial Op. Budget Worksheet |

TOTAL OPERATING EXPENSES 1,199,063 PUPA: 9,993

| Reserves/Ground Lease Base Rent/Bond Fees | Total | Comments |
|--|---------------|--|
| Ground Lease Base Rent | 20,000 | Ground lease with SF Part |
| Bond Mortgage Fee | 26,579 | Annual Issuer Fee, Other Annual Fees for Series ABB term loans |
| Replacement Reserve Deposit | 40,000 | |
| Operating Reserve Deposit | 0 | |
| Other Required Reserve 1 Deposit | 0 | |
| Other Required Reserve 2 Deposit | 0 | |
| Reserve of Reserve Deposits - Commercial | 0 | Links from Commercial Op. Budget Worksheet |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | 86,579 | PUPA: 773 |

TOTAL OPERATING EXPENSES (w/ Reserve/Gl. Base Rent/Bond Fees) 1,285,642 PUPA: 10,766

NET OPERATING INCOME (INCOME minus OP EXPENSES) 1,378,459 PUPA: 11,028

| DEBT SERVICE/MUST PAY PAYMENTS (Hard debt/Amortized loans) | Total | Comments |
|---|------------------|--|
| Head Debt - First Lender | 1,184,748 | Permitted Loan Provide additional comments here, if needed |
| Head Debt - Second Lender (MOHCD Program 0.42% pymt. or other 2nd Lend) | 0 | Provide additional comments here, if needed |
| Head Debt - Third Lender (Other MOHCD Program, or other 3rd Lender) | 0 | Provide additional comments here, if needed |
| Head Debt - Fourth Lender | 0 | Provide additional comments here, if needed |
| Commercial Hard Debt Service | 0 | Links from Commercial Op. Budget Worksheet |
| TOTAL HARD DEBT SERVICE | 1,184,748 | PUPA: 9,478 |

CASH FLOW (NGI minus DEBT SERVICE) 193,711

USES OF CASH FLOW BELOW (This row also shows DISCR) 1.16

| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | Total | Comments |
|--|--------|---|
| "Follow-the-leader" Asset Mgt fee (uncommon in new projects, see policy) | 22,200 | 1st |
| Partnership Management Fee (see policy for limits) | 5,000 | 2nd |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | 0 | |
| Other Payments | 0 | |
| Non-amortizing Loan Preval - Lender 1 (noted under in comments below) | 0 | Provide additional comments here, if needed |
| Non-amortizing Loan Preval - Lender 2 (noted under in comments below) | 0 | Provide additional comments here, if needed |
| Deferred Developer Fee (Enter amt <= Max Fee from cell H120) | 67,740 | Def. Develop. Fee split 50% Please See CHPC Projections, Dev Fee Analysis |

TOTAL PAYMENTS PRECEDING MOHCD 119,970 PUPA: 888

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 82,741

| Residual Receipts Calculation | Yes | Project has MOHCD ground lease? | No |
|--|-----|---------------------------------|---|
| Does Project have a MOHCD Residual Receipt Obligation? | Yes | | |
| Will Project Developer Fee? | Yes | | |
| Max Deferred Developer Fee/Borrower % of Residual Receipts in Y1: | 50% | | Max Deferred Developer Fee Amt (Use for data entry above. Do not link.) \$2,740 |
| % of Residual Receipts available for distribution to soft debt lenders in: | 50% | | |

| Soft Debt Lenders with Residual Receipts Obligations | Debt (incl. hard debt/Amortized loans) | Total Principal Amt | Divid. of Soft Debt Lease |
|--|---|---------------------|---------------------------|
| MOHCD/CHPC - Soft Debt Loans | All MOHCD/CHPC Loans payable from net rents | \$27,808,676 | 100.00% |
| MOHCD/CHPC - Ground Lease Value | Ground Lease | 0 | 0.00% |
| CHPC Indefinite Soft - Lender 3 | | 0 | 0.00% |
| Other Soft Debt Lender - Lender 4 | | 0 | 0.00% |
| Other Soft Debt Lender - Lender 5 | | 0 | 0.00% |

| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | Total | Comments |
|--|--------|---|
| MOHCD Residual Receipts Amount Due | 82,741 | 50% of residual receipts multiplied by 100% ... MOHCD's pro rata share of all soft debt |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | 82,741 | Enter/override amount of residual receipts proposed for loan repayment |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | 0 | If applicable, MOHCD residual receipts amt due LESS net proposed for loan repaymt. |

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 0

| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | Total | Comments |
|---|----------|----------|
| CHCD Residual Receipts Amount Due | 0 | |
| Lender 4 Residual Receipts Due | 0 | |
| Lender 5 Residual Receipts Due | 0 | |
| Total Non-MOHCD Residual Receipts Debt Service | 0 | |

| REMAINDER (Should be zero unless there are distributions below) | Total | Comments |
|---|----------|----------|
| Developer Distribution/Incentive Management Fee | 0 | |
| Other Distributions/Uses | 0 | |
| Final Balance (should be zero) | 0 | |

EXHIBIT B-3
20-Year Cash Flow Proforma

MOHCD Proforma - 20 Year Cash Flow Summary

88 Broadway Family

Total # Units: 126

| | % Annual Increase | Year | | | | | | | | | | | | | | | | | | | |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 |
| INCOME | | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total |
| Residential - Tenant Rents | 2.5% | 1,672,404 | 2,021,714 | 2,472,257 | 2,924,083 | 3,377,185 | 3,831,584 | 4,287,364 | 4,744,569 | 5,203,183 | 5,663,202 | 6,124,644 | 6,587,525 | 7,052,846 | 7,520,613 | 7,990,834 | 8,463,518 | 8,938,665 | 9,416,284 | 9,896,485 | 10,379,250 |
| Residential - Tenant Assistance Payments (Non-OSP) | 2.5% | 626,228 | 648,834 | 672,157 | 696,181 | 720,925 | 746,400 | 772,636 | 800,000 | 828,000 | 856,000 | 885,000 | 915,000 | 945,000 | 975,000 | 1,005,000 | 1,035,000 | 1,065,000 | 1,095,000 | 1,125,000 | 1,155,000 |
| Commercial Space | 2.5% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Income | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross Potential Income | | 2,314,132 | 2,884,483 | 3,568,587 | 4,320,512 | 5,100,210 | 5,918,972 | 6,780,000 | 7,684,569 | 8,631,183 | 9,620,202 | 10,651,644 | 11,727,525 | 12,847,846 | 14,012,613 | 15,222,834 | 16,478,518 | 17,780,665 | 19,129,284 | 20,525,485 | 21,969,250 |
| Vacancy Loss - Residential - Tenant Rents | n/a | (98,820) | (101,886) | (105,613) | (109,203) | (112,858) | (116,580) | (120,370) | (124,228) | (128,155) | (132,152) | (136,220) | (140,360) | (144,573) | (148,860) | (153,223) | (157,663) | (162,180) | (166,775) | (171,448) | (176,198) |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | (41,411) | (42,447) | (43,509) | (44,596) | (45,710) | (46,853) | (48,025) | (49,226) | (50,456) | (51,715) | (53,003) | (54,320) | (55,667) | (57,044) | (58,451) | (59,888) | (61,356) | (62,854) | (64,383) | (65,942) |
| Vacancy Loss - Commercial | n/a | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | 2,674,100 | 2,740,553 | 2,869,477 | 2,879,714 | 2,951,786 | 3,025,499 | 3,101,137 | 3,178,665 | 3,258,132 | 3,339,585 | 3,423,075 | 3,508,651 | 3,596,368 | 3,686,277 | 3,778,434 | 3,872,659 | 3,969,717 | 4,069,560 | 4,172,084 | 4,277,051 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | | |
| Management | 3.5% | 116,560 | 120,560 | 124,933 | 129,284 | 133,728 | 138,466 | 143,307 | 148,359 | 153,514 | 158,787 | 164,168 | 169,658 | 175,258 | 180,968 | 186,789 | 192,722 | 198,767 | 204,924 | 211,194 | 217,578 |
| Insurance | 3.5% | 100,330 | 103,208 | 106,210 | 109,337 | 112,590 | 115,969 | 119,476 | 123,114 | 126,884 | 130,787 | 134,826 | 138,994 | 143,294 | 147,729 | 152,293 | 156,988 | 161,817 | 166,783 | 171,888 | 177,134 |
| Administrative | 3.5% | 80,180 | 82,897 | 85,802 | 88,908 | 92,200 | 95,689 | 99,378 | 103,269 | 107,364 | 111,667 | 116,180 | 120,906 | 125,848 | 130,999 | 136,361 | 141,938 | 147,744 | 153,783 | 159,958 | 166,272 |
| Utilities | 3.5% | 186,500 | 191,587 | 197,114 | 203,191 | 209,818 | 216,996 | 224,726 | 233,009 | 241,847 | 251,252 | 261,236 | 271,811 | 282,988 | 294,779 | 307,187 | 320,216 | 333,869 | 348,150 | 363,072 | 378,648 |
| Lease and Licenses | 3.5% | 50,744 | 52,473 | 54,314 | 56,267 | 58,334 | 60,517 | 62,818 | 65,239 | 67,782 | 70,449 | 73,243 | 76,167 | 79,224 | 82,417 | 85,748 | 89,219 | 92,833 | 96,593 | 100,501 | 104,560 |
| Insurance | 3.5% | 150,204 | 153,593 | 157,109 | 160,754 | 164,530 | 168,439 | 172,484 | 176,667 | 181,000 | 185,494 | 190,149 | 194,967 | 199,950 | 205,110 | 210,449 | 215,970 | 221,676 | 227,571 | 233,658 | 239,939 |
| Maintenance & Repair | 3.5% | 260,864 | 268,777 | 277,219 | 286,192 | 295,705 | 305,768 | 316,381 | 327,554 | 339,297 | 351,620 | 364,534 | 378,050 | 392,179 | 406,924 | 422,298 | 438,315 | 454,989 | 472,334 | 490,364 | 509,094 |
| Supplies/Services | 3.5% | 102,525 | 105,525 | 108,615 | 111,805 | 115,195 | 118,785 | 122,475 | 126,265 | 130,155 | 134,145 | 138,235 | 142,425 | 146,715 | 151,105 | 155,595 | 160,185 | 164,875 | 169,665 | 174,555 | 179,545 |
| Commercial Expenses | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES | | 1,193,063 | 1,241,030 | 1,284,486 | 1,329,422 | 1,375,952 | 1,424,111 | 1,473,964 | 1,525,543 | 1,578,937 | 1,634,200 | 1,691,359 | 1,750,556 | 1,811,866 | 1,875,382 | 1,941,117 | 2,009,089 | 2,079,158 | 2,151,529 | 2,227,246 | 2,305,200 |
| Reserve/Lease Base Rent/Bond Fees | | 8,493 | | | | | | | | | | | | | | | | | | | |
| Reserve/Lease Base Rent | | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Bond Monitoring Fee | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Registered Reserve Deposited | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Reserve Deposited | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Required Reserve 1 Deposited | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Required Reserve 2 Deposited | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Required Reserve Deposits, Commercial | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total Reserve/Lease Base Rent/Bond Fees | | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 | 84,979 |
| TOTAL OPERATING EXPENSES (w/ Reserve/Lease Base Rent/Bond Fees) | | 1,293,642 | 1,337,609 | 1,381,045 | 1,426,001 | 1,472,531 | 1,520,690 | 1,570,533 | 1,622,122 | 1,675,516 | 1,731,779 | 1,790,976 | 1,852,151 | 1,915,445 | 1,981,861 | 2,051,496 | 2,123,428 | 2,198,737 | 2,277,507 | 2,359,825 | 2,445,779 |
| NET OPERATING INCOME (w/ Reserve/Lease Base Rent/Bond Fees) | | 1,380,458 | 1,402,944 | 1,488,432 | 1,453,712 | 1,479,249 | 1,504,810 | 1,530,603 | 1,556,543 | 1,582,616 | 1,608,806 | 1,635,099 | 1,661,477 | 1,687,922 | 1,714,416 | 1,740,938 | 1,767,467 | 1,793,980 | 1,820,452 | 1,846,839 | 1,873,172 |
| DEBT SERVICE (Must Pay Payments (Hard Debt) amortized loans) | | | | | | | | | | | | | | | | | | | | | |
| Hard Debt - First Lender | | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 |
| Hard Debt - Second Lender (HCD Program 0.42% semi, or other 7ed Lender) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 5ed Lender) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 | 1,184,748 |
| CASH FLOW (Net minus DEBT SERVICE) | | 193,711 | 218,196 | 243,684 | 268,964 | 294,472 | 320,065 | 346,855 | 374,869 | 403,151 | 431,733 | 460,551 | 489,624 | 518,953 | 548,531 | 578,359 | 608,438 | 638,767 | 669,346 | 700,175 | 731,254 |
| USES OF CASH FLOW BELOW (This row also shows DSCR) | | | | | | | | | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | | | | | | | | | |
| Deferred Developer Fee (if amt <= Max Fee from row 13) | 3.5% | 87,740 | 94,935 | 102,919 | 110,577 | 118,902 | 126,928 | 134,611 | 142,011 | 149,189 | 156,119 | 162,862 | 169,400 | 175,826 | 182,134 | 188,318 | 194,381 | 200,318 | 206,125 | 211,800 | 217,341 |
| Other Use (Asset Mgt Fee (non-amortized), see policy) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | 3.5% | 23,230 | 24,043 | 24,885 | 25,756 | 26,657 | 27,586 | 28,553 | 29,558 | 30,589 | 31,646 | 32,728 | 33,835 | 34,967 | 36,124 | 37,306 | 38,513 | 39,745 | 41,002 | 42,284 | 43,591 |
| Insurance Service Fee (aka "IP Asset Mgt Fee") (see policy for limits) | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Other Payment | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 1 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 2 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | 110,970 | 123,078 | 132,204 | 141,333 | 150,455 | 159,578 | 168,711 | 177,877 | 187,071 | 196,292 | 205,541 | 214,818 | 224,124 | 233,459 | 242,824 | 252,219 | 261,644 | 271,099 | 280,584 | 290,099 |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | 82,741 | 95,118 | 111,480 | 127,379 | 148,794 | 160,242 | 172,146 | 184,992 | 203,982 | 229,442 | 261,262 | 297,733 | 348,985 | 416,183 | 499,689 | 599,719 | 720,719 | 879,672 | 1,081,775 | 1,341,953 |
| Does Project have a MOHCD Residual Receipt Obligation? | Yes | | | | | | | | | | | | | | | | | | | | |
| Will Project Defeat Developer Fee? | Yes | | | | | | | | | | | | | | | | | | | | |
| 1st Residual Receipts Split - Lender/Deferred Developer Fee | 100 / 0.00% | | | | | | | | | | | | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | </ | | | | | | | | | | | | | | | |

EXHIBIT C
Tenant Income Certification Form

TENANT INCOME CERTIFICATION

Initial Certification Recertification Other _____

Effective Date: _____
 Move-In Date: _____
 (MM-DD-YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ TCAC#: _____ BIN#: _____
 Address: _____ If applicable, CDLAC#: _____
 Unit Number: _____ # Bedrooms: _____ Square Footage: _____

PART II. HOUSEHOLD COMPOSITION

Vacant (Check if unit was vacant on December 31 of the Effective Date Year)

| HH Mbr # | Last Name | First Name | Middle Initial | Relationship to Head of Household | Date of Birth (MM/DD/YYYY) | F/T Student (Y or N) | Last 4 digits of Social Security # |
|----------|-----------|------------|----------------|-----------------------------------|----------------------------|----------------------|------------------------------------|
| 1 | | | | HEAD | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

| HH Mbr # | (A) Employment or Wages | (B) Soc. Security/Pensions | (C) Public Assistance | (D) Other Income |
|--|-------------------------|----------------------------|--------------------------|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTALS | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Add totals from (A) through (D), above | | | TOTAL INCOME (E): | \$ |

PART IV. INCOME FROM ASSETS

| HH Mbr # | (F) Type of Asset | (G) C/I | (H) Cash Value of Asset | (I) Annual Income from Asset |
|---|-------------------|---------------|-------------------------------------|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTALS: | | | \$ _____ | \$ _____ |
| Enter Column (H) Total | | Passbook Rate | | |
| If over \$5000 \$ _____ X | | 0.06% | = (J) Imputed Income | \$ _____ |
| Enter the greater of the total of column I, or J: imputed income | | | TOTAL INCOME FROM ASSETS (K) | \$ |
| (L) Total Annual Household Income from all Sources [Add (E) + (K)] | | | | \$ |

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

| | | | |
|-----------|--------|-----------|--------|
| Signature | (Date) | Signature | (Date) |
| Signature | (Date) | Signature | (Date) |

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1

\$

Unit Meets Federal Income Restriction at:
 60% 50%

Current Federal LIHTC Income Limit x 140%:
 \$ _____

Current Federal LIHTC Income Limit per Family Size: \$ _____

Unit Meets Deeper Targeting Income Restriction at:
 Other _____%

Household Income exceeds 140% at recertification:
 Yes No

If Applicable, Current Federal Bond Income Limit per Family Size: \$ _____

Household Income as of Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Monthly Rent: \$ _____
 Monthly Utility Allowance: \$ _____
 Other Monthly Non-optional charges: \$ _____

Federal Rent Assistance: \$ _____ *Source: _____
 Non-Federal Rent Assistance: \$ _____ (*0-8)
Total Monthly Rent Assistance: \$ _____

GROSS MONTHLY RENT FOR UNIT:
 (Tenant paid rent plus Utility Allowance & other non-optional charges)

\$

Maximum Federal LIHTC Rent Limit for this unit: \$ _____

If Applicable, Maximum Federal & State LIHTC Bond Rent Limit for this unit: \$ _____

Unit Meets Federal Rent Restriction at: 60% 50%

If Applicable, Unit Meets Bond Rent Restriction at: 60% 50%

Unit Meets Deeper Targeting Rent Restriction at: Other: _____%

- *Source of Federal Assistance
 1 **HUD Multi-Family Project Based Rental Assistance (PBRA)
 2 Section 8 Moderate Rehabilitation
 3 Public Housing Operating Subsidy
 4 HOME Rental Assistance
 5 HUD Housing Choice Voucher (HCV), tenant-based
 6 HUD Project-Based Voucher (PBV)
 7 USDA Section 521 Rental Assistance Program
 8 Other Federal Rental Assistance
 0 Missing

** (PBRA) Includes: Section 8 New Construction/Substantial Rehabilitation; Section 8 Loan Management; Section 8 Property Disposition; Section 202 Project Rental Assistance Contracts (PRAC)

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

If yes, Enter student explanation* (also attach documentation)

Enter 1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit

See Part V above.

b. HOME

- Income Status*
 ≤ 50% AMGI
 ≤ 60% AMGI
 ≤ 80% AMGI
 OI**

c. Tax Exempt Bond

- Income Status*
 50% AMGI
 60% AMGI
 80% AMGI
 OI**

d. AHDP

- Income Status*
 50% AMGI
 80% AMGI
 OI**

e. _____
 (Name of Program)

- Income Status*

 OI**

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE _____

DATE _____

PART IX. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

| TENANT DEMOGRAPHIC PROFILE | | | | | | |
|----------------------------|-----------|------------|----------------|------|-----------|----------|
| HH Mbr # | Last Name | First Name | Middle Initial | Race | Ethnicity | Disabled |
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
 - 4a – Asian India 4e – Korean
 - 4b – Chinese 4f – Vietnamese
 - 4c – Filipino 4g – Other Asian
 - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
 - 5a – Native Hawaiian 5c – Samoan
 - 5b – Guamanian or Chamorro 5d – Other Pacific Islander
- 6 – Other
- 7 – Did not respond. **(Please initial below)**

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.

The Following Ethnicity Codes should be used:

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.
- 2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- 3 – Did not respond. **(Please initial below)**

Disability Status:

- 1 – Yes
 - If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):
 - A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used, please see 24 CFR 100.201, available at <http://fairhousing.com/legal-research/hud-regulations/24-cfr-100201-definitions>.
 - “Handicap” does not include current, illegal use of or addiction to a controlled substance.
 - An individual shall not be considered to have a handicap solely because that individual is transgender.
- 2 – No
- 3 – Did not respond **(Please initial below)**

Resident/Applicant: I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____
 (HH#) 1. 2. 3. 4. 5. 6. 7.

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Enter the type of tenant certification: Initial Certification (move-in), Recertification (annual recertification), or Other. If other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.

Move-In Date Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.

Property Name Enter the name of the development.

County Enter the county (or equivalent) in which the building is located.

TCAC# Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123

BIN # Enter the building number assigned to the building (from IRS Form 8609).

Address Enter the physical address of the building, including street number and name, city, state, and zip code.

If applicable, CDLAC# If project is awarded 4% bonds please enter the project number assigned to the property by CDLAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: 16-436

Unit Number Enter the unit number.

Bedrooms Enter the number of bedrooms in the unit.

Square Footage Enter the square footage for the entire unit.

Vacant Unit Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following definitions:

| | | |
|---------------------|------------------------------|----------------------------|
| H Head of Household | S Spouse | U Unborn Child/Anticipated |
| A Adult Co-Tenant | O Other Family Member | Adoption or Foster |
| C Child | F Foster child(ren)/adult(s) | |
| L Live-in Caretaker | N None of the above | |

Date of Birth Enter each household member's date of birth.

Student Status Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.

Last Four Digits of Social Security Number For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

- | | |
|------------|--|
| Column (A) | Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business. |
| Column (B) | Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc. |
| Column (C) | Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.). |
| Column (D) | Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household. |
| Row (E) | Add the totals from columns (A) through (D), above. Enter this amount. |

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

- | | |
|------------|--|
| Column (F) | List the type of asset (i.e., checking account, savings account, etc.) |
| Column (G) | Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification). |
| Column (H) | Enter the cash value of the respective asset. |
| Column (I) | Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate). |
| TOTALS | Add the total of Column (H) and Column (I), respectively. |

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 0.06% and enter the amount in (J), Imputed Income.

- | | | |
|---------|--|--|
| Row (K) | <i>Enter the greater of the total in Column (I) or (J)</i> | |
| Row (L) | <i>Total Annual Household Income From all Sources</i> | <i>Add (E) and (K) and enter the total</i> |

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

- | | |
|--|---|
| Total Annual Household Income from all Sources | Enter the number from item (L). |
| Current LIHTC Income Limit per Family Size | Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 50% or 60% set aside. |
| Current Bond Income Limit per Family Size | Enter the Current most restrictive Move-in Income Limit for the household size – specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement. |

| | |
|--|---|
| Household Income at Move-in | For recertifications only. Enter the household income from the move-in certification. |
| Household Size at Move-in | Enter the number of household members from the move-in certification. |
| Current Federal LIHTC Income Limit x 140% | For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed. |
| Unit Meets Federal Income Restriction at | Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project. |
| Unit Meets Deeper Targeting Income Restriction | If your agency requires an income restriction lower than the federal limit, enter the percent required. |

Part VI - Rent

| | |
|---|--|
| Tenant Paid Monthly Rent | Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8). |
| Federal Rent Assistance | Enter the amount of rent assistance received from a federal program, if any. |
| Non-Federal Rent Assistance | Enter the amount of non-federal rent assistance received, if any. |
| Total Monthly Rent Assistance | Enter the amount of total rent assistance received, if any. |
| Source of Federal Rent Assistance | If federal rent assistance is received, indicate the single program source. |
| Monthly Utility Allowance | Enter the utility allowance. If the owner pays all utilities, enter zero. |
| Other Monthly Non-Optional Charges | Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc. |
| Gross Monthly Rent for Unit | Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount. |
| Maximum LIHTC Rent Limit for this unit | Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50% or 60% set aside. |
| Maximum LIHTC Bond Rent Limit for this unit | Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement. |
| Unit Meets Federal Rent Restriction at | Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project. |
| Unit Meets Bond Rent Restriction at | Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project. |
| Unit Meets Deeper Targeting Rent Restriction at | If your agency requires a rent restriction lower than the federal limit, enter the percent required. |

Part VII - Student Status

If all household members are full time* students, check “yes”. Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check “no.”

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

- Tax Credit See Part V above.
- HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
- Tax Exempt Bond If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.
- AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
- Other If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification's (only if household composition has changed from the previous year's certification).

- Tenant Demographic Profile Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
- Resident/Applicant Initials All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

EXHIBIT D

First Source Hiring Requirements and Numerical Goals

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83) as incorporated into MOHCD's Section 3 Plan. Sponsor shall work with CityBuild to meet Section 3 requirements.

1. Section 3 Requirements.

(a) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u ("Section 3"), based on Borrower's receipt of City funds under MOHCD's Section 3 Plan. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing, to the greatest extent feasible.

(b) The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

(c) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and to post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference and set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions and the qualifications for each, the name and location of the person(s) taking applications for each of the positions and the anticipated date work will begin.

(d) The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

(e) The contractor will certify that any vacant employment positions, including training positions, that are filled: (i) after the contractor is selected but before the contract is executed; and (ii) with persons other than those to whom the regulations of

24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

(f) Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default and debarment or suspension from future HUD assisted contracts.

2. Recommended Minimum Numerical Goals. Contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth below for training, employment and contracting opportunities to Section 3 residents and Section 3 business concerns, which represent minimum numerical goals.

(a) Training and Employment of Section 3 Residents (24 CFR § 135.30(b)). Contractors and subcontractors may demonstrate compliance by committing to employ Section 3 residents as thirty percent (30%) of the aggregate number of new hires (full-time employees for permanent, temporary or seasonal employment) and an overall goal of thirty percent (30%) of total work hours for the entire project.

(b) Contracts with Section 3 Business Concerns (24 CFR § 135.30). Contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to award to Section 3 business concerns:

(i) At least ten percent (10%) of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and

(ii) At least three percent (3%) of the total dollar amount of all other Section 3 covered contracts.

EXHIBIT E
Governmental Requirements

1. Prevailing Wages. Every contract for the rehabilitation or construction of housing assisted with Funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing, and contracts involving their employment will be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-332). The prevailing wage requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units.

2. Environmental Review. The Project must meet the requirements of the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Borrower or the City who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, Borrower must incorporate, or cause to be incorporated, in all contracts, subcontracts and agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. Borrower will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Borrower must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Borrower represents that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Sections 1090 through 1097 and 87100 *et seq.* of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify the City immediately if Borrower at any time obtains knowledge of facts constituting a violation.

(c) In the event of any violation of the conflict of interest prohibitions, Borrower agrees that the City may refuse to consider any future application for funding

from Borrower or any entity related to Borrower until the violation has been corrected to the City's satisfaction, in the City's sole discretion.

4. Disability Access. Borrower must comply with all applicable disability access Laws, including the Americans With Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Borrower must provide to the City a written reasonable accommodations policy that indicates how Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. Borrower must satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower must also comply with the provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

6. Relocation. Borrower must meet any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq.*) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws.

7. Low-Income Hiring Requirements. The use of Funds triggers compliance with certain hiring requirements imposed by the City's First Source Hiring Ordinance (S.F. Admin. Code Chapter 83), as incorporated into MOHCD's Section 3 Plan. To ensure compliance with those requirements, Borrower must include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

8. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Borrower Shall Not Discriminate. In the performance of this Agreement, Borrower agrees not to discriminate against any employee, City and County employee working with Borrower or any subcontractor, applicant for employment with Borrower or any subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. Borrower shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Borrower does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) Condition to Contract. As a condition to this Agreement, Borrower shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the executed form by the San Francisco Contract Monitoring Division.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B ("Nondiscrimination in Contracts") and 12C ("Nondiscrimination in Property Contracts") of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Borrower shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including the remedies provided in such Chapters. Without limiting the foregoing, Borrower understands that pursuant to Sections 12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this

Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

9. MacBride Principles. Pursuant to San Francisco Administrative Code Section 12F.5, City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Borrower acknowledges and agrees that he or she has read and understood this Section.

10. Tropical Hardwood & Virgin Redwood Ban. Pursuant to § 804(b) of the San Francisco Environment Code, City urges all grantees and borrowers not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

11. Preservative-Treated Wood Containing Arsenic. Borrower may not purchase preservative-treated wood products containing arsenic until the Deed of Trust has been fully reconveyed unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Borrower may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Borrower from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in Section 21.35 of the San Francisco Administrative Code. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

(a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;

(b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;

Exhibit E

(c) conspires to defraud the City by getting a false claim allowed or paid by the City;

(d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or

(e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

(a) Borrower acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Borrower that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made available to the public upon request. Further, Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted,

Borrower must notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

14. Prohibition on Use of Public Funds for Political Activities. Borrower shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Borrower is subject to the enforcement and penalty provisions in Chapter 12G.

15. Nondisclosure of Private Information. Borrower has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information", and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Borrower agrees that any failure of Borrower to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement, bring a false claim action against Borrower pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar Borrower.

16. Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

(a) Borrower shall remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of

fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

(b) Any failure of Borrower to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

17. Resource-Efficient Building Ordinance. Borrower acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Borrower hereby agrees it shall comply with the applicable provisions of such code sections as such sections may apply to the Property.

18. Consideration of Criminal History in Hiring and Employment Decisions.

(a) Borrower agrees to comply fully with and be bound by all of the provisions of Chapter 12T “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at www.sfgov.org/olse/fco. A partial listing of some of Borrower’s obligations under Chapter 12T is set forth in this Section. Borrower is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

(b) The requirements of Chapter 12T shall only apply to a Borrower’s or Subcontractor’s operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, shall apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(c) Borrower shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. Borrower’s failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(d) Borrower or Subcontractor shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant’s or potential applicant for employment, or employee’s: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the

date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(e) Borrower or Subcontractor shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection 16.16(d), above. Borrower or Subcontractor shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(f) Borrower or Subcontractor shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement, that the Borrower or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(g) Borrower and Subcontractors shall post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Borrower or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

(h) Borrower understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Agreement.

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative

finances, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

Exhibit E

EXHIBIT F

Lobbying/Debarment Certification Form

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.

3. Neither the undersigned nor its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

88 Broadway Family LP

BY: _____

NAME: _____

TITLE: _____

DATE: _____

Exhibit F

EXHIBIT G
Form of Annual Monitoring Report

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Kate Hartley
Director

October 1, 2018

Notice of Availability of 2018 Annual Monitoring Report Form
(plus reminders of Marketing Procedure and Serious Incident Protocol)

MOHCD is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2018 (RY2018). The forms are now available to be downloaded from the [Asset Management page](#) of the MOHCD web site. A training on how to complete the AMR will be held at MOHCD on October 31, 2018 from 9-11:45 a.m. See below for more information.

Deadline: For projects whose business year ended June 30, 2018, the report will be due on November 30, 2018 for the period 7/1/17-6/30/18. For any projects whose 2018 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.)

Submissions for RY2018 and any outstanding reports from prior reporting years will be accepted only in the RY2018 format.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2018 – project name.xlsx

This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

| | |
|------------------------------------|-------------------------|
| Instructions (revised) | 3C. Demographic Summary |
| 1A. Property & Residents (revised) | 4. Narrative |
| 1B. Transitional Programs | 5. Project Financing |

| | |
|--|---|
| 1C. Eviction Data | 6. Services Funding |
| 2. Fiscal Activity | 7. Supplementary Audit Information Required by MOHCD |
| 3A. Occupancy & Rent Info (revised) | Completeness Tracker |
| 3B. Demographic Information | |

Provide all applicable information that is requested in worksheets 1-7. Use the Instructions to help you complete each form and the Completeness Tracker to help you to determine when each worksheet is complete.

Use Question #1 on the Narrative worksheet to explain any data that you provide that may be unclear or better understood with additional information. In addition, certain questions in this report prompt you to supply an explanation for your answers on the Narrative worksheet. *Failure to supply the required explanation will render your submission incomplete.*

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2018.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance

The certification form is a Microsoft Word document that must be completed, signed and dated by the Executive Director (or other authorized officer) of the entity that owns the project. Scan the form along with documentation of insurance and email it to MOHCD as a single document. For each project, you must provide certificates of liability insurance *and* property insurance that are *current as of the date of submittal of the AMR*.

III. Audited Financial Statements

Provide financial statements for the project for Reporting Year 2018. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is

posted on MOHCD's Asset Management web page. If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

MOHCD's audit requirements call for the preparation of a supplemental section to the financial statements that includes the following:

- schedule of operating revenues,
- schedule of operating expenses,
- computation of cash flow/surplus cash
- summary of project reserve activity

The supplemental section may be prepared by using worksheet #7 of the AMR or a form generated by the accounting system of the project owner or the auditor.

IV. Waiting List

Submit a copy of the project's waiting list that is current as of the date of submittal. The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit:

- name of head-of-household
- contact information
- date of application,
- number of people in the household,
- stated household income and
- desired unit size.

This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Completed AMRs must be submitted electronically, via *one email message per project* to moh.amr@sfgov.org. If the documents that comprise the report are too large to attach to a single email, compress the files into a zip file and attach it to the email.

AMR Training – October 31, 9-11:45 a.m.

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on from 9 to 11:45 a.m. on Thursday, 10/31, in our office at 1 South Van Ness Avenue, 5th Floor, Room 5080. We strongly encourage the primary staff person who is responsible for completion of the report to attend and to bring a Wi-Fi enabled lap top computer. Space is limited. Please RSVP to Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Marketing Procedure for Available Units and Waiting List Openings

Before advertising the availability of units for lease in a project or the opening of the waiting list, owners and property managers *must* notify MOHCD of this action by completing a Marketing Plan Template and submitting it to the assigned staff person on MOHCD's asset management and compliance monitoring team. The template is available on the Asset Management page of our web site, under "Marketing Requirements for MOHCD-Financed Multifamily Rental Projects." Once the marketing plan is approved, MOHCD will post information about the available units or opening of the waiting list on DAHLIA – the City's internet portal where members of the public may get information and apply for affordable housing. General information for people seeking affordable housing in San Francisco can also be found on our web site at this location.

Serious Incident Protocol

To ensure that MOHCD is kept informed of serious incidents that occur at projects financed by this office, we have established the following protocol for reporting serious, negative events such as accidents, criminal activity or equipment failure. The report should be filed only after emergency procedures have been followed and the situation has been stabilized.

The Mayor's Office of Housing and Community Development requests that owners of projects financed by this office notify us immediately if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line

- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

The owner should notify the MOHCD asset manager assigned to the project and provide the following information:

- The date of the incident
- A description of the incident
- A description of what has been and is being done in response
- The name, phone and email of the staff that should be contacted if there are questions
- Confirmation that 1) the property insurance is current and 2) the insurance company has been contacted; a brief summary of their response, if available
- Statement of whether or not the organization plans to use the project's reserves to pay for corrective action

Asset Management and Compliance Monitoring Team
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
<http://sfmohcd.org>
P. 415-701-5500
F. 415-701-5501

**Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

***** This form must be completed by Project Owner or authorized agent. *****

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2018 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

The undersigned owner, having received housing development funds pursuant to a housing development program funding agreement/s entered into with the City and County of San Francisco (“CCSF”) for the purpose of purchasing, constructing and/or improving low-income housing, does hereby certify as follows:

Initial all statements below, and supply data to make the statement complete where needed (look for underlined blanks; e.g.: ____). For any statements that are not true or require additional clarification, you must supply a detailed explanation on the Annual Monitoring Report Narrative Worksheet. The failure to provide a conforming response to all statements below will render incomplete the entire Annual Monitoring Report (“AMR”) submission for this project, which may result in a default condition under the funding agreement/s, and also subject the owner to scoring penalties in future efforts to obtain funding from MOHCD for this project and any other project.

| | True | False | |
|---|------|-------|--|
| 1 | | | The CCSF Mayor's Office of Housing and Community Development (“MOHCD”) has been alerted by the owner prior to any actions taken by the owner that affect the value of the property associated with this project, including but not limited to the establishment of any liens or encumbrances on the property; and, where required, the owner has obtained written authorization from MOHCD prior to taking any such actions. |
| 2 | | | The undersigned is not in default of the terms of any Agreements with CCSF for this project, nor has it been in default on any other loans, contracts or obligations on this property during the reporting period. |
| 3 | | | The undersigned has not been the subject of any actions relating to any other loans, contracts or obligations on this property which might have a material adverse financial impact on the property. |
| 4 | | | The owner has not lost or failed to renew funding for supportive services for the project during the reporting period and has made available (or caused to be made available through another party) all supportive services that are required by existing, applicable funding and regulatory agreements. |
| 5 | | | The owner has not lost or failed to renew funding for operating subsidy/ies for the project during the reporting period. |
| 6 | | | For any existing operating subsidies supporting the project, during the reporting period, the owner submitted a request for the maximum increase possible. |
| 7 | | | The owner has paid all taxes due for the reporting period and prior reporting periods. |
| 8 | | | The undersigned has marketed the units in the manner set forth in the marketing and resident selection provisions of the funding agreement/s entered into with CCSF. |

**Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

| | True | False | |
|----|------|-------|--|
| 9 | | | The project has met affordability and other leasing provisions set forth in the funding agreement/s entered into with CCSF during the entire reporting period. As of the end date of the reporting period, _____ units (<i>supply exact number</i>) were occupied or held vacant and available for rental by low-income tenants meeting the income qualifications pursuant to the funding agreement/s entered into with CCSF. |
| 10 | | | The undersigned has obtained a tenant income certification and/or third party documentation to support that certification from each tenant household occupying a unit restricted to occupancy by income-qualified tenants. All income certifications are maintained onsite with respect to each qualified tenant who resides in a unit or resided therein during the immediately preceding business year. |
| 11 | | | The total charges for rent and a utility allowance to each income-qualified tenant in a restricted unit do not exceed the maximum rent specified in the funding agreement/s entered into with CCSF as adjusted by the most recent HUD income and rent figures, which have been taken from the figures that are supplied by MOHCD on its website. |
| 12 | | | All withdrawals from the replacement and operating reserve accounts have been made in accordance with the MOHCD funding agreement/s, unless approved in writing by MOHCD. |
| 13 | | | Security deposits required of tenants of the project are in accordance with applicable laws and the funding agreement/s entered into with CCSF. |
| 14 | | | The undersigned has obtained and will maintain insurance policies in accordance with requirements of the funding agreement/s entered into with CCSF as may be reasonably updated from time to time, and has supplied with this AMR certificates of insurance that are current through the end of the reporting period. |
| 15 | | | The undersigned has maintained the units and common areas in a decent, safe and sanitary manner in accordance with all local health, building, and housing codes and in accordance with the HUD Housing Quality Standards. |
| 16 | | | The data submitted in Section 1A – Property & Residents of the Annual Monitoring Report regarding any violation/s of any health, building, or housing codes is complete and accurate; all required copies of violations/citations that were not resolved by the end of the reporting periods are also included with this AMR submission. |
| 17 | | | The undersigned has made best efforts to: (a) keep the units in good repair and available for occupancy; (b) keep the Project fully rented and occupied; and (c) maximize rental revenue at the Project by increasing tenant rents, and if applicable, contract rents and commercial rents, the maximum amount permitted under all current regulatory agreements, contracts, regulations and leases, without causing undue rent burden on residential tenants. |
| 18 | | | All questions in the Annual Monitoring Report submitted for this reporting period have been answered fully and truthfully; answers have been supplied for all of questions requiring detailed responses on the Annual Monitoring Narrative Worksheet and any related documents have been submitted as attachments. |
| 19 | | | The project has received additional equity proceeds in the amount of \$ _____ (<i>supply amount</i>) from low-income housing tax credit investors during the reporting period. |
| 20 | | | Accurate information has been provided in Worksheet 2 - Fiscal Activity about any Federal Program Income earned by this project during the reporting period. |
| 21 | | | Any amounts charged as Asset Management Fees are reflected accurately under Income & Expenses in Worksheet 2 - Fiscal Activity of the Annual Monitoring Report, and all such amounts have been used exclusively toward asset management of this |

**Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

| | True | False | |
|----|------|-------|---|
| | | | project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative. |
| 22 | | | The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies. |
| 23 | | | The Waiting List that has been submitted with the 2018 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size. |

Property and Liability Insurance

Enter the information requested below, and attach a current copy (each) of the Property and Liability Insurance Certificates. SCAN the documents and send them as an attachment along with the complete AMR to MOHCD via e-mail to: moh.amr@sfgov.org.

| | | |
|---------------------|--------------------------|--|
| Property Insurance | | |
| | Property Street Address: | |
| | Policy Number: | |
| | Policy Effective Date: | |
| | Policy Expiration Date: | |
| Liability Insurance | | |
| | Property Street Address: | |
| | Policy Number: | |
| | Policy Effective Date: | |
| | Policy Expiration Date: | |

Tax Certification

Enter the information requested below. You do **NOT** need to submit copies of the invoice or checks used to pay the tax.

| | | |
|--------------|--|--|
| Property Tax | | |
| | Tax Year: | |
| | Amount of Tax Paid: | |
| | Date Paid: | |
| | Amount outstanding from taxes due for Reporting Period: | |
| | Amount outstanding from taxes due prior to Reporting Period: | |

***** This form must be completed by Project Owner or authorized agent. *****

The undersigned, acting under authority of the ownership of this project, executes this Certification, subject to the pains and penalties of perjury, and certifies that the foregoing is true and correct in all respects.

Signature: _____ Date: _____

Name: _____ Title: _____

Annual Monitoring Report - Instructions - Reporting Year 2018 - Mayor's Office of Housing & Community Development

The instructions and definitions below are organized by the worksheets contained within this Annual Monitoring Report. Please review the instructions below and within each worksheet thoroughly as instructions may have changed.

Updated 12/21/2018

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

Use this worksheet to report the activity only of a transitional housing program, including program capacity, number of people served, length of stay and destination upon exit. Please follow the instructions provided on the worksheet.

1C. Eviction Data

MOHCD is required to collect this data by San Francisco Administrative Code Sections 20.500-20.508. Please follow the instructions provided on the worksheet.

2. Fiscal Activity

Income and Expenses

The purpose of the Income and Expenses form is to track actual income and expenses over the reporting period. In addition to the instructions below, please follow instructions provided on the worksheet.

INSTRUCTIONS:

Column B - "Description of Income Accounts" and "Description of Expense Accounts". A complete description of the Income Accounts and Expense Accounts are provided below. Refer to the descriptions when completing the Fiscal Activity Worksheet. The Chart of Accounts uses account categories prescribed by generally accepted accounting principles and closely follows accounts prescribed by HUD, the State of California's Housing and Community Development Department, and the City's Quarterly Program Income Worksheet.

Column D - "Account Number". Each number represents an account in the Chart of Accounts, see below for more info.

Column F - "Residential". This column is for the essential recurring income and expenses related to the operation of a rental housing property, group home, project serving special needs populations or a transitional housing program.

Column H - "Non-Residential". This column is used to report income and expenses related to commercial space or other non-residential space in a project.

Income

Rental Income

5120 Housing Units Gross Potential Tenant Rents. This account records gross rent payable by the tenant for all residential units. Offsetting debits to this account are Account 6331, Administrative Rent Free Unit.

5121 Rental Assistance Payments. This account records rental assistance payments received or earned by the project through the LOSP, HUD Section 8 program (project-based or tenant-based assistance), HUD Section 202/811 programs, Shelter Plus Care program, HOPWA program, Rent Supplement, HOME Tenant-Based Assistance and VASH.

5140 Commercial Unit Rents. This account records gross rental income from stores, offices, rented basement space, furniture and equipment or other commercial facilities provided by the property.

Vacancy Loss

5220 Rent Income - Residential Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of residential rental income due to vacant residential units.

5240 Rent Income - Commercial Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of commercial rental income due to vacant commercial units.

Other Income

5170 Garage and Parking Spaces. This account records the gross rental income from all garage and parking spaces.

5190 Miscellaneous Rent Income. This account records gross rental income expectancy not otherwise described above.

5300 Supportive Services Income. Accounts in this series are used primarily by group home projects or other projects restricted to a special needs population (e.g., group home for mentally disabled or senior apartments). These accounts record revenues received or payable (other than rents) for services provided to tenants (e.g., meal services, housekeeping, etc.). Supportive service-related expenses are charged to accounts in the 6900 series. Enter the total of all revenues received or payable, and identify the source(s) of the income in cell D39.

5400 Interest Income - Project Operations. This account records interest income received or accrued on the Project Operating Account/s; DO NOT RECORD interest earned on the Replacement Reserve or Operating Reserve here.

5910 Laundry and Vending. This account records project revenues received from laundry and vending machines owned or leased by the project.

5920 Tenant Charges. This account records charges collected from tenants for damages to apartment units and for fees paid by tenants for cleaning of an apartment unit (other than regular housekeeping services), any security deposits forfeited by tenants moving out of the project and charges assessed to tenants for rent checks returned for insufficient funds and for late payment of rents.

5990 Other Revenue. This account records project revenue not otherwise described in the above revenue accounts.

Expenses **Management**

6320 Management Fee. This account records the cost of management agent services contracted by the project. This account does not include charges for bookkeeping or accounting services paid directly by the project to either the management agent or another third party.

Salaries/Benefits

6310 Office Salaries. This account records salaries paid to office employees whether the employees work on site or not. Front-line responsibilities include for example, taking applications, verifying income and processing maintenance requests. The account does not include salaries paid to occupancy, maintenance and regional supervisors who carry out the agent's responsibility for overseeing or supervising project operations and personnel. These salaries are paid from the management fee. This account also does not include the project's share of payroll taxes (Account 6711) or other employee benefits paid by the project.

6330 Manager's Salary. This account records the salary paid to property managers. It does not include the project's share of payroll taxes or other employee benefits or compensation provided to residents managers in lieu of residents managers' salary payments.

6723 Employee Benefits: Health Insurance & Disability Insurance. This account records the cost of employee benefits paid and charged to the project for health insurance and disability insurance.

XXXX Employee Benefits: Retirement & Other Salary/Benefit Expenses. This account records the cost of employee benefits paid and charged to the project for retirement and any other employee salary/benefits.

6331 Administrative Rent Free Unit. This account records the contract rent of any rent free unit provided to a resident manager which would otherwise be considered revenue producing.

Administration

6210 Advertising and Marketing. This account records the cost of advertising the rental property.

6311 Office Expenses. This account records office expense items such as supplies, postage, stationery, telephone and copying.

6312 Office Rent. This account records the rental value of an apartment, otherwise considered potentially rent-producing, but used as the project office or as a model apartment. The account is normally debited by journal entry.

6340 Legal Expense - Property. This account records legal fees or services incurred on behalf of the project (as distinguished from the borrower/grantee entity). For example, agents charge legal fees for eviction procedures to this account.

6350 Audit Expense. This account records the auditing expenses incurred by the project that are directly related to requirements for audited financial statements and reports. This account does not include the auditor's charge for preparing the borrower/grantee's Federal, State and local tax returns. This account does not include the cost of routine maintenance or review of the project's books and records.

6351 Bookkeeping Fees/Accounting Services. This account records the cost of bookkeeping fees or automated accounting services not included in the management fee but paid to either the agent or a third party.

6370 Bad Debts. This account records by journal entry the amount of tenant accounts receivable that the agent estimates uncollectible at the end of the accounting period.

6390 Miscellaneous Administrative Expenses. This account records administrative expenses not otherwise classified in the 6300 Series. If the project had miscellaneous administrative expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

6710 Real Estate Taxes. This account records payments made for real estate taxes of the project.

6711 Payroll Taxes (Project's Share). This account records the project's share of FICA and State and Federal Unemployment taxes.

6790 Miscellaneous Taxes, Licenses and Permits. This account records any taxes, licenses, permit fees or costs of insurance assessed to the property and not otherwise categorized in the 6700 Series.

Insurance

6720 Property and Liability Insurance. This account records the cost of project property and commercial general/auto liability insurance.

6721 Fidelity Bond Insurance. This account records the cost of insuring project employees who handle cash.

6722 Workers' Compensation. This account records the cost of workers' compensation insurance for project employees.

6724 Directors and Officers Liabilities Insurance. This account records the cost of insurance to cover financial protection for the directors and officers of the ownership entity in the event they are sued in conjunction with the performance of their duties as they relate to the property.

Maintenance and Repairs

6510 Payroll. This account records the salaries of project employees whose perform services including but not limited to janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating. This account does not include the property's share of payroll taxes (FICA and Unemployment) or other employee benefits paid by the property.

6515 Supplies. This account records all cost of supplies charged to the property for janitorial cleaning, exterminating, grounds, repairs and decorating.

6520 Contracts. This account records the cost of contracts the owner or agent executes with third parties on behalf of the property for janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating.

6525 Garbage and Trash Removal. This account records the cost of removing garbage and rubbish from the project. The account does not include salaries paid to janitors who collect the trash.

6530 Security Payroll/Contract. This account records the project's payroll costs attributable to the protection of the project or the costs of a protection contract that the owner or agent executes on behalf of the project.

6546 HVAC Repairs and Maintenance. This account records the cost of repairing and maintaining heating or air conditioning equipment owned by the project. Agents should capitalize repairs of significant amounts which extend the useful life of the equipment.

6570 Vehicle and Maintenance Equipment Operation and Repairs. This account records the cost of operating and repairing project motor vehicles and maintenance equipment. Motor vehicle insurance is not included in this account but is charged to account 6720.

6590 Miscellaneous Operating and Maintenance Expenses. This account records the cost of maintenance and repairs not otherwise classified in the 6400 and 6500 account Series. If the project had miscellaneous operating and maintenance expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Supportive Services

6900 Supportive Service Expenses. Accounts in this series are used primarily by group home projects and other projects restricted to a special needs population. The accounts record expenses directly related to special services provided to the tenants (e.g., food, housekeeping, case managers, social activity coordinator, etc.).

Reserve Account Activity

1320 Replacement Reserve Required Annual Deposits. This account records the required amount of deposits made to a segregated Replacement Reserve bank account from the project's Operating Account during the reporting period. See below for more guidance about data entry required for replacement reserve eligible expenditures.

1365 Operating Reserve Deposits. This account records amount of deposits made to a segregated Operating Reserve bank account from the project's Operating Account during the report period.

XXXX Operating Reserve Account Withdrawals. Enter the total amount of withdrawals made from the Operating Reserve, which will be deposited into the project's Operating Account during the reporting period.

1330 Other Reserve Accounts - Deposits. This account records amount of deposits made to segregated reserve bank accounts not identified above during the report period. Deposits are assumed to have been funded by the project's operating account and will decrease the surplus cash amount in row 136. You should provide the name of the account in cell D132.

XXXX Other Reserve Accounts - Withdrawals. This line is used to record the amount of withdrawals made from other segregated reserve bank accounts during the reporting period. Withdrawals entered are assumed to have been deposited into the project's operating account and will increase the surplus cash amount in row 136. You should provide the name of the account in cell D133.

3A. Occupancy & Rent Info

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Section 3a - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period. *For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.*

| COLUMN | DESCRIPTION |
|--------|-------------|
|--------|-------------|

| | |
|----|--|
| C. | Row Number. Do not enter data in this column. |
|----|--|

| | |
|----|--|
| D. | Unit No. Enter the unit number (or bed number for transitional or group housing) for each unit/bed in the property. |
|----|--|

| | |
|----|--|
| E. | Unit Type. Use the drop down menu to select the unit type (also shown below): |
|----|--|

Bed = (measurement for Group homes or transitional housing)

"SRO" = Single Room Occupancy unit

"Studio" = Studio unit

"1BR" = 1 Bedroom unit

"2BR" = 2 Bedroom unit

"3BR" = 3 Bedroom unit

"4BR" = 4 Bedroom unit

"5+BR" = 5 or more Bedroom unit

| | |
|----|--|
| F. | Is the Unit Fully-Accessible or Adaptable? Use the drop down menu to indicate which |
|----|--|

"Accessible - Mobility" = The unit is fully-accessible for persons with mobility impairment.

"Accessible - Communication" = The unit is fully-accessible for persons with visual and hearing impairment.

"Mobility & Communication" = The unit is fully-accessible for persons with mobility, visual and hearing impairment.

"Adaptable" = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.

"Not Accessible or Adaptable" = Not Accessible or Adaptable.

| | |
|----|--|
| G. | Date of Initial Occupancy. Enter the date when the tenant occupied their <i>first unit in the project</i> . For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit. |
|----|--|

| | |
|----|--|
| H. | Household Annual Income at Initial Occupancy. Enter the tenant's annual household income from the initial income certification that was done before they moved into their <i>first unit in the project</i> . For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit. |
|----|--|

| | |
|----|--|
| I. | Household Size at Initial Occupancy. Enter the number of people that was in the tenant's household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit. |
|----|--|

| | |
|----|--|
| J. | Date of Most Recent Income Recertification. Enter date of most recent income recertification. Leave blank for vacant units. |
|----|--|

| | |
|----|---|
| K. | Household Annual Income as of Most Recent Recertification within reporting period. Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications. |
|----|---|

| | |
|----|--|
| L. | Household Size as of Most Recent Recertification within reporting period. Enter the number of occupants in the unit from the most recent recertification within the reporting period. |
|----|--|

| | |
|----|---|
| M. | Minimum Occupancy for Unit Type. The data here is automatically entered from items 25-31 on Worksheet #1A. |
|----|---|

| | |
|----|---|
| N. | Maximum Occupancy for Unit Type. The data here is automatically entered from items 25-31 on Worksheet #1A. |
|----|---|

| | |
|----|--|
| O. | Overhoused or Overcrowded? The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet #1A. |
|----|--|

- Overhoused or Overcrowded - Narrative** A household is "Overhoused" if there are fewer people residing in the unit than the minimum occupancy. "Overcrowded" means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.
- P.
- Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** "HOPWA set-aside" units are required when HOPWA capital funding is used to acquire, construct or rehab a project.
- R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select "None" if no rental assistance comes with the unit or none is provided to the tenant.
- "RAD - PBV" = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.
- "TPV" = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.
- "Section 8 - Project Based" = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.
- "Section 8 - Tenant Voucher" = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.
- "PRAC - 202" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 202 program.
- "PRAC - 811" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 811 program.
- "S+C" = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.
- "HOPWA" = The unit is a HOPWA-designated unit under the project funding from the Housing Opportunities for People With AIDS program. While HOPWA is not a source of tenant-based assistance, if the tenant is receiving any other form of subsidy, please report on the amount of Rental Assistance on this worksheet and note the source of the Rental Assistance in the Narrative section of the AMR.
- "VASH" = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.
- "LOSP" = The unit receives a subsidy through the City's Local Operating Subsidy Program.
- "DAH (DPH)" = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.
- "HSA Master Lease" = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.
- "MHSA" = The unit receives a subsidy under CA HCD's Mental Health Services Act.
- "HOME TBA" = Tenant receives assistance from a HOME-funded rental assistance program.
- "Rent Supplement" = Tenant receives a supplemental rent payment from an outside agency.
- "Other" = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.
- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.

- Y. **Amount of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.
- Z. **Percentage of Most Recent Rent Increase.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

3B. Demographic

The two ethnic categories are defined below:

- **Hispanic or Latino.** A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term "Spanish origin" can be used in addition to "Hispanic" or "Latino."
- **Not Hispanic or Latino.** A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

The 10 racial categories are defined below:

- **American Indian or Alaska Native.** A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
- **Asian.** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- **Black or African American.** A person having origins in any of the black racial groups of Africa.
- **Native Hawaiian or Other Pacific Islander.** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- **White.** A person having origins in any of the original peoples of Europe, the Middle East or North Africa.
- **American Indian or Alaska Native and Black or African American.** A person having these multiple race heritages as defined above.
- **American Indian or Alaska Native and White.** A person having these multiple race heritages as defined above.
- **Asian and White.** A person having these multiple race heritages as defined above.
- **Black or African American and White.** A person having these multiple race heritages as defined above.
- **Other/Multi-Racial.** For reporting individual responses for a person that is not included in any of the categories listed above.

Gender, Sex at Birth, and Sexual Orientation/Sexual Identity: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the [Notice](#) if you have any questions about this.

Gender. Provide info for the Head of Household. The 8 possible answers for Gender are:

- Female
- Male
- Genderqueer/Gender Non-binary
- Trans Female
- Trans Male
- Not listed
- Declined/Not Stated
- Question Not Asked

Sexual Orientation / Sexual Identity. Provide info for the Head of Household. The 7 possible answers for Sexual Orientation / Sexual Identity are:

- Bisexual
- Gay /Lesbian/Same-Gender Loving
- Questioning /Unsure
- Straight/Heterosexual
- Not listed
- Decline to Answer
- Not Stated

Elderly Household. For each residential unit, enter "Yes" if the head of household is a person that is at least 62 years of age. Enter "No" if the head of the household is younger than 62.

Number of Children Under Age 18 in Household. Enter the number of occupants in the unit that were under age 18 as of the end date of the reporting period.

Disability. If the unit is occupied by a tenant with any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by tenant with a listed disability.

3C. Summary of Reported Household Demographics

No data entry required. Output based on information reported from Worksheets 3A and 3B.

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

Supply the info requested about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

6. Services Funding

For each service that is provided based on your answers to questions 51-61 on Worksheet 1A, you must supply additional info about each service provider on Worksheet 6. Services Funding.

7. Supplementary Audit Information - Required by MOHCD

Use this template to satisfy the audit requirement for MOHCD-funded projects. Project Owners/auditors may enter data directly into this worksheet and then print it to create the required Supplemental Schedules in the Audited Financial Statement. Alternatively, the audit requirement may be satisfied by using a form generated by the Sponsor's accounting system, as long as the form includes all the elements contained within MOHCD's template.

Completeness Tracker

Use this worksheet to track your work and to verify that you have completed all required data entry.

Links to Relevant Policies

Double click on the following web links to access the policy documents posted at SFGOV for your reference. The web address of the pages on the web are included for manual navigation as well.

MOHCD Forms Page at SFMOHCD.ORG

<http://sfmohcd.org/documents-reports-and-forms>

Program Income Overview

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf

MOHCD Residual Receipt Policy

<http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf>

MOHCD Insurance Requirements Policy

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf

MOHCD Operating Fees Policy

<http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf>

**Annual Monitoring Report - Property & Residents - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

| IDENTIFYING INFO | |
|-------------------------|---|
| 1 | Reporting Period Start Date (m/d/yyyy) |
| 2 | Reporting Period End Date (m/d/yyyy) |
| 3 | Property Name (select from drop down) |
| 4 | Property Full Street Address (e.g. "123 Main Street") |
| CONTACT INFO | |
| 5 | Sponsor Executive Director Name |
| 6 | Phone Number |
| 7 | E-mail |
| 8 | Property Management Company |
| 9 | Property Manager Name |
| 10 | Phone Number |
| 11 | E-mail |
| 12 | Property Supervisor Name |
| 13 | Phone Number |
| 14 | E-mail |
| 15 | Property Owner Name |
| 16 | Property Owner Contact Person |
| 17 | Phone Number |
| 18 | E-mail |
| 19 | Asset Manager Name |
| 20 | Phone Number |
| 21 | E-mail |
| 22 | AMR Preparer's Name |
| 23 | Phone Number |
| 24 | E-mail |

| PROPERTY/MARKETING INFO | | | | | |
|--|------------------------------------|---|---|---|--|
| 25 | | Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i> | | | |
| What is the Unit Mix for the Property? Please include any manager's units in this tally. | | | | | |
| | Unit Types | Number Of Units | Occupancy Standard: Minimum HH Size for this Unit Type* | Occupancy Standard: Maximum HH Size for this Unit Type* | *Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide. |
| 26 | Single Room Occupancy (SRO) Units | | 1 | | |
| 27 | Studio Units | | 1 | | |
| 28 | One-Bedroom (1BR) Units | | 1 | | |
| 29 | Two-Bedroom (2BR) Units | | | | |
| 30 | Three-Bedroom (3BR) Units | | | | |
| 31 | Four-Bedroom (4BR) Units | | | | |
| 32 | Five- or More (5+BR) Bedroom Units | | | | |
| 33 | TOTAL # Units----> | 0 | | | |
| 34 | | Vacancies - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.) | | | |
| 35 | 0 | Evictions - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.) | | | |
| 36 | | Vacant Unit Rent-Up Time - (in DAYS) State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.) | | | |
| 37 | | Waiting List - How many applicants are currently on the waiting list? (Please also submit a copy of the waiting list, see AMR submission instructions.) | | | |
| 38 | | When was the waiting list last updated? (m/yyyy) | | | |

| | | |
|----|--|---|
| 39 | | # 5 Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. <i>(Click on #5 at left to jump to Narrative worksheet.)</i> |
|----|--|---|

| | | |
|----|--|---|
| 40 | | What is the date of the last Capital Needs Assessment? (m/d/yyyy) |
| 41 | | What is the projected date of the next Capital Needs Assessment? (m/d/yyyy) |
| 42 | | <p># 2</p> <p>How many Health, Building or Housing Code Violations were issued against the property in the reporting year? (If there were no violations enter "0"). If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. <i>(Click on #2 at left to jump to Narrative worksheet.)</i></p> |
| 43 | | How many Health, Building or Housing Code Violations were open from <i>prior</i> years? |
| 44 | | How many Health, Building or Housing Code Violations were cleared in the reporting year? |
| 45 | | <p># 3</p> <p>Are there urgent Major Property Repairs needed on the property in the next two years? (Yes/No) If there are needed major repairs you must answer Question #3 on the Narrative worksheet. <i>(Click on #3 at left to jump to Narrative worksheet.)</i></p> |
| 46 | | <p># 3</p> <p>If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. <i>(Click on # 3 at left to jump to Narrative worksheet.)</i></p> |

Resident Services: AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"

| | | | |
|----|--|--------------|---|
| 47 | | Go To WS6 | After School Program/s (y/n) |
| 48 | | Go To WS6 | Licensed Day Care Service (<i>participant fees are allowable for day care ONLY</i>) (y/n) |
| 49 | | Go To WS6 | Youth Program/s (y/n) |
| 50 | | Go To WS6 | Educational Classes (e.g. basic skills, computer training, ESL) (y/n) |
| 51 | | Go To WS6 | Health and Wellness Services/Programs (y/n) |
| 52 | | Go To WS6 | Employment Services (y/n) |
| 53 | | Go To WS6 | Case Management, Information and Referrals (y/n) |
| 54 | | Go To WS6 | Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n) |
| 55 | | Go To WS6 | Support Groups, Social Events, Organized Tenant Activities (y/n) |
| 56 | | Go To WS6 | Other Service #1 - Please specify in column G. |
| 57 | | Go To WS6 | Other Service #2 - Please specify in column G. |

POPULATION SERVED

Target / Actual Populations: As of the last day of the reporting period, what are the Actual and Target Populations (expressed as Number of Households) for the Project?

Under Target Population, enter the number of units at the project that, as a requirement of a specific funding source (e.g. 202, HOPWA, McKinney), are targeted to and set aside for the target populations shown in the table. Under Actual Population, enter the number of households at the project that, as of the end of the reporting period, contained at least one person who is a member of the populations shown in the table.

| | | Target Population | | Actual Population | |
|----|--|-------------------|---------------------------------|-------------------|---------------------------------|
| 58 | | 0 | Families | 0 | Families |
| 59 | | 0 | Persons with HIV/AIDS | 0 | Persons with HIV/AIDS |
| 60 | | 0 | Housing for Homeless | 0 | Housing for Homeless |
| 61 | | 0 | Mentally or Physically Disabled | 0 | Mentally or Physically Disabled |
| 62 | | 0 | Senior Housing | 0 | Senior Housing |
| 63 | | 0 | Substance Abuse | 0 | Substance Abuse |
| 64 | | 0 | Domestic Violence Survivor | 0 | Domestic Violence Survivor |
| 65 | | 0 | Veterans | 0 | Veterans |
| 66 | | 0 | Formerly Incarcerated | 0 | Formerly Incarcerated |
| 67 | | 0 | Transition-Aged Youth ("TAY") | 0 | Transition-Aged Youth ("TAY") |

Remember, SAVE YOUR WORK!

Annual Monitoring Report - Transitional Programs - Reporting Year 2018 - Mayor's Office of Housing & Community Development

Project Address:

Project Capacity: What is the target capacity of this project? (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

| | A. Num Singles Not in Families | B. Num Families | C1. Num Adults in Families | C2. Num Children in Families | D. Num of Beds |
|---|--------------------------------------|--------------------|----------------------------------|------------------------------------|---|
| 1 | | | | | |
| 2 | 0 | | | | Total Households (Singles and Families) That Can Be Served |

Persons Served During Operating Year (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

| | A. Num Singles Not in Families | B. Num Families | C1. Num Adults in Families | C2. Num Children in Families | |
|---|--|--------------------|----------------------------------|------------------------------------|--|
| 3 | | | | | Num on the first day of operating year |
| 4 | | | | | Num entering the program during the operating year |
| 5 | 0 | | | | Total Households (Singles and Families) Served |
| 6 | | | | | Num who left the program during the operating year |
| 7 | 0 | 0 | 0 | 0 | Num in the program on the last day of the operating year |
| 8 | 0 | | | | Total Households in program on the last day of the operating year |
| 9 | ←Capacity Utilization Rate (by Household as of last Day of Operating Year) | | | | |

If the Capacity Utilization Rate is LESS than 75% you must respond to the following:

| | |
|----|--|
| 10 | 1. Explain the reason(s) why the capacity utilization rate is as low as it is; and |
| 11 | 2. Describe plan/s to raise the capacity utilization rate to at least 75%, with specific timeline. |

Length of Stay: For the 0 households that LEFT the program during the operating year, how many were in the project for the following lengths of time? (Total in cell H28 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

| | |
|----|---|
| 12 | Less than 1 month |
| 13 | 1 to 2 months |
| 14 | 3 - 6 months |
| 15 | 7 months -12 months |
| 16 | 13 months - 24 months |
| 17 | 25 months - 3 years |
| 18 | 0 TOTAL # HH's that left the program |

Destination: For the 0 households reported to have LEFT the program during the operating year, how many left for the following destinations? (Total in cell H53 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

| | | |
|----|---|---------------|
| 19 | Rental - House or Apartment (no subsidy) | PERMANENT |
| 20 | Public Housing | |
| 21 | Section 8 Voucher | |
| 22 | Subsidized Rental - house or apartment | |
| 23 | Homeownership | |
| 24 | Moved in with family or friends | TRANSITIONAL |
| 25 | 0 Permanent Housing Subtotal | |
| 26 | Transitional Housing for homeless persons | TRANSITIONAL |
| 27 | Moved in with family or friends TEMPORARILY | |
| 28 | 0 Transitional Housing Subtotal | INSTITUTIONAL |
| 29 | Psychiatric hospital | |
| 30 | Inpatient alcohol or other drug treatment facility | |
| 31 | Jail/Prison | |
| 32 | Medical Facility | |
| 33 | 0 Institutional Subtotal | OTHER |
| 34 | Emergency Shelter | |
| 35 | Places not meant for human habitation (e.g. street) | |
| 36 | Unknown | |
| 37 | Other | |
| 38 | 0 Other Subtotal | OTHER |
| 39 | 0 TOTAL # HH's that left the program | |

Annual Monitoring Report - Eviction Data - Reporting Year 2018 - Mayor's Office of Housing & Community Development

Project Address:

This section of the AMR must be completed for all projects, except for transitional housing or residential treatment services.

Number of households who lived in the project during the reporting period:

1 Number of households who lived in the project AT ANY TIME during the reporting period. Be sure to include all households that moved in during the reporting period.

Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.) *You MUST answer every question (i.e., enter zero if applicable).*

| | |
|----|--|
| 2 | Breach of Lease Agreement |
| 3 | Capital Improvement |
| 4 | Condo Conversion |
| 5 | Demolition |
| 6 | Denial of Access to Unit |
| 7 | Development Agreement |
| 8 | Ellis Act Withdrawal |
| 9 | Failure to Sign Lease Renewal |
| 10 | Good Samaritan Tenancy Ends |
| 11 | Habitual Late Payment of Rent |
| 12 | Illegal Use of Unit |
| 13 | Lead Remediation |
| 14 | Non-payment of Rent |
| 15 | Nuisance |
| 16 | Other |
| 17 | Owner Move In |
| 18 | Roommate Living in Same Unit |
| 19 | Substantial Rehabilitation |
| 20 | Unapproved Subtenant |
| 21 | 0 Total number of households who received Notices of Eviction |

Number of unlawful detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.) *You MUST answer every question (i.e., enter zero if applicable).*

| | |
|----|--|
| 22 | Breach of Lease Agreement |
| 23 | Capital Improvement |
| 24 | Condo Conversion |
| 25 | Demolition |
| 26 | Denial of Access to Unit |
| 27 | Development Agreement |
| 28 | Ellis Act Withdrawal |
| 29 | Failure to Sign Lease Renewal |
| 30 | Good Samaritan Tenancy Ends |
| 31 | Habitual Late Payment of Rent |
| 32 | Illegal Use of Unit |
| 33 | Lead Remediation |
| 34 | Non-payment of Rent |
| 35 | Nuisance |
| 36 | Other |
| 37 | Owner Move In |
| 38 | Roommate Living in Same Unit |
| 39 | Substantial Rehabilitation |
| 40 | Unapproved Subtenant |
| 41 | 0 Total number of unlawful detainer actions filed |

Number of households evicted from the project during the reporting period for the each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.) *You MUST answer every question (i.e., enter zero if applicable).*

| | |
|----|--|
| 42 | Breach of Lease Agreement |
| 43 | Capital Improvement |
| 44 | Condo Conversion |
| 45 | Demolition |
| 46 | Denial of Access to Unit |
| 47 | Development Agreement |
| 48 | Ellis Act Withdrawal |
| 49 | Failure to Sign Lease Renewal |
| 50 | Good Samaritan Tenancy Ends |
| 51 | Habitual Late Payment of Rent |
| 52 | Illegal Use of Unit |
| 53 | Lead Remediation |
| 54 | Non-payment of Rent |
| 55 | Nuisance |
| 56 | Other |
| 57 | Owner Move In |
| 58 | Roommate Living in Same Unit |
| 59 | Substantial Rehabilitation |
| 60 | Unapproved Subtenant |
| 61 | 0 Total number of households evicted (total also used to answer question #35 on Worksheet 1A) |

| | B | D | E | H | J |
|-----|--|------------------------|-------------|-----------------|----------|
| 15 | Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | |
| 16 | INCOME & EXPENSES | | | | |
| 17 | | 12 Month Report Period | Start Date | 1/1/18 | End Date |
| 18 | | Number of Units | 0 | | 1/1/19 |
| 19 | | Account | | | |
| 20 | Description of Income Accounts | Number | Residential | Non-Residential | Total |
| 21 | Rental Income | | | | |
| 22 | Housing Units - Gross Potential Tenant Rents | 5120 | | | |
| 23 | Rental Assistance Payments (Identify ALL sources in row below if applicable, including LISP funding) | 5121 | | | |
| 24 | Source(s)----> | | | | |
| 25 | Commercial/Unit Rents | 5140 | | | |
| 26 | sub-total Gross Rental Income: | | \$0.00 | \$0.00 | \$0.00 |
| 27 | Vacancy Loss - enter amounts as negative numbers! | | | | |
| 28 | Housing Units | 5220 | | | |
| 29 | Commercial | 5240 | | | 0.00% |
| 30 | sub-total Vacancies: | | \$0.00 | \$0.00 | \$0.00 |
| 31 | NET RENTAL INCOME: | | \$0.00 | \$0.00 | \$0.00 |
| 32 | Other Income | | | | |
| 33 | Garage and Parking Spaces | 5170 | | | |
| 34 | Miscellaneous Rent Income | 5190 | | | |
| 35 | Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residential Receipts calculation. | 5300 | | | |
| 36 | Supportive Services Income Sources- identify program source(s) if applicable --> | | | | |
| 37 | Interest Income - Project Operations (From Operating Account Only) | 5400 | | | |
| 38 | Laundry and Vending | 5010 | | | |
| 39 | Tenant Charges | 5020 | | | |
| 40 | Other Revenue | 5090 | | | |
| 41 | sub-total Other Income Received: | | \$0.00 | \$0.00 | \$0.00 |
| 42 | TOTAL INCOME RECEIVED: | | \$0.00 | \$0.00 | \$0.00 |
| 43 | INCOME & EXPENSES | | | | |
| 44 | Description of Expense Accounts | Account Number | Residential | Non-Residential | Total |
| 45 | Management Fee | 6320 | | | |
| 46 | Above the Line Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy) | | | | |
| 47 | sub-total Management Expense: | | \$0.00 | \$0.00 | \$0.00 |
| 48 | Salaries/Benefits | | | | |
| 49 | Office Salaries | 6310 | | | |
| 50 | Manager's Salary | 6330 | | | |
| 51 | Employee Benefits: Health Insurance & Disability Insurance | 6723 | | | |
| 52 | Employee Benefits: Retirement & Other Salary/Benefit Expenses | | | | |
| 53 | Administrative Rent Free List | 6331 | | | |
| 54 | sub-total Salary/Benefit Expense: | | \$0.00 | \$0.00 | \$0.00 |
| 55 | Administration | | | | |
| 56 | Advertising and Marketing | 6210 | | | |
| 57 | Office Expenses | 6311 | | | |
| 58 | Office Rent | 6312 | | | |
| 59 | Legal Expense - Property | 6340 | | | |
| 60 | Audit Expense | 6350 | | | |
| 61 | Bookkeeping/Accounting Services | 6351 | | | |
| 62 | Bad Debts | 6370 | | | |
| 63 | Miscellaneous Administrative Expenses (must click & explain if >\$10k) | 6390 | | | |
| 64 | sub-total Administrative Expense: | | \$0.00 | \$0.00 | \$0.00 |
| 65 | Utilities | | | | |
| 66 | Electricity | 6450 | | | |
| 67 | Water | 6451 | | | |
| 68 | Gas | 6452 | | | |
| 69 | Sewer | 6453 | | | |
| 70 | sub-total Utilities Expense: | | \$0.00 | \$0.00 | \$0.00 |
| 71 | Taxes and Licenses | | | | |
| 72 | Real Estate Taxes | 6710 | | | |
| 73 | Payroll taxes | 6711 | | | |
| 74 | Miscellaneous Taxes, Licenses, and Permits | 6719 | | | |
| 75 | sub-total Taxes and License Expense: | | \$0.00 | \$0.00 | \$0.00 |
| 76 | Insurance | | | | |
| 77 | Property and Liability Insurance | 6720 | | | |
| 78 | Fidelity Bond Insurance | 6721 | | | |
| 79 | Workers' Compensation | 6722 | | | |
| 80 | Directors & Officers Liabilities Insurance | 6724 | | | |
| 81 | sub-total Insurance Expense: | | \$0.00 | \$0.00 | \$0.00 |
| 82 | Maintenance and Repairs | | | | |
| 83 | Payroll | 6510 | | | |
| 84 | Supplies | 6515 | | | |
| 85 | Contracts | 6520 | | | |
| 86 | Garbage and Trash Removal | 6525 | | | |
| 87 | Security Payroll/Contract | 6530 | | | |
| 88 | HVAC Repairs and Maintenance | 6548 | | | |
| 89 | Vehicle and Maintenance Equipment Operation and Repairs | 6570 | | | |
| 90 | Miscellaneous Operating and Maintenance Expenses (must click & explain if >\$10k) | 6590 | | | |
| 91 | sub-total Maintenance Repair Expense: | | \$0.00 | \$0.00 | \$0.00 |
| 92 | Supportive Services: do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation. | 6600 | | | |
| 93 | SUB-TOTAL OPERATING EXPENSES: | | \$0.00 | \$0.00 | \$0.00 |
| 94 | Capital Maintenance Repairs/improvements eligible for payment by Replacement Reserve. If capital costs were entered in amounts by Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210.215 will be listed to cell F102 and netted out from operating expenses. | | \$0.00 | | |
| 95 | Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve. Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve Amount will be netted out from operating expenses. Enter as positive number. | | | | |
| 96 | TOTAL OPERATING EXPENSES: | | \$0.00 | \$0.00 | \$0.00 |
| 97 | Name of Lessor/ Bond Monitoring Agency Reserve Account | | | | |
| 98 | Ground Lease Base Rent/Bond Fees/Reserves | | | | |
| 99 | Ground Lease - Base Rent (provide Lessor name to the right) | | | | \$0.00 |
| 100 | Bond Monitoring Fee | | | | \$0.00 |
| 101 | Replacement Reserve Required Annual Deposit (Source is Operating Account) Enter as positive number. | 1320 | | | \$0.00 |
| 102 | Operating Reserve Deposits (Source is Operating Account) Enter as positive number. | 1365 | | | \$0.00 |

| | B | D | F | H | J |
|-----|--|----------|-------------|-----------------|--------|
| 15 | Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | |
| 111 | Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number: | | | | \$0.00 |
| 112 | Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1330) | | | | \$0.00 |
| 113 | Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col) ---> | | | | \$0.00 |
| 114 | Sub-Total Ground Lease Base Rent/Bond Fees/Reserves | | \$0.00 | \$0.00 | \$0.00 |
| 115 | | | | | |
| 116 | TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | \$0.00 | \$0.00 | \$0.00 |
| 117 | | Acct Num | Residential | Non-Residential | Total |
| 118 | 1. TOTAL INCOME RECEIVED: | | \$0.00 | \$0.00 | \$0.00 |
| 119 | 2. TOTAL OPERATING EXPENSES: | | \$0.00 | \$0.00 | \$0.00 |
| 120 | 3. NET OPERATING INCOME: | | \$0.00 | \$0.00 | \$0.00 |

| | B | D | F | H | J |
|-----|---|--|--|---|--|
| 15 | Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | |
| 121 | | | | | |
| 122 | 4. Debt Service (Principal and Interest) | | | | |
| 123 | | Name of Lender / Describe Other Asset Paid | Residential | Non-Residential | Total |
| 124 | Lender1 - Principal Paid (provide lender name to the right) | | | | |
| 125 | Interest Paid | | | | |
| 126 | Other Amount (describe to the right) | | | | |
| 127 | Lender2 - Principal Paid (provide lender name to the right) | | | | |
| 128 | Interest Paid | | | | |
| 129 | Other Amount (describe to the right) | | | | |
| 130 | Lender3 - Principal Paid (provide lender name to the right) | | | | |
| 131 | Interest Paid | | | | |
| 132 | Other Amount (describe to the right) | | | | |
| 133 | Lender4 - Principal Paid (provide lender name to the right) | | | | |
| 134 | Interest Paid | | | | |
| 135 | Other Amount (describe to the right) | | | | |
| 136 | Total Debt Service Payments | | \$0.00 | \$0.00 | \$0.00 |
| 137 | Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity) | | \$0.00 | \$0.00 | \$0.00 |
| 138 | <p>If amount for Surplus Cash above is negative: - you must provide a detailed explanation to question #8 on the Narrative worksheet - you must NOT supply data for any of the fields for Uses of Surplus Cash below</p> <p style="text-align: right;">Go to v24 Narrative question #8</p> | | | | |
| 139 | Surplus Cash, Total | | | | |
| 140 | | | \$0.00 | \$0.00 | \$0.00 |
| 141 | <p>Distribution of Surplus Cash/Residual Receipts - (Response Required) In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other lenders and any other agreements that govern. Please include the calculation methodology, applicable annual increases, etc. For proposed distribution amounts entered in column J, rows 142-155, select the distribution priority for each of the uses of cash flow/surplus cash in column H. If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter <i>N/A</i> in the box below.</p> | | | | |
| 142 | | | | | |
| 143 | | | | | |
| 144 | USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS | | | | |
| 145 | PAYMENTS (IF APPLICABLE) | | | | |
| 146 | <p>9. Operating Reserve Replenishments (Deposits made out of surplus cash to satisfy minimum balance requirements)</p> <p>6. "Below-the-line" Asset Mgt fee (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy)</p> <p>7a. Partnership Management fee due from this reporting period. If any (tax credit projects only, not allowed if project is beyond 15-year compliance period)</p> <p>7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period)</p> <p>8a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period. If any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period)</p> <p>8b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period)</p> <p>9. Deferred Developer fee, if any</p> | Distribution Priority (select below) | Leave this blank unless # Surplus Cash is > \$0. | | |
| 147 | | | | | |
| 148 | | | | | |
| 149 | | | | | |
| 150 | | | | | |
| 151 | <p>10. Other payments: use question #1 on the Narrative (worksheet #6) to provide details about any fees or other payments, including ground lease residual rent payments for a non-MOHCD/NOCI ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.</p> | Go to v24 Narrative question #1 | | | |
| 152 | 11a. Debt Pmt to other lender1: Principal Paid (note lender name to right) | | | | |
| 153 | 11a. Debt Pmt to other lender1: Interest Paid | | | | |
| 154 | 11b. Debt Pmt to other lender2: Principal Paid (note lender name to right) | | | | |
| 155 | 11b. Debt Pmt to other lender2: Interest Paid | | | | |
| 156 | Total Payments preceding Residual Receipts Calculation: | | | | \$0.00 |
| 157 | | | | | |
| 158 | 12. RESIDUAL RECEIPTS | | | | |
| 159 | | | | Distribution Priority (select below) | Leave this blank unless # Surplus Cash is > \$0. |
| 160 | 12a. MOHCD Residual Receipts Due for Loan Repayment | | | | |
| 161 | 12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment | | | | |
| 162 | 12c. Subtotal Residual Receipts Payments to MOHCD | | | | \$0.00 |
| 163 | 12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right) | | | | |
| 164 | 12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right) | | | | |
| 165 | 12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right) | | | | |
| 166 | Total Residual Receipts Payments: | | | | \$0.00 |
| 167 | DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU. | | | | |
| 168 | | | | | |
| 169 | Remaining Balance | | | | \$0.00 |
| 170 | | | | | |
| 171 | Proposed Owner Distributions (provide description in column D and enter amount in column J. If an amount is entered, a description is required.) | | | | |
| 172 | Proposed Other Distributions/Uses (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year (CY) surplus, please acknowledge that and note exact amount.) | | | | |
| 173 | | | | | |
| 174 | Final Balance: should be ZERO except when Surplus Cash (cell F136) is negative | | | | |
| | | | | | \$0.00 |

| | B | D | F | H | J |
|-----|--|-------------------------|-------------------|-----------------------------------|--------------|
| 15 | Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | |
| 170 | RESERVE ACCOUNT DETAILS | | | | |
| 171 | OPERATING RESERVE (Do not leave blank for any questions asking for a number, enter zero instead) | | | | |
| 172 | Minimum Required Balance: | | | | |
| 173 | Beginning Balance: | | | | |
| 174 | Actual Annual Deposit (don't edit - taken from page 1 account number 1365): | | | | |
| 175 | Interest Earned: | | | | |
| 176 | Annual Withdrawal Amount (enter as negative number): | | | | |
| 177 | Ending Balance (don't edit cell -- calculated): | | | | |
| 178 | Required Annual Deposit: | | | | |
| 179 | Total Operating Expenses plus debt service (don't edit cell -- calculated): | | | | |
| 180 | <p>If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 25.5%, you must describe how the project will remedy the shortfall in the adjacent cell.</p> <p>If the calculated percentage shown to the right is greater than 25.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.</p> | | | | |
| 181 | 0.000% | | | | |
| 182 | REPLACEMENT RESERVE (Do not leave blank for any questions asking for a number, enter zero instead) | | | | |
| 183 | Minimum Required Balance: | | | | |
| 184 | Beginning Balance: | | | | |
| 185 | Actual Annual Deposit: | | | | |
| 186 | Interest Earned: | | | | |
| 187 | Annual Withdrawal Amount (enter as negative number): | | | | |
| 188 | Ending Balance (don't edit cell -- calculated): | | | | |
| 189 | Required Annual Deposit (do not edit - taken from page 1 account number 1320): | | | | |
| 190 | Describe how the amount of annual deposit and the minimum required balance is determined: | | | | |
| 191 | CHANGES TO REAL ESTATE ASSETS | | | | |
| 192 | Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate | | | | |
| 193 | | Balance, 1/00/1800 | Changes | Balance, 1/06/1900 | |
| 194 | Building & Improvements | | \$0.00 | | |
| 195 | Office Improvements | | \$0.00 | | |
| 196 | Site Improvements | | \$0.00 | | |
| 197 | Land Improvements | | \$0.00 | | |
| 198 | Furniture, Fixtures & Equipment | | \$0.00 | | |
| 199 | Other | | \$0.00 | | |
| 200 | Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible | | | | |
| 201 | Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 200-205 above that shows a positive change, an entry is required in each corresponding category in rows 210-215. If the operating account is used initially to fund the repair, and is later reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account". Use the section below to supply a description of the capital repairs and improvements made. | | | | |
| 202 | Capital Repairs and Improvements Funded by: | | | | |
| 203 | Capital Repairs and Improvements - Categories | Replacement Reserve | Operating Account | Other Source | Total Amount |
| 204 | Building & Improvements | | | | \$0.00 |
| 205 | Office Improvements | | | | \$0.00 |
| 206 | Site Improvements | | | | \$0.00 |
| 207 | Land Improvements | | | | \$0.00 |
| 208 | Furniture, Fixtures & Equipment | | | | \$0.00 |
| 209 | Other | | | | \$0.00 |
| 210 | Total | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 211 | Description of Capital Repairs and Improvements: | | | | |
| 212 | | | | | |
| 213 | Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs): Enter the amounts used to fund non-capital replacement reserve eligible expenditures. Use section below to supply explanations: | | | | |
| 214 | Source | | | | Amount |
| 215 | Paid out of Operating Budget, to be reimbursed by RR (show the amount entered in row 193 above) | | | | \$0.00 |
| 216 | Paid Directly from Replacement Reserve | | | | |
| 217 | Other Source | | | | |
| 218 | Total | | | | \$0.00 |
| 219 | Description of Non-Capital Replacement Reserve Eligible Expenditures: | | | | |
| 220 | | | | | |
| 221 | TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES: the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-eligible Expenditures. | | | | |
| 222 | | RR Withdrawal Amount -> | \$0.00 | Total RR-Eligible Expenditures -> | \$0.00 |
| 223 | Take About RR Withdrawal Amount in excess of Total RR-eligible Expenditures: | | | | |
| 224 | | | | | |
| 225 | | | | | |
| 226 | | | | | |

| | B | D | F | H | J |
|-----|--|--|---|---|---|
| 15 | Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | |
| 231 | FEDERAL PROGRAM INCOME REPORT | | | | |
| 232 | This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. | | | | |
| 233 | For more information, use the following link or copy this web address for manual navigation: | | | | |
| 234 | http://www.sf.moh.org/Modules/ShowDocument.aspx?documentid=5141 | | | | |
| 235 | Overview of Federal (HOME and CDBG) Program Income | | | | |
| 236 | | | | | |
| 237 | CDBG PROGRAM INCOME | | | | |
| 238 | Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.301-306 and consistent with the City's 2015-2019 Consolidated Plan, 2018-2019 Action Plan as follows: | | | | |
| 239 | AMOUNT | DESCRIPTION | | | |
| 240 | | Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right) | | | |
| 241 | | Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right) | | | |
| 242 | | Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right) | | | |
| 243 | | Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2017 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right) | | | |
| 244 | | Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right) | | | |
| 245 | | Total CDBG Program Income Calculation (see instructions for guidance on how to calculate) | | | |
| 246 | To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2018 reporting period as depicted above. | | | | |

**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

Project Address: _____ Last Day of Reporting Period 1/0/1900 # Units: 0

Household Size

| | # Reported Households | % of Total |
|--------------------------------|-----------------------|------------|
| One Person Household | 0 | |
| Two Person Household | 0 | |
| Three Person Household | 0 | |
| Four Person Household | 0 | |
| Five Person Household | 0 | |
| Six Person Household | 0 | |
| Seven or more Person Household | 0 | |
| TOTAL Households* | 0 | |
| TOTAL Residents | 0 | |

*Excludes 0 unit(s) reported as manager's or vacant unit(s).

Other Household Demographics

| | # Reported |
|--|------------|
| Elderly Households | 0 |
| Households with Children Under 18 | 0 |
| Number of Children Under 18 | 0 |
| Households with Tenant with Physical Disability | 0 |
| Households with Tenant with Visual Disability | 0 |
| Households with Tenant with Hearing Disability | 0 |
| Households with Tenant with Mental/Dev't Disability | 0 |
| Households with Tenant with Other Disability | 0 |
| Households with Tenant with More than One Disability | 0 |
| Households with Tenant with No Disability | 0 |

Head of Household Race/Ethnicity

| | # Reported Head of HH | % of Total |
|---|-----------------------|------------|
| Hispanic/Latino | 0 | |
| Not Hispanic/Latino | | |
| American Indian/Alaskan Native | 0 | |
| Asian | 0 | |
| Black/African American | 0 | |
| Native Hawaiian/Other Pacific Islander | 0 | |
| White | 0 | |
| American Indian/Alaskan Native and Black/African American | 0 | |
| American Indian/Alaskan Native and White | 0 | |
| Asian and White | 0 | |
| Black/African American and White | 0 | |
| Other/Multiracial | 0 | |
| Not Reported | 0 | |
| Total Head of Households | 0 | |

Gender

| | # Reported Head of HH | % of Total |
|---------------------------------|-----------------------|------------|
| Female | 0 | |
| Male | 0 | |
| Genderqueer/Gender Non-binary | 0 | |
| Trans Female | 0 | |
| Trans Male | 0 | |
| Not listed | 0 | |
| Declined/Not Stated | 0 | |
| Question Not Asked | 0 | |
| Total Head of Households | 0 | |

Sexual Orientation / Sexual Identity

| | # Reported Head of HH | % of Total |
|---------------------------------|-----------------------|------------|
| Bisexual | 0 | |
| Gay /Lesbian/Same-Gender Loving | 0 | |
| Questioning /Unsure | 0 | |
| Straight/Heterosexual | 0 | |
| Not listed | 0 | |
| Decline to Answer | 0 | |
| Not Stated | 0 | |
| Question Not Asked | 0 | |
| Total Head of Households | 0 | |

Target and Actual Population Served

| Target Population | | Actual Population | |
|-------------------|---------------------------------|-------------------|---------------------------------|
| 0 | Families | 0 | Families |
| 0 | Persons with HIV/AIDS | 0 | Persons with HIV/AIDS |
| 0 | Housing for Homeless | 0 | Housing for Homeless |
| 0 | Mentally or Physically Disabled | 0 | Mentally or Physically Disabled |
| 0 | Senior Housing | 0 | Senior Housing |
| 0 | Substance Abuse | 0 | Substance Abuse |
| 0 | Domestic Violence Survivor | 0 | Domestic Violence Survivor |
| 0 | Veterans | 0 | Veterans |
| 0 | Formerly Incarcerated | 0 | Formerly Incarcerated |
| 0 | Transition-Aged Youth ("TAY") | 0 | Transition-Aged Youth ("TAY") |

**Annual Monitoring Report - Narrative - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

MOHCD created the questions below to allow project owners to supply additional information about a small number of measurements that may indicate that a project is having difficulties. By providing this information, project owners will help provide context for the conclusions that can be made about the measurements. MOHCD will use the measurements and the information below to prioritize the projects that need closer scrutiny and support. Please supply as much information as is readily available.

1. Explanations & Comments

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers. Also use this field to describe in detail any amounts entered for "Other payments" on the worksheet "2.Fiscal," item 10.

2. Code Violations

Provide the following for any violations or citations of Health or Building or Housing Codes that were issued during the reporting period, or were issued in a prior reporting period but remained open during any time of the current reporting period:

| Violation or Citation # | Date Issued | Issued By | Description | Cleared? (y/n) |
|-------------------------|-------------|-----------|-------------|----------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

| Violation or Citation # | Date Cleared | Issued By | Description of Remedy |
|-------------------------|--------------|-----------|-----------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

4. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

5. Affirmative Marketing

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

6. Vacancy Rate

----->

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."

Misc. Admin Expenses

| Expense Description | Amount | HUD Acct # | Notes |
|---------------------------------------|--------|------------|-------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total: | 0.00 | | |
| Diff. from Fiscal Activity WS: | | | |

Misc. Operating & Maintenance Expenses

| Expense Description | Amount | HUD Acct # | Notes |
|---------------------------------------|--------|------------|-------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total: | 0.00 | | |
| Diff. from Fiscal Activity WS: | | | |

8. Negative Cash Flow

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.
- d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.

Project Street Address:

**Schedule of Operating Revenues
For the Year Ended January 0, 1900**

| | <u>Total</u> |
|---|--------------|
| Rental Income | |
| 5120 Gross Potential Tenant Rents | \$0 |
| 5121 Rental Assistance Payments (inc. LOSP) | \$0 |
| 5140 Commercial Unit Rents | \$0 |
| Total Rent Revenue: | <u>\$0</u> |
| | |
| Vacancies | |
| 5220 Apartments | \$0 |
| 5240 Stores & Commercial | \$0 |
| Total Vacancies: | <u>\$0</u> |
| Net Rental Income: (Rent Revenue Less Vacancies) | <u>\$0</u> |
| | |
| Other Revenue | |
| 5170 Rent Revenue - Garage & Parking | \$0 |
| 5190 Misc. Rent Revenue | \$0 |
| 5300 Supportive Services Income | \$0 |
| 5400 Interest Revenue - Project Operations (From Operating Acct Only) | \$0 |
| 5400 Interest Revenue - Project Operations (From All Other Accts) | \$0 |
| 5910 Laundry & Vending Revenue | \$0 |
| 5920 Tenant Charges | \$0 |
| 5990 Misc. Revenue | \$0 |
| Total Other Revenue: | <u>\$0</u> |
| Total Operating Revenue: | <u>\$0</u> |

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended December 31, 1900**

| | <u>Total</u> |
|---|--------------|
| Management | |
| 6320 Management Fee | \$0 |
| "Above the Line" Asset Management Fee | \$0 |
| Total Management Expenses: | <u>\$0</u> |
| Salaries/Benefits | |
| 6310 Office Salaries | \$0 |
| 6330 Manager's Salary | \$0 |
| 6723 Employee Benefits: Health Insurance & Disability Insurance | \$0 |
| Employee Benefits: Retirement & Other Salary/Benefit Expenses | \$0 |
| 6331 Administrative Rent Free Unit | \$0 |
| Total Salary/Benefit Expenses: | <u>\$0</u> |
| Administration | |
| 6210 Advertising and Marketing | \$0 |
| 6311 Office Expenses | \$0 |
| 6312 Office Rent | \$0 |
| 6340 Legal Expense - Property | \$0 |
| 6350 Audit Expense | \$0 |
| 6351 Bookkeeping/Accounting Services | \$0 |
| 6370 Bad Debts | \$0 |
| 6390 Miscellaneous Administrative Expenses | \$0 |
| Total Administrative Expenses: | <u>\$0</u> |
| Utilities | |
| 6450 Electricity | \$0 |
| 6451 Water | \$0 |
| 6452 Gas | \$0 |
| 6453 Sewer | \$0 |
| Total Utilities Expenses: | <u>\$0</u> |
| Taxes and Licenses | |
| 6710 Real Estate Taxes | \$0 |
| 6711 Payroll taxes | \$0 |
| 6790 Miscellaneous Taxes, Licenses, and Permits | \$0 |
| Total Taxes and Licenses Expenses: | <u>\$0</u> |
| Insurance | |
| 6720 Property and Liability Insurance | \$0 |
| 6721 Fidelity Bond Insurance | \$0 |
| 6722 Workers' Compensation | \$0 |
| 6724 Directors & Officers Liabilities Insurance | \$0 |
| Total Insurance Expenses: | <u>\$0</u> |

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended December 31, 1900**

| Maintenance and Repairs | Total |
|--|--------------|
| 6510 Payroll | \$0 |
| 6515 Supplies | \$0 |
| 6520 Contracts | \$0 |
| 6525 Garbage and Trash Removal | \$0 |
| 6530 Security Payroll/Contract | \$0 |
| 6546 HVAC Repairs and Maintenance | \$0 |
| 6570 Vehicle and Maintenance Equipment Operation and Repairs | \$0 |
| 6590 Miscellaneous Operating and Maintenance Expenses | \$0 |
| Total Maintenance and Repairs Expenses: | <u>\$0</u> |

6900 Supportive Services \$0

Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve \$0

Total Operating Expenses: \$0

Financial Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

| | |
|--|------------|
| 6820 Interest on Mortgage (or Bonds) Payable | |
| 6825 Interest on Other Mortgages | |
| 6830 Interest on Notes Payable (Long Term) | |
| 6840 Interest on Notes Payable (Short Term) | |
| 6850 Mortgage Insurance Premium/Service Charge | |
| 6890 Miscellaneous Financial Expenses | |
| Total Financial Expenses: | <u>\$0</u> |

6000 **Total Cost of Operations before Depreciation:** \$0

5060 **Operating Profit (Loss):** \$0

Depreciation & Amortization Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

| | |
|---|------------|
| 6600 Depreciation Expense | |
| 6610 Amortization Expense | |
| Operating Profit (Loss) after Depreciation & Amortization: | <u>\$0</u> |

Net Entity Expenses

the right.

| | | |
|----------------------------|------------|--|
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| Total Net Entity Expenses: | <u>\$0</u> | |

3250 **Change in Total Net Assets from Operations (Net Loss)** \$0

Amount computed in cell E139 should match audited financial statement.

Project Street Address:

**Computation of Operating Cash Flow/Surplus Cash
For the Year Ended January 0, 1900**

| | | |
|--|--|------------|
| | Total | |
| Operating Revenue | | \$0 |
| Interest earned on restricted accounts | | \$0 |
| | Adjusted Operating Revenue | \$0 |
| Operating Expenses | | \$0 |
| Net Operating Income | | \$0 |
| Other Activity | | |
| Ground Lease Base Rent | | \$0 |
| Bond Monitoring Fee | | \$0 |
| Mandatory Debt Service - Principal | | \$0 |
| Mandatory Debt Service - Interest | | \$0 |
| Mandatory Debt Service - Other Amount | | \$0 |
| Deposits to Replacement Reserve Account | | \$0 |
| Deposits to Operating Reserve Account | | \$0 |
| Deposits to Other Restricted Accounts per Regulatory Agreement | | \$0 |
| Withdrawals from Operating Reserve Account | | \$0 |
| Withdrawals from Other Required Reserve Account | | \$0 |
| | Total Other Activity: | \$0 |
| Allocation of Non-Residential Surplus (LOSP only) | | \$0 |
| | Operating Cash Flow/Surplus Cash: | \$0 |

Distribution of Surplus Cash Ahead of Residual Receipts Payments

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid ahead of residual receipts payments.

| | | |
|----------------------|---|------------|
| | Total | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| | Total Cash Available for Residual Receipts Distribution: | \$0 |

Distribution of Residual Receipts

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid with remaining residual receipts.

| | | |
|----------------------------------|---|------------|
| | Total | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| <input type="text"/> | | |
| | Total Residual Receipts Distributions to Lenders: | \$0 |
| Proposed Owner Distribution | | \$0 |
| Proposed Other Distribution/Uses | | \$0 |
| | Total Residual Receipts Distributions to Lenders and Owners: | \$0 |

Project Street Address:

**Summary of Replacement Reserve and Operating Reserve Activity
For the Year Ended January 0, 1900**

| | Replacement Reserve | Operating Reserve |
|----------------------------|--------------------------------|------------------------------|
| Balance, December 31, 1899 | \$0 | \$0 |
| Actual Annual Deposit | \$0 | \$0 |
| Interest Earned | \$0 | \$0 |
| Withdrawals | \$0 | \$0 |
| Balance, December 31, 1900 | \$0 | \$0 |

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

Reporting Start Date: 1/0/00 Project Address: _____
Reporting End Date: 1/0/00

Submission Instructions:

Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certification, along with the attachments required under the Insurance and Tax Certification per page 3 of the Owner Certification, waitlist, and audited financial statements to: moh.amr@sfgov.org.

The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waitlist. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

| | |
|---|-------------------|
| Worksheet 1A: Property & Residents | INCOMPLETE |
| Questions 1 thru 4 | Incomplete |
| Questions 5 thru 24 | Incomplete |
| Questions 25 thru 39 | Incomplete |
| Questions 40 thru 46 | Incomplete |
| Questions 51 thru 57 | Incomplete |

| | |
|--|-------------------------|
| Worksheet 1B: Transitional Programs | To Be Determined |
| Questions 1 thru 11 | To Be Determined |
| Questions 12 thru 18 | To Be Determined |
| Questions 19 thru 39 | To Be Determined |

| | |
|------------------------------------|-------------------------|
| Worksheet 1C: Eviction Data | To Be Determined |
| Question 1 | To Be Determined |
| Questions 2 thru 21 | To Be Determined |
| Questions 22 thru 41 | To Be Determined |
| Questions 42 thru 61 | To Be Determined |

| | |
|--|-------------------|
| Worksheet 2: Fiscal Activity | INCOMPLETE |
| Rental Income - Housing Unit GPTR | Incomplete |
| Vacancy Loss - Housing Units | Incomplete |
| Operating Expenses | Incomplete |
| Surplus Cash/Residual Receipts (Rows 140 - 171) | Incomplete |
| Operating Reserve (Rows 177 - 186) | Incomplete |
| Replacement Reserve (Rows 188 - 196) | Incomplete |
| Changes to Real Estate Assets (Rows 198 - 205) | Incomplete |
| Replacement Reserve Eligible Expenditures (Rows 209 - 228) | Incomplete |
| Program Income (Rows 230 - 243) | Incomplete |

| | |
|---|-------------------|
| Worksheet 3A: Occupancy & Rent Info | INCOMPLETE |
| Does number of units entered on Worksheet 3 match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B? | To Be Determined |
| For each row with a Unit Number, was data entered in cells for Subsidy Type and Utility Allowance? | To Be Determined |
| Narrative Provided for All rows indicating Overhoused or Overcrowded? | To Be Determined |

| | |
|--|-------------------------|
| Worksheet 3B: Demographic Information | To Be Determined |
| Is Ethnicity and Race selected for each household? | To Be Determined |
| Is Gender and Sexual Orientation/Identity selected for each household? | To Be Determined |

| | |
|-------------------------------|-------------------------|
| Worksheet 4: Narrative | To Be Determined |
| 2 | To Be Determined |
| 3 | To Be Determined |
| 4 | To Be Determined |
| 5 | To Be Determined |
| 6 | To Be Determined |
| 7 | To Be Determined |
| 8 | To Be Determined |

| | |
|---------------------------------------|-------------------|
| Worksheet 5: Project Financing | INCOMPLETE |
|---------------------------------------|-------------------|

| | |
|--------------------------------------|-------------------------|
| Worksheet 6: Services Funding | To Be Determined |
|--------------------------------------|-------------------------|

EXHIBIT H

Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),¹ **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

Application Process

- **Application Materials.** MOHCD shall provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants shall be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information shall be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider must immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

¹See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2**; **Unruh Civil Rights Act, Civil Code § 51**; **California Disabled Persons Act, Civil Code § 51.4**; Dymally-Alatorre Bilingual Services Act, Gov't Code §7290-7299.8; **San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

Reasonable Accommodation: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider's rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

Exhibit H

- The housing provider shall:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which shall be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision must be sent (electronically or otherwise) to the referring agency and the funding agency.

- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers shall not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers shall consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer,

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

employer, teacher, social worker, medical professional, or community leader;

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

Exhibit I

EXHIBIT J

Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities

Exhibit J

Exhibit J

OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL LEASE UP ACTIVITIES

In order to implement consistent and transparent marketing practices for all affordable housing under the purview of the Mayor's Office of Housing and Community Development (MOHCD), the following policies and procedures have been adopted. The Borrower hereby acknowledges and agrees to follow these procedures as outlined below.

If ever there is a conflict between a recorded development agreement and this document, the executed development agreement will prevail. Likewise, when state and federal funding sources conflict with anything outlined in this document, they too shall prevail.

HOUSING PREFERENCE PROGRAMS

The Borrower hereby agrees that first preference in occupying units designated for Low Income Households (Low Income Units) will be given to persons who have been issued a Residential Certificate of Preference (COP) and who meet all qualifications for the unit.

The Borrower further agrees that second preference in occupying units designated for Low Income Households will be given to persons who have been issued an Ellis Act Housing Preference Program (EAHP) Certificate and who meet all qualifications for the unit; provided, however, if the Project will include funds from the California Department of Housing and Community Development, this EAHP priority (and the corresponding requirements set forth below) will not apply for so long as the Project is subject to the requirements associated with such financing.

For new residential developments going through the initial lease-up process, the EAHP priority shall apply to twenty percent (20%) of the Low Income Units. Thus, if the number of units available exceeds the number of qualified applicants who hold a COP or other preference as dictated by specific loan documents or marketing plan, the next priority will go to EAHP certificate holders for up to twenty percent (20%) of the total Low Income Units. The EAHP priority does not apply at initial lease-up or sale to buildings having four (4) or fewer Low Income Units. However, the EAHP priority does apply to these same units upon re-rental.

Low Income Units with other occupancy priorities required by law, contract, or program rules may apply the COP and EAHP after other preferences, with COP holders being granted priority above EAHP certificate holders. Preferences required by a former Redevelopment Project Area Plan are not pre-empted by the COP Program or the Ellis Act Housing Preference Program. Preferences required by the LOSP, Direct Access to Housing Program, Housing First Program, or other government programs are not pre-empted by the Ellis Act Housing Preference Program.

Marketing and Tenant Selection Plan

The Borrower agrees to supply Mayor's Office of Housing and Community Development (MOHCD or the City) with a complete and updated marketing and tenant selection plan in form and substance acceptable to the City ("Marketing and Tenant Selection Plan"), including resident selection criteria, at least six months prior to construction completion. The Marketing and Tenant Selection Plan shall be submitted on a template form as provided by MOHCD, substantially in the form attached as Exhibit K. This Marketing and Tenant Selection Plan shall not be changed without providing the City with at least fourteen (14) calendar days' written notice.

New rental units shall be marketed for at least a twenty eight (28) -day period, including a listing on the MOHCD website and on MOHCD's email housing alert system. Applicants shall submit an abridged lottery application form only and supply full income and other documentation if selected in the lottery process to proceed with a rental.

Outreach to Certificate Holders

The City shall furnish the following:

- Written and/or printed notices to EAHP certificate holders advising them that units will soon be available.
- Names and addresses of COP certificate holders. MOHCD shall address printed notices created by Borrower using an MOHCD provided template. Borrower is responsible for the full cost of the mailing to COP certificate holders.
- Assistance to qualified tenants in filing COP and EAHP applications or referral to an appropriate housing counseling organization.

The Borrower agrees to:

- Written and mailed notices to COP certificate holders advising them that units are available using a template provided by MOHCD. COP mailings are at the cost of the Borrower.
- During the application period, conduct at least one general informational meeting for all persons interested in applying for occupancy in the development, at which the Borrower shall review application procedures.
- Specifically for COP and EAHP certificate holders, make support services staff available to provide assistance throughout the application process, as it may be needed, with the goal of maximizing COP/EAHP participation to the extent possible. The Borrower shall ensure that COP/EAHP certificate holders are aware that such assistance is available.

Application

The Borrower agrees to use a pre-lottery application template provided by MOHCD. After the lottery, the Borrower may require applicants to complete an additional application provided such additional application is included in the Marketing and Tenant Selection Plan and pre-approved by MOHCD.

Pre-Lottery Application Status Reports

The Borrower agrees to supply the City with the names, addresses, and housing preference certificate numbers (when available) of all applicants, including whether or not they indicate they are eligible for COP or EAHP priority status. The City will provide a template to be used to provide this status report, at a minimum, every seven (7) calendar days from the initial date applications are accepted. The City will, in turn, verify within seven (7) calendar days which such applicants are qualified as COP or EAHP certificate holders.

After the application period has closed, and at least five (5) business days prior to lottery proceedings, a non-prioritized list of all interested applicants will be provided to MOHCD on the

template provided. The list shall include applicant names, addresses, and whether the applicant holds a COP or an EAHP certificate. If MOHCD does not receive this final applicant list within five (5) business days prior to the lottery, it will be cause to postpone the lottery proceedings until the complete list is received.

Lottery

The Borrower shall ensure that all COP certificate holders receive first priority for occupancy and EAHP certificate holders receive second priority for occupancy in twenty percent (20%) of units, except in cases where approved and documented occupancy priorities preempt the COP and EAHP preferences. EAHP certificate holders who are not offered a unit in the twenty percent (20%) set aside shall have equal chance at any remaining units as other qualified applicants.

The Borrower shall hold a public lottery to select renters. Applicants who submit a complete application by the application deadline receive a numbered lottery ticket whose twin ticket is entered into the lottery. Upon pre-approval from the City, lotteries may also be conducted using names of applicants.

When a Borrower chooses to receive applications by mail, applicants must be notified that applications must be post marked prior to the application deadline. Borrowers receiving applications via mail must allow five (5) business days from the application deadline before scheduling the lottery to allow for mail delivery. As stated above, the final application list is due to MOHCD at least five (5) business days prior to the lottery, therefore Borrowers who elect to receive applications via mail must allow ten (10) business days from the application deadline to the lottery date.

Lotteries are held in a public, accessible location. Applicants are invited to attend lotteries, but attendance is not mandatory.

To conduct the lottery, the City and/or the Borrower shall pull application tickets from a vessel and order and record the lottery results in rank order by application ticket number. When using names, Borrower shall pre-enter all applicant names onto individual name cards. All EAHP certificate holders should have two name cards. Names shall be pulled from a vessel in rank order. There should be separate lotteries held for each preference. First, COP certificate holders will be drawn and ranked, followed by EAHP certificate holders, followed by applicants from the general population. The EAHP certificate holder's second card will be included in the general lottery. Electronic lotteries are not allowed.

The Borrower should use a large computer or projector screen or hand printed flip chart sheets to display all numbers/names drawn and the sequenced lottery number assigned for each preference lottery and the general lottery. This can be done by listing all applicants in separate columns under each preference category.

The Borrower should record each name card/number ticket assigned a lottery number onto the applicant list template provided by MOHCD. A computer master list as well as a hand printed paper list for double checking. Results will remain projected on a screen or posted flip chart paper throughout the lottery drawing process for the public to view and record results.

The Borrower shall record the order of lottery numbers/names drawn and produce a final ranked lottery list for each preference and for the general lottery. Once the lottery preferences have been confirmed and applied, the Borrower must notify applicants of their position in the lottery by posting the results on Borrower's website or another public site and/or by mail.

Post-Lottery Lease up Instructions

The Borrower agrees to contact each applicant in lottery rank order to set up an interview where the Borrower will receive supporting documents from the applicant (i.e., income documentation, tax returns, and bank statements).

The Borrower agrees to income qualify each household member based on the supporting documents submitted by the applicant. Income qualification cannot be based solely on what's reported by the applicant on the application.

In accordance with San Francisco Administrative Code Section 12H and applicable laws of the State of California, Borrower shall not use citizen status as a qualification for selection. Borrower shall not ask for social security information prior determining the household's income eligibility.

The Borrower shall comply with San Francisco Police Code Article 49, Sections 4901-4920 (the "Fair Chance Ordinance") and the specific screening requirements set forth in Exhibit I (Tenant Screening Criteria Policy).

The Borrower agrees to offer units in ranked order to applicants who meet all qualifications. If an applicant is still in the review process and the applicant behind them in lottery rank order has been approved, the first applicant must be offered a specific unit that is reserved for that applicant until all qualifications have been reviewed and approved.

In the case where an applicant is denied for housing and appeals the denial, the Borrower agrees to hold a comparable unit until the final decision has been made regarding the appeal. Should Borrower determine that an applicant's denial appeal will be denied, Borrower will inform MOHCD of this decision with documentation used to sustain the denial. MOHCD will confirm the denial is in accordance with Borrower's eligibility requirements. Borrower agrees to be in compliance with all Fair Chance Ordinance appeals process requirements.

If ineligibility is determined, the applicant will be notified in writing within one week after such determination is made, with a copy to the City. These applicants will also appear on the status report.

Post-Lottery Status Report

Every seven (7) business days following any lottery the Borrower shall supply the City with a lease-up status report on a MOHCD-provided template. MOHCD has the right to audit the Borrower's lease up procedure and applicant files within 24 hour notice during the lease up period.

Response Deadline

Applicants who have been accepted and notified in writing by the Borrower shall have at least ten (10) calendar days thereafter to enter into a lease agreement. If the applicant fails to affirmatively respond, the application may be closed, making that unit available to the next eligible tenant. Written notice shall be provided to applicants whose applications are closed after

10 days due to a lack of response. Rejection of the unit by a COP or EAHP certificate holder and closed applications must be shown on the status report to the City.

Final Documentation

Within fourteen (14) calendar days after execution of a lease, the Borrower shall supply the City with a copy of the following for all COP and EAHP tenants:

- signed copy of lease
- copy of complete application
- a demographic report on all COP and EAHP applicants

Retention Policy

For MOHCD auditing purposes, Borrowers are required to keep all supporting documents for each applicant that has been interviewed for at least one year after the interview.

Re-rental of Low Income Units

Upon re-rental of any Low Income Unit or when re-opening the project waitlist to new applicants, the Borrower shall notify the City in advance of any vacancy or waitlist opportunity. In no event shall the City be notified fewer than thirty (30) days before the date of re-occupancy for a vacant unit. In no event shall the City be notified fewer than thirty (30) days before a closed waitlist is re-opened for new applications. Violation of the thirty (30) day notification requirement may delay re-occupancy.

Waitlist applications shall be entered into a lottery as described above. All lottery procedures listed in this document apply to wait list openings. Appeals, response deadline, application forms, and final documentation requirements listed above shall apply to all re-rentals.

Borrowers filling unit vacancies off a waitlist must accept applications from approved COP and EAHP certificate holders at any time, regardless of whether the waitlist is closed to other applicants. If a COP or EAHP certificate holder is found eligible for a Low Income Unit in the building, they shall be placed at the top of the waitlist.

No more than seven (7) calendar days following the date that any new applications are accepted for a waitlist, the Borrower shall supply the City with a status report listing names, addresses and certificate numbers (when available) of COP and EAHP certificate holders indicating the status of each application as of that date and the reason for any rejections.

The City will, in turn, verify within seven (7) calendar days which such applicants are qualified as COP or EAHP certificate holders.

On an annual basis and each time a new waitlist lottery is conducted, the City shall be provided with a complete list of all applicant names, lottery rank on the waitlist, and whether they hold a COP or EAHP certificate upon finalization of the waitlist.

EXHIBIT K

Early Release Retention Contractors

Costs and trades that will be considered Early Release Retention Contractors are listed below:

| Trade | Contractor | Estimated Amount (retention amount, unless otherwise noted) |
|--|------------|---|
| General Conditions General Requirements | Cahill | |
| List subs | | |
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Stored Materials

The GC has indicated the following items will require off-site stored material billing.

- List materials

EXHIBIT L
Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement throughout the Compliance Term at no expense to the City:

1. Borrower, Contractors.

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy must be "claims made" coverage and

Exhibit L

Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Borrower as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such

Exhibit L

machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. Commercial Space.

Borrower must require that all nonresidential tenants' liability insurance policies include Borrower and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Borrower must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

Exhibit L

4. General Requirements.

(a) General and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective.

(c) With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Borrower's insurance by the City will not relieve or decrease the liability of Borrower under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

Exhibit L

(j) Borrower must provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

Exhibit L

Exhibit M

Reserved

Exhibit M

EXHIBIT N

Reserved

Exhibit O

EXHIBIT O
Commercial Underwriting Guidelines

Exhibit O

Mayor's Office of Housing and Community Development Commercial Space Underwriting Guidelines

Effective February 2, 2018

A. Applicability

The following Commercial Space Underwriting Guidelines (Guidelines) are intended to assist applicants for capital financing to prepare financing requests to the Mayor's Office of Housing and Community Development (MOHCD). They apply to new construction projects only. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee for consideration. The Loan Committee maintains the right to set final terms and conditions for commitment of funds based on the actual circumstances of each project. MOHCD reserves the right to review and approve any requests for variations to these Guidelines. These Guidelines are subject to change.

B. Goals

1. To repay the City for costs related to the development of commercial spaces located within City-funded affordable housing properties.
2. To create vibrant neighborhoods, especially for those experiencing displacement of low-income residents, by facilitating the development of commercial space for Public Benefit and Community Serving Commercial Uses.
3. To recognize the dynamism and relationship to market conditions in commercial real estate that is not found in affordable housing while also mitigating against the market risk inherent in this dynamism.

C. Definitions

1. **Affiliated Entity:** An entity that is either controlled by the Housing Owner, controls the Housing Owner, or is under common control with Housing Owner. Control, as used in the previous sentence, means the ownership, directly or indirectly, of the right to vote in or direct the ordinary operations of the entity.
2. **Commercial Space:** An entire undifferentiated commercial area for Public Benefit Use, Community Serving Commercial Use, or Commercial Use. If the Project is subdivided, then the Commercial Space would be a condominium or air rights parcel, separate from the Residential Space. It is possible to have more than one Commercial Space in a Project because the developer intends different uses (for example, a space finished to Warm Shell and where use will be Public Benefit Use, while another area is finished to Cold Shell and Commercial Use is intended). A Commercial Space may be demised into more than one Individual Tenant Space as appropriate.
3. **Commercial Use:** A land use, typically retail or other sales and services use, with the sole or chief emphasis on making financial gain and that is not a Public Benefit Use or Community Serving Commercial Use as defined below. Commercial Uses shall not include uses that, in MOHCD's sole discretion, are inconsistent with fostering a stable environment for families and children, including, but not limited to, bars, liquor stores,

tobacco product stores, recreational cannabis shops (medical cannabis dispensaries may be permitted in MOHCD's sole discretion, but only to the extent permitted by funding sources and applicable local, state, and federal law) or other uses that cater exclusively to adults.

4. **Commercial Entity:** A legal entity, separate from the Housing Owner, who may either master lease the Commercial Space from the Housing Owner or ground lease the Commercial Space directly from the City, as provided in Permitted Legal Structures, below.
5. **Commercial Project Costs:** The total of all hard and soft costs associated with the development of the Commercial Space.
6. **Community Serving Commercial Use:** A land use, typically retail or other sales and services use, that provides a direct benefit to the community, e.g. a food market with affordable and healthy produce and other goods, community banking, or other neighborhood serving uses that have a demonstrated benefit to the residents of the Project, as determined by MOHCD in its sole discretion.
7. **Commercial Space Master Tenant:** A Commercial Entity that is an Affiliated Entity and that leases the Commercial Space from the Housing Owner and subleases Individual Tenant Space(s) to Individual Commercial Tenant(s).
8. **Housing Owner:** The owner of the residential improvements at the Project.
9. **Cold Shell:** Commercial Space improvements as defined in detail under Item 18.
10. **Individual Commercial Tenant:** An occupant of Commercial Space rented from the Housing Owner or Commercial Entity (depending on legal structure).
11. **Individual Tenant Space:** Demised portion of the Commercial Space for lease to an Individual Commercial Tenant.
12. **Net Commercial Cash Flow:** Commercial Operating Income less the Commercial Operating Expenses for a Lease Year (or portion thereof). **Commercial Operating Expenses** means the reasonable and customary expenses of reasonable operating and routine maintenance and repair expenses incurred by the Housing Owner or Commercial Entity (depending on legal structure) in the operation of the Commercial Space, debt service, and MOHCD-approved reserves. **Commercial Operating Income** means all income and receipts in any form received by the Housing Owner or Commercial Entity (depending on legal structure) from the operation of the Commercial Space, including rents, fees, deposits, and reimbursements.
13. **Project:** A mixed-use, multifamily residential and commercial project built with substantial reliance on City funding, which may include one or more subdivided residential condominium/air rights parcels and commercial condominium/air rights parcels.
14. **Public Benefit Use:** A land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit

corporations, and has been identified by the City or community as a priority use. Examples include, but are not limited to, childcare centers, adult day health centers, nonprofit office space, public libraries, supportive services for the residents of the affordable housing development, health clinics that serve the local community at no or low cost, arts-related spaces that provide programs, and classes and/or exhibition spaces available to community members at no or low cost.

- 15. Residential Space:** The entire undifferentiated residential area for future demising and occupancy by residential tenants. If the Project is subdivided, then the Residential Space would be a condominium or air rights parcel, separate from the Commercial Space(s).
- 16. Tenant Improvement Allowance:** A budget allowance sized to accommodate the build out of Warm Shell improvements, which MOHCD may approve when the Individual Commercial Tenant/s is unknown at construction loan closing.
- 17. Warm Shell:** Commercial Space improvements as defined in detail under Item 18.
- 18. Detailed definition of Cold Shell and Warm Shell improvements (see next page)**

| <u>Scope/Trade</u> | <u>Cold Shell</u> | <u>Warm Shell (Cold Shell plus the following)</u> (Note: The cost of Warm Shell improvements should be included in the development budget either as a specific scope of work, if known, or as a Tenant Improvement Allowance, subject to MOHCD approval.) |
|--------------------|---|--|
| Walls/Doors | Exterior/perimeter walls and doors. Exterior/perimeter walls must be finished with gyp and fire taping to Code. No partition walls or doors. | Partition walls and doors to Individual Tenant Space/s. Partition walls, doors and locks for bathrooms based on Individual Commercial Tenants and Code requirements. |
| Finish | Exposed concrete slab with rough-in Plumbing, depressed to allow for anticipated use (floor sinks, drains). Temporary ramps for Certificate of Completion, as required. | Finished floor to minimum specification of Individual Commercial Tenant or exposed slab with clearance to install flooring to level landing at door. Wall and ceiling finish, lighting and finish specialties in bathrooms. |
| Specialties | Code required signage. Exterior commercial signage program developed and approved by Planning and MOHCD. | Bathroom accessories. Exterior signage design, infrastructure, fabrication and installation. |
| Structural | Anchors for drop-ceiling. Anchors must be cast-in slab 4' on center in each direction. Coring or block-out for assumed HVAC rough-in. | Code required ramps and railings to assumed final finish floor and level landing at entrance(s). |
| Elevator | No | As required. |

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| Mechanical | Stub out for heat-pump, space on roof for equipment, and pad (or sidewall where possible). Fire rated shaft for later ducting of restaurant hood(s); supply air / louver on exterior wall. | Venting of bathrooms and all other plumbing fixtures. Ductwork to connect location of heatpump to exterior. Code required smoke control. In the case of an approved restaurant use, minimum of one (1) grease duct plus make up air (MUA) duct to accommodate Type 1 hood. Type 2 hood shaft and venting may be considered. Does not include water heating and all other mechanical equipment. |
| Gas | Stub-out for gas and gas meter in meter room. | Submeters based on establishment of Individual Tenant Space/s. |
| Plumbing | Stub-out for domestic water supply and water meter in meter room. Storm sewer 4". Stub out all plumbing (supply and waste) to bathroom location(s). No finish. | Water meters based on establishment of Individual Commercial Tenant/s. Distribute domestic water, waste and vents to plumbing fixture locations within Individual Tenant Space/s. Finish plumbing. |
| Electrical | 200A-600A 3 phase service. Meter in electrical room with service to Commercial Space. Stub out and conduit on ceiling for mechanical. Perimeter walls to have wall receptacles. Light fixtures in space connected to house meter to meet Certificate of Completion requirements only. Emergency lighting battery back-up. | Submeters based on established Individual Commercial Tenant/s and extension of stub-outs to Individual Tenant Space/s. Installation of sub panel at Individual Tenant Space/s. |
| Telco | Two (2) 2" conduits from MPOE to space for telecom/data/security. Temporary security camera connected to residential system until Commercial Space is occupied. | |

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| Fire Protection/ Alarm | Building Fire Alarm shall be sized and zoned to include Commercial Space. State and Local SFFD Code requirements for Completion and Certificate of Occupancy must be met. Sprinkler shall be installed, activated and monitored. | Zoning of Fire Alarm to Individual Tenant Space/s and re-configuration / programming of main building fire panel. |
| Site Work | No | No |

D. Permitted Legal Structures

a. Each of the following legal structures may be used for a Project, as permitted by MOHCD, taking into account the location of the Project, the community that the Project intends to serve, financing requirements and restrictions, and the capacity and expertise of the developer and Housing Owner. These Guidelines assume MOHCD owns the land on which the Project is located. In the rare scenario in which that is not the case, MOHCD and the Housing Owner will adjust these Guidelines accordingly to achieve the Goals articulated in Paragraph B and the same financing principles related to the use of MOHCD funds.

1. No Subdivision; Single Ground Lease. The real property is not subdivided and the entire property is ground leased to Housing Owner.

a. Direct Leases: Housing Owner leases directly to Individual Commercial Tenant(s); or

b. Commercial Master Lease: Housing Owner leases the Commercial Space to the Commercial Entity (which must be an Affiliated Entity) (the "Commercial Space Master Tenant"). The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

2. Subdivision. The real property is subdivided into a separate residential condominium or air rights parcel and a separate commercial condominium or air rights parcel (or subdivided into more than one separate parcels of either use).

a. Single Ground Lease. The real property is subdivided, and the City ground leases the entire property to the Housing Owner.

(i) Direct Leases: Housing Owner retains ownership of the leasehold for the Commercial Space and leases directly to Individual Commercial Tenant(s); or

(ii) Commercial Master Lease: Housing Owner retains ownership of the leasehold for the Commercial Space and leases the Commercial Space to a Commercial Space Master Tenant. The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

b. Separate Ground Leases.

(i) The City ground leases the Residential Space to the Housing Owner. The City separately ground leases the Commercial Space to the Commercial Entity. The Commercial Entity may or may not be an Affiliated Entity.

(ii) Where the Commercial Entity is a for-profit company, not related to the Housing Owner, and the Commercial Space will be used for Commercial Use, the City's strong preference is that the subdivision be in the form of a condominium as opposed to an air rights parcel.

E. Underwriting Guidelines for All Permitted Legal Structures

1. The eligible uses of MOHCD Funds for Commercial Project Costs are:
 - a. Hard Costs: Subject to approval by MOHCD, Borrower may request the use of MOHCD funds for the following:
 - i. Commercial Uses: Cold Shell only. However, MOHCD may provide funding for Warm Shell improvements required to be installed concurrent with residential construction (e.g. restaurant flue shafts with grease ducts and access panels on each floor, drain lines and anchor bolts installed in PT floor and ceiling slabs). If Housing Owner is working with the Commercial Entity or an Individual Commercial Tenant before or during construction, Housing Owner may install ducting to the exterior (roof or louvers on building exterior) as a reimbursable cost to Housing Owner by the Commercial Entity or the Individual Commercial Tenant. Costs for all Cold Shell and Warm Shell improvements must be repaid to MOHCD, in full or in part, through non-housing sources, according to the requirements set forth in Section I below.
 - ii. Community Serving Commercial Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources, such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc., as appropriate for the proposed use for the purpose of reducing funding required from MOHCD.
 - iii. Public Benefit Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc. as appropriate for the proposed use, for the purpose of reducing funding required from MOHCD.
 - b. Soft Costs: Subject to MOHCD approval and evaluated based on industry standards and market conditions for comparable projects and uses, including:
 - Construction management and consulting fees for coordination of tenant improvements with shell construction
 - Commercial broker fee
 - Commercial space lease-up reserve
 - Commercial space replacement reserve
 - Commercial space developer fee (see developer fee policy below)
 - Market analysis as is required by MOHCD
 - Future tenant improvements reserve
 - Pro rata share of Project development costs associated with Commercial Space (for example, financing costs and legal fees)

2. Conditions of MOHCD Funds.

- a. Market Analysis: Developer shall provide MOHCD a third party prepared market analysis (e.g. from a broker, appraiser, or market analyst) to determine appropriate terms for Market Rents, Rent Growth, Annual Rent Adjustments, Rent Concessions and/or Tenant Improvement Allowances, Vacancy, Expenses, Expense Growth, Management Fees, Leasing Agent Fees, and Reserves.
- b. Operating Budget. Developer shall provide the Housing Owner's or Commercial Entity's (depending on legal structure) commercial operating budget based on proposed use and market conditions consistent with the third party prepared Market Analysis provided for the project as defined above in 2.a. Commercial rents charged must be sufficient to cover all direct, shared, and allocated costs attributable to commercial use, including, but not limited to: pro-rata share of cleaning, maintenance and utility costs for shared bathrooms and hallways; pro-rata share of maintenance of fire sprinkler and fire alarm systems; pro-rata share of cleaning, maintenance and repair of the trash room; pro-rata share of maintenance and repair of the sidewalk, street trees and bike racks; pro-rata share of hydro-jetting of the sewer laterals; and pro-rata share of back-flow testing of the water lines. Commercial operating expenses shall include all utilities payable by the property for the Commercial Space, commercial property management and asset management fees, commercial operating and replacement reserves, and property taxes and insurance attributable to the Commercial Space.
- c. Leases and Letters of Intent. The Commercial Master Lease and business terms for Direct Leases and subleases are subject to review and approval by MOHCD, in accordance with the Market Analysis and these Guidelines.

F. Commercial Space Developer Fee

1. Commercial Uses: The lesser of \$100,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 incremental fee will be allowed for completion of the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. The Commercial Space Developer Fee is payable only from non-MOHCD sources, e.g. commercial loan proceeds or transfer of the leasehold estate in the Commercial Space, etc.
2. Public Benefit Uses and Community Serving Uses: The lesser of \$250,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 in fee will be allowed for completing the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. Half of the Commercial Space Developer Fee is payable

only from non-MOHCD sources, e.g. commercial loan proceeds, grants, or transfer of the leasehold estate in the Commercial Space.

3. Commercial Space Developer Fee; Net Developer Fee Maximums. To the extent allowable by TCAC, the Commercial Space Developer Fee is in addition to the net developer fee maximums pursuant to MOHCD Developer Fee Guidelines.

G. Change in Use

Change in use from Public Benefit Use or Community Serving Commercial Use to Commercial Use requires approval by MOHCD and will result in required repayment of the costs of Warm Shell improvements funded by MOHCD loan(s). Repayment will be calculated by amortizing the MOHCD-funded costs over the useful life of the improvements and sized based on the number of years the improvements did not serve a Public Benefit or Community Serving Commercial Use.

H. Single Ground Lease Additional Guidelines

The following ground lease terms apply where the City ground leases the entire property to the Housing Owner, whether or not the property has been subdivided.

1. Direct Lease

- a. **40% City/60% Housing Owner:** 40% of Net Commercial Cash Flow will be paid by Housing Owner to City in the form of increased ground lease payment of Residual Rent (see MOHCD Policy on Ground Leases for defined terms). Housing Owner will retain 60% of Net Commercial Cash Flow.
- b. **Limit on Commercial Revenue:** City recommends tax counsel guidance to avoid issues of unrelated business income.

2. Commercial Master Lease

- a. **40% City/60% Affiliated Entity:** 40% of Net Commercial Cash Flow will be paid by Commercial Entity to Housing Owner and subsequently paid to City in the form of increased ground lease payment of Residual Rent. 60% of Net Commercial Cash Flow is payable to the Commercial Entity (ie. the Commercial Space Master Tenant). The Commercial Entity must be an Affiliated Entity.
- b. **Limit on Commercial Revenue:** City recommends tax counsel guidance to avoid issues of unrelated business income.

I. Separate Ground Leases Additional Guidelines

The following MOHCD commercial loan repayment and commercial ground lease terms apply where the property has been subdivided, the City ground leases the Residential Space to the Housing Owner, and the City ground leases the Commercial Space(s) to the Commercial Entity(ies).

1. Reimbursement to MOHCD of Commercial Project Costs depends on the ownership structure and the type of use, as follows:

- a. Public Benefit Uses, Community Serving Commercial Uses, and Commercial Uses when the Commercial Entity is an Affiliated Entity:

Within the earlier of 90 days after 75% occupancy is achieved for Commercial Space or one year after the issuance of a Temporary Certificate or Occupancy or Certificate of Occupancy for the Commercial Space, the Commercial Entity must obtain a commercial loan commitment to repay MOHCD for all Commercial Project Costs included in MOHCD financing. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval. The commercial loan must close within 90 days following the issuance of a loan commitment. In the event that the commercial loan is not large enough to fully repay MOHCD for Commercial Project Costs, MOHCD will retain a second position Deed of Trust against the Commercial Space, securing a Note in the amount of any unpaid balance. Any outstanding balance on a MOHCD commercial loan will be payable upon refinance or transfer of the Commercial Space.

- b. Commercial Uses when the Commercial Entity is an unrelated third-party:

The Commercial Entity must repay MOHCD for all Commercial Project Costs included in MOHCD financing at close of purchase of the leasehold interest in the commercial condominium/air rights parcel and/or execution of the commercial ground lease. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval.

2. Commercial Space Ground Lease Payment and Payment on Any Outstanding MOHCD Commercial Loan

- a. Public Benefit Uses & Community Serving Commercial Uses: Annual ground lease payment equal to 40% of Net Commercial Cash Flow. However, if there is an outstanding MOHCD commercial loan, the 40% Net Commercial Cash Flow will first be used to pay down the MOHCD commercial loan and then to the annual ground lease payment. Commercial Entity will retain 60% of Net Commercial Cash Flow.
- b. Commercial Uses: Annual ground lease payment equal to market rent based on current comparable leases. Sizing of Base Rent and Residual Rent to be negotiated. If there is an outstanding MOHCD commercial loan (only applicable when the Commercial Entity is an Affiliated Entity), 40% Net Commercial Cash Flow will be used to pay off the MOHCD commercial loan and then go towards payment of Residual Rent, if applicable. Commercial Entity will retain 60% of Net Commercial Cash Flow.

3. Any transfer or sale of the Housing Owner's or Commercial Owner's ground lease interest in the Commercial Space parcel is subject to MOHCD approval as ground lessor. If the Project was developed as air rights parcels, MOHCD may require that the air rights subdivision be converted to condominiums before the Commercial Space may be transferred to an unaffiliated for-profit entity for Commercial Use.

4. Ground Lease Term: To be negotiated based on Market Analysis (see section E.2.a. for requirements for Market Analysis.)

EXHIBIT P
Residual Receipts Policy

Exhibit N

EXHIBIT P

Mayor's Office of Housing and Community Development
Residual Receipts Policy
Effective April 1, 2016

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

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| I. Definition of Residual Receipts | As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. . |
| II. Annual Residual Receipts Payments Due to MOHCD | Generally, 2/3 rd s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative ½ - ½ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details. |
| III. When more than one MOHCD contract requires residual payments | The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts. |
| IV. When a project has other Lenders in addition to MOHCD that require residual payments | The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount. |
| V. Conditions to Distribution of Residual Receipts to Borrower | Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD |

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| | that borrower is not in default; and (3) approval by MOHCD of amount of Distribution. |
| VI. Use of Residual Receipts Distributed to the Borrower | MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction). |
| VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project | Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved. |
| MOHCD Repayment Waiver Option | The repayment waiver option has been terminated. |

I. Definition of Residual Receipts

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or “hard” debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
 - 1. Fees payable to the project, the GP, the LP or the parent entity
 - 2. Fees payable to project funders
 - 3. “Soft” debt repayments to lenders / lessors

Please see the City’s Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be $\frac{2}{3}$ rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive $\frac{2}{5}$ ths of the amount available to be repaid, and the other lender would receive $\frac{3}{5}$ ths of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:

1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
 2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
 3. If any operating expense, including debt service on non-City loans remains unpaid; or
 4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
 5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

AMENDED AND RESTATED SECURED RESIDENTIAL PROMISSORY NOTE
(88 Broadway Residential Component)
(Affordable Housing Bond Program
Inclusionary Affordable Housing Program)

Principal Amount: \$ _____

San Francisco, CA

Date: _____, 2019

FOR VALUE RECEIVED, the undersigned, **88 BROADWAY FAMILY LP**, a California Limited Partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum _____ and No/100 Dollars (\$ _____) (the "Residential Loan Amount"), or so much of the Residential Loan Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Residential Note.

1. Agreement.

1.1 Previous Funding. Pursuant to a Loan Agreement dated May 12, 2017 and the First Amendment to the Loan Agreement dated August 16, 2018, by and between Holder and Maker, Holder previously made a loan in the amount of Three Million Eight Hundred Thousand and No/100 Dollars (\$3,800,000.00) (the "Original Loan") for the purpose to conduct predevelopment activities in support of the construction of a multifamily rental housing development comprised of 125 units affordable for low- and moderate-income households, including an approximately 8,000 square foot commercial space including childcare space (the "Project"). The Original Loan is further evidenced by a Secured Promissory Note dated August 16, 2018, executed by Maker in favor of Holder ("Original Note).

1.2 Increased Funding Amount. Holder is making an additional loan of _____ Three and No/100 Dollars (\$ _____) (the "Additional Loan") to Maker for the completion of predevelopment, construction and permanent financing, such that the Original Loan is increased to \$ _____ (the "Loan"). This Amended and Restated Secured Residential Promissory Note (this "Residential Note") reflects the Original Loan and the Additional Loan and amends, restates and replaces the Original Residential Note in its entirety. This Residential Note is given under the terms of an Amended and Restated Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Residential Note and the Agreement are secured by that certain Residential Deed of Trust, Assignment Of Rents, Security Agreement And Fixture Filing dated as of the date of this Residential Note, made by Maker for the benefit of Holder ("Residential Deed of Trust"). Definitions and rules of interpretation set forth in the Agreement apply to this Residential Note. In the event of any inconsistency between the Agreement and this Residential Note, this Residential Note will control. Upon execution of this Residential Note, the Original Note shall be cancelled and returned to Maker.

2. Interest. Interest will accrue on the principal balance outstanding under this Residential Note from time to time at the rate of [TBD: _____ one-three percent (1-3%)] per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the City Documents. Interest will be calculated on the basis of actual days elapsed and a 360-day year, which will result in higher interest charges than if a 365-day year were used.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date the Funding Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Residential Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount.

4.1 Subject to Section 13.4 of the Agreement, Maker must make annual payments of principal (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later of (a) the Fifty-Seventh (57th) anniversary of the date the Residential Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty-Fifth (55th) anniversary of the Conversion Date (the "Maturity Date"). Any Payment Date, including any Excess Proceeds Payment Date and the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

4.2 Subject to Section 13.4 of the Agreement, Maker must make payments of principal and interest (each, an "Excess Proceeds Payment") in an amount equal to the Excess Proceeds (as determined below), if any, on the date that is thirty (30) days after the later of the date on which Maker receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Maker receives Excess Proceeds from its limited partner or other financing sources (the "Excess Proceeds Payment Date"), in accordance with HCD if applicable. The allocation of Excess Proceeds to repay the Commercial Note shall be determined pursuant to a cost allocation method attributable to the Retail Portion of the Commercial Space established by Maker and reasonably agreed to by the Holder, and Holder agrees that the remaining portion of Excess Proceeds shall be used to repay the Residential Note. All Excess Proceeds Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan.

5. Security. Maker's obligations under this Residential Note are secured by the Residential Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Residential Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Residential Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Residential Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Residential Note.

6.5 Subject to this Section, Holder will not seek or obtain judgment against Maker or its Limited Partner for the payment of any amounts due under this Residential Note following a judicial or nonjudicial foreclosure of the Residential Deed of Trust, and Holder's sole recourse against Maker for any default under this Residential Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Residential Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

6.6 Except as otherwise set forth herein or in the Agreement, no prepayment of this Residential Note shall be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Residential Note:

(a) Maker fails to make any Payment required under this Residential Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Residential Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Residential Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Residential Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Residential Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Residential Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Residential Note, either in whole or in part.

8.3 The obligations of Maker under this Residential Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Residential Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Residential Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Residential Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Residential Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

[Remainder of this page intentionally left blank.]

"MAKER"

88 Broadway Family LP, a California limited partnership

By: 88 Broadway Family BRIDGE LLC

Its: Managing General Partner

By: MCB Family Housing, Inc., a California
nonprofit public benefit corporation

Name: Smitha Seshadri
Title: Senior Vice President

By: JSCo 88 Broadway Family LLC

Its: Administrative General Partner

By: John Stewart Company, a California
corporation

Name: Jack D. Gardner
Title: President

SECURED COMMERCIAL PROMISSORY NOTE

(88 Broadway Commercial Space)

([Insert Funding Source])

San Francisco, CA

Principal Amount: \$ _____

Date: _____, 2019

FOR VALUE RECEIVED, the undersigned, 88 Broadway Family LLC,, a California limited liability company ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of _____ and No/100 Dollars (\$ _____) (the "Commercial Bridge Loan Amount"), or so much of the Commercial Bridge Loan Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Note.

1. Agreement. This Secured Commercial Promissory Note ("Note") is given under the terms of an Amended and Restated Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Commercial Note and the Agreement are secured by that certain Commercial Deed of Trust, Assignment Of Rents, Security Agreement And Fixture Filing dated as of the date of this Commercial Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Commercial Note. In the event of any inconsistency between the Agreement and this Commercial Note, this Commercial Note will control.

2. Interest. Except as provided in **Section 3**, the outstanding principal balance of the Funding Amount will bear simple interest at the rate of [TBD: one/three percent (1-3%)] per annum from the Effective Date through the date of full payment of all amounts owing under the City Documents. Interest will be calculated on the basis of actual days elapsed and a 360-day year, which will result in higher interest charges than if a 365-day year were used.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date the Funding Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Commercial Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount.

4.1 Maker must make annual payments of principal (each, a "Payment") of 50% of Surplus Cash, if any, attributable to the prior calendar year beginning the first June 30th after the end of the calendar year of the Effective Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid;

(b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later of (a) the Fifty-Seventh (57th) anniversary of the date the Commercial Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty-Fifth (55th) anniversary of the Conversion Date (the "Maturity Date"). Any Payment Date, including the Maturity Date that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

4.2 Maker must make payments of principal and interest (each, an "Excess Proceeds Payment") in an amount equal to the Excess Proceeds (as determined below), if any, on the date that is thirty (30) days after the later of the date on which Maker receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Maker receives Excess Proceeds from its limited partner or other financing sources (the "Excess Proceeds Payment Date"), in accordance with HCD if applicable. The allocation of Excess Proceeds to repay this Commercial Note shall be determined pursuant to a cost allocation method attributable to the Retail Portion of the Commercial Space established by Maker and reasonably agreed to by the Holder, and Holder agrees that the remaining portion of Excess Proceeds shall be used to repay the Residential Note. All Excess Proceeds Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan.

5. Security. Maker's obligations under this Commercial Note are secured by the Commercial Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Commercial Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Commercial Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Commercial Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Commercial Note.

6.5 Subject to this Section, Holder will not seek or obtain judgment against Maker or its Limited Partner for the payment of any amounts due under this Commercial Note following a judicial or nonjudicial foreclosure of the Commercial Deed of Trust, and Holder's sole recourse against Maker for any default under this Commercial Note will be limited to the collateral for the Loan, provided, however, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of

Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Commercial Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

6.6 Borrower may prepay this Commercial Note, at any time, in whole or in part.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Commercial Note:

(a) Maker fails to make any Payment required under this Commercial Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Commercial Note or under any other agreement between Maker and Holder with respect to the Commercial Space.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Commercial Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Commercial Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Commercial Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Commercial Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Commercial Note, either in whole or in part.

8.3 The obligations of Maker under this Commercial Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Commercial Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Commercial Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Commercial Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Commercial Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

"MAKER"

88 Broadway Family LP, a California limited partnership

By: 88 Broadway Family BRIDGE LLC
Its: Managing General Partner

By: MCB Family Housing, Inc., a California
nonprofit public benefit corporation

Name: Smitha Seshadri
Title: Senior Vice President

By: JSCo 88 Broadway Family LLC
Its: Administrative General Partner

By: John Stewart Company, a California
corporation

Name: Jack D. Gardner
Title: President

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: _____

-----Space Above This Line for Recorder's Use-----

RESIDENTIAL
DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(Property Address: 88 Broadway)

THIS RESIDENTIAL DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, _____, by **88 BROADWAY FAMILY LP**, a California Limited Partnership ("Trustor"), whose address is _____, San Francisco, California 9____, to **[NAME OF TITLE INSURANCE COMPANY]**, a _____ ("Trustee"), whose address is _____, San Francisco, California, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of the date of this Deed of Trust, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct a 125-unit multifamily rental housing development affordable to very low-, low and moderate- households including the commercial shell of a childcare center space and a commercial space (the "Commercial Space") which will be known as 88 Broadway Family (the "Project"); and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) all of Trustor's interest in and under that certain Ground Lease dated as of _____, by and between the Port of San Francisco, as lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

(e) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(f) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(g) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(h) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(i) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(j) all rents, revenues, issues, royalties, proceeds and profits, including prepaid rent and security deposits ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 5(d)**; and

(k) All intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(l) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

This Deed of Trust constitutes a security agreement under, and a fixture filing in accordance with, the California Uniform Commercial Code, as it may be amended from time to time. The filing of a financing statement pertaining to personal property may not be construed in any way as derogating from or impairing the lien of, or the rights or obligations of the parties under, this Deed of Trust.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the Amended and Restated Secured Residential Promissory Note dated the same date as this Deed of Trust made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of _____ and No/100 Dollars (\$ _____ .00), with interest, according to the terms of the Agreement and the Note; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents

(a) Assignment as Additional Security. Subject to the rights of senior lenders, Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its s rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then subject to the notice and cure provisions included in this Deed of Trust, but without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or

powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Insurance and Condemnation Proceeds.

(a) Subject to the rights of senior lenders, Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or builder's risk or property insurance proceeds received by Trustor must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, casualty or condemnation awards shall be used according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

6. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) As additional security, Trustor hereby irrevocably, absolutely and unconditionally assigns to Beneficiary all Rents, whether now due, past due or to become due, subject to Beneficiary's grant to Trustor of a license to collect and retain Rents as they become due and payable so long as Trustor has not defaulted in performance of the Secured Obligations.

(e) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(f) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(g) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(h) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

7. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

8. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

9. Reconveyance from Commercial Parcel. At any time following the date that the Trustor completes a subdivision of the Property and receives a certificate of occupancy for the residential portion of the Project, Trustor may request that Trustee reconvey this deed of trust from the Commercial Space (as defined in the Loan Agreement). Upon such written request from Trustor, and provided that the Property has been subdivided, a certificate of occupancy for the Project has been issued and Trustor is not in default under this Deed of Trust, Beneficiary shall cause the Trustee to partially reconvey this Deed of Trust from title of the Commercial Space and the Commercial Space shall be released from the Obligations of this Deed of Trust.

"TRUSTOR:"

88 Broadway Family LP, a California limited partnership

By: 88 Broadway Family BRIDGE LLC
Its: Managing General Partner

By: MCB Family Housing, Inc., a California
nonprofit public benefit corporation

Name: Smitha Seshadri
Title: Senior Vice President

By: JSCo 88 Broadway Family LLC
Its: Administrative General Partner

By: John Stewart Company, a California corporation

Name: Jack D. Gardner
Title: President

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A
Legal Description of the Land

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF
SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

Street Address:

EXHIBIT A

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: _____

-----Space Above This Line for Recorder's Use-----

COMMERCIAL
DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(Property Address: 88 Broadway)

THIS COMMERCIAL DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, _____, by **88 BROADWAY FAMILY LP**, a California Limited Partnership ("Trustor"), whose address is _____, San Francisco, California 9____, to **[NAME OF TITLE INSURANCE COMPANY]**, a _____ ("Trustee"), whose address is _____, San Francisco, California, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of the date of this Deed of Trust, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct a 125-unit multifamily rental housing development affordable to very low-, low and moderate- households including the commercial shell of a childcare center space and a commercial space (the "Commercial Space") which will be known as 88 Broadway Family (the "Project"); and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) all of Trustor's interest in and under that certain Ground Lease dated as of _____, by and between the Port of San Francisco, as lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

(e) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(f) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(g) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(h) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(i) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(j) all rents, revenues, issues, royalties, proceeds and profits, including prepaid rent and security deposits ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 5(d)**; and

(k) All intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(l) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

This Deed of Trust constitutes a security agreement under, and a fixture filing in accordance with, the California Uniform Commercial Code, as it may be amended from time to time. The filing of a financing statement pertaining to personal property may not be construed in any way as derogating from or impairing the lien of, or the rights or obligations of the parties under, this Deed of Trust.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the Secured Commercial Promissory Note dated the same date as this Deed of Trust made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of _____ and No/100 Dollars (\$ _____ .00), with interest, according to the terms of the Agreement and the Note; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents

(a) Assignment as Additional Security. Subject to the rights of senior lenders, Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then subject to the notice and cure provisions included in this Deed of Trust, but without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or

powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Insurance and Condemnation Proceeds.

(a) Subject to the rights of senior lenders, Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or builder's risk or property insurance proceeds received by Trustor must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, casualty or condemnation awards shall be used according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

6. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) As additional security, Trustor hereby irrevocably, absolutely and unconditionally assigns to Beneficiary all Rents, whether now due, past due or to become due, subject to Beneficiary's grant to Trustor of a license to collect and retain Rents as they become due and payable so long as Trustor has not defaulted in performance of the Secured Obligations.

(e) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(f) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(g) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(h) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

7. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

8. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

9. Reconveyance from Residential Parcel. At any time following the date that the Trustor completes a subdivision of the Property and receives a certificate of occupancy for the residential parcel of the Project, Trustor may request that Trustee reconvey this deed of trust from the residential portion of the Property. Upon such written request from Trustor, and provided that the Property has been subdivided, a certificate of occupancy for the Project has been issued and Trustor is not in default under this Deed of Trust, Beneficiary shall cause the Trustee to partially reconvey this Deed of Trust from title of the residential parcel of the Property and such residential parcel shall be released from the Obligations of this Deed of Trust.

"TRUSTOR:"

88 Broadway Family LP, a California limited partnership

By: 88 Broadway Family BRIDGE LLC
Its: Managing General Partner

By: MCB Family Housing, Inc., a California
nonprofit public benefit corporation

Name: Smitha Seshadri
Title: Senior Vice President

By: JSCo 88 Broadway Family LLC
Its: Administrative General Partner

By: John Stewart Company, a California corporation

Name: Jack D. Gardner
Title: President

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A
Legal Description of the Land

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF
SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

Street Address:

EXHIBIT A

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

Recording requested by and
when recorded mail to:
City and County of San Francisco
Mayor's Office of Housing
and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: _____
APN#:
Address:

-----Space Above This Line for Recorder's Use-----

DECLARATION OF RESTRICTIONS
(Property Address: 88 Broadway)

THIS DECLARATION OF RESTRICTIONS ("Declaration") is made as of _____, _____, by **88 BROADWAY FAMILY LP**, a California Limited Partnership ("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development (the "City").

RECITALS

A. The City is making a loan (the "Loan") to Borrower of _____ funds to finance costs associated with the development of the leasehold interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the land and the leasehold interest, the "Property") as low- and moderate-income housing (the "Project"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated the same date as this Declaration, as it may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability and other use and occupancy restrictions (collectively, the "Regulatory Obligations"), commencing on the date on which a certificate of occupancy is issued for the Project, and continuing through the date that is the later of (a) the Fifty Seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty Fifth (55th) anniversary of the Conversion Date (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

AGREEMENT

Now, therefore, in consideration of the City's providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower must comply with the Regulatory Obligations through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

(a) With the exception of one Unit reserved for the manager of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically:

| Unit Size | No. of Units | Maximum Income Level |
|-----------|--------------|----------------------|
| Studio | 1 | 30% of AMI |
| 1 bedroom | 2 | 30% of AMI |
| 2 bedroom | 1 | 30% of AMI |
| 3 bedroom | 1 | 30% of AMI |
| Studio | 5 | 50% of AMI |
| 1 bedroom | 13 | 50% of AMI |
| 2 bedroom | 17 | 50% of AMI |
| 3 bedroom | 9 | 50% of AMI |
| Studio | 8 | 60% of AMI |
| 1 bedroom | 16 | 60% of AMI |
| 2 bedroom | 20 | 60% of AMI |
| 3 bedroom | 10 | 60% of AMI |
| Studio | 1 | 80% of AMI |
| 1 bedroom | 3 | 80% of AMI |
| 2 bedroom | 6 | 80% of AMI |
| 3 bedroom | 1 | 80% of AMI |
| Studio | 1 | 100% of AMI |
| 1 bedroom | 1 | 100% of AMI |
| 2 bedroom | 2 | 100% of AMI |
| 3 bedroom | 1 | 100% of AMI |
| 1 bedroom | 2 | 120% of AMI |
| 2 bedroom | 2 | 120% of AMI |
| 3 bedroom | 1 | 120% of AMI |

i) Thirty-one (31) units must be rented at all times to tenants receiving vouchers or other subsidy through the HAP contract. If the HAP is terminated or discontinued with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that one

hundred percent (100%) of the units must at all times be occupied by Low Income Households whose Adjusted Income does not exceed sixty percent (60%) of area median income as published by TCAC (or MOHCD equivalent) and the monthly rent paid by the Low Income Households may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income (b) less utility allowance. If the HAP is terminated or discontinued with respect to the Project, then City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrowers request to meet. The relief provided by the paragraph will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC, CTAC, or under any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

(b) The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size appropriate for the unit; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

2. During the Compliance Term the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents.

3. This Declaration and the Regulatory Obligations constitute covenants running with the land, including the leasehold interest and bind successors and assigns of Borrower and any non-borrower owner and lessee of the Property. In the event that Borrower fails to comply with the Regulatory Obligations to the City's reasonable satisfaction, in its sole discretion, within thirty (30) days of Borrower's receipt of notice from the City to so comply, the City at its option may exercise any rights available at equity or in law, including, without limitation, institute an action for specific performance. Borrower shall pay the City's costs in connection with the City's enforcement of the terms of this Declaration, including, without limitation, the City's attorneys' fees and costs.

Following completion of a subdivision of the Site and receipt of a certificate of occupancy for the residential portion of the Project, upon the request of the Borrower, the City will release this Declaration from title to the Commercial Space.

Borrower has executed this Declaration as of the date first written above.

"BORROWER"

88 Broadway Family LP, a California limited partnership

By: 88 Broadway Family BRIDGE LLC
Its: Managing General Partner

By: MCB Family Housing, Inc., a California
nonprofit public benefit corporation

Name: Smitha Seshadri
Title: Vice President

By: JSCo 88 Broadway Family LLC
Its: Administrative General Partner

By: John Stewart Company, a California
corporation

Name: Jack D. Gardner
Title: President

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A

(Legal Description of the Property)

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Street Address:



SAN FRANCISCO PLANNING DEPARTMENT

January 24, 2019

GENERAL PLAN REFERRAL NOTE TO FILE

**CASE NO. 2016-007850GPR
REAL ESTATE DIVISION - GAP LOAN APPROVAL
88 BROADWAY AND 735 DAVIS**

On May 19, 2018, the Planning Department completed a General Plan Referral (GPR) on the request from the City and County of San Francisco Real Estate Division on behalf of the Mayor's Office of Housing and Community Development (MOHCD) to consider the following as for a General Plan Referral:

- Jurisdictional transfer of the 735 Davis parcel from SFPW to MOHCD;
- Ground Lease (99 years) between MOHCD and 735 Davis Senior, LP (the affordable housing developer) for 735 Davis Street;
- Issuance of revenue bonds to provide construction and permanent financing;
- Ground Lease (75 years) between Port and 88 Broadway Family, LP (the affordable housing developer) for 88 Broadway Street (SWL 322-1); and
- Pedestrian bulb-outs at 88 Broadway

Since the release of this General Plan Referral, the GPR's project description has changed. The City and County of San Francisco Real Estate Division is adding the approval of the gap loan.

This Note to the File clarifies that Case No. 2016-007850GPR considered the current project description, and that its finding of conformance with the General Plan as well as its environmental clearance still stands in light of the refined project description.

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Request For Proposals

For the development of new affordable housing for families and seniors on two undeveloped parking lots on the block bounded by Broadway, Front, Vallejo and Davis Streets in San Francisco

One parcel is located at 88 Broadway and is also known as:

SEAWALL LOT 322-1
(Assessor's Parcel Number 0140/007)

The second is a rectangular parcel adjacent to the first, running east from Seawall Lot 322-1 to Davis Street and is also known as:

DPW LOT
(Assessor's Parcel Number 0140/008)

Deadline for Submittals:
Monday, February 29, 2016 by 5:00 p.m.

Issued by:
**City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103**

Contact: Teresa Yanga
(415) 701-5515
teresa.yanga@sfgov.org

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1. Submittal Checklist
2. Proposal Metrics
3. Respondent Description
4. Projected Staffing Workload
5. Service Provider Experience
6. Disclosures

I. SUMMARY

In collaboration with and on behalf of the Port of San Francisco (“Port”), the City and County of San Francisco (the “City”), through the Mayor's Office of Housing and Community Development (“MOHCD”), is seeking submittals from qualified respondents to develop the Port-owned, vacant parcel located at the corner of Broadway and Front Streets (the “Port Site”) on the northern side of Broadway (Block 0140, Lot 007) and the City-owned vacant parcel adjacent to the Port Site and on its eastern side. This adjacent parcel (the “DPW Site”) is perpendicular to the Port Site and runs east from the Port Site to Davis Street (Block 0140, Lot 008). The DPW Site is also currently a parking lot owned by the Department of Public Works (“DPW”). DPW will transfer the DPW Site to MOHCD.

MOHCD and the Port are making these two sites available for simultaneous development of the following two Projects (collectively, the “Development”):

- affordable family rental housing over a ground level podium (the “Family Project”); and
- affordable senior rental housing over a ground level podium (the “Senior Project”).

MOHCD currently anticipates the Family Project will be developed on the Port Site and the Senior Project will be developed on the DPW Site. Both Projects will be “mixed use”, with ground level commercial space and potentially community-serving social service space on all four street frontages. The Family Project may also include parking as required by the Planning Code for the commercial space plus additional public parking if feasible. Additional parking may be included in the Senior Project assuming Building and Fire Code requirements permit access across the property line between the two sites.

The City desires that the Family and Senior Projects be designed and built simultaneously and as efficiently as possible. This goal appears best achieved with one lender and one investor within separate limited partner ownership structures. However, the City will support alternative financing/ownership arrangements to achieve the greatest cost efficiencies. Furthermore the large size of the two combined sites and the timing of their implementation during an unprecedented housing crisis across virtually all income levels has created the need for MOHCD to deviate slightly from its typical development goals. MOHCD’s goal for this development is that it addresses a wide range of housing needs in the most cost-effective way possible. Income targeting will be broader than typical, making the need for efficient design paramount. Details on particular objectives follow below in Section IV.

MOHCD and Port are seeking a Development that enhances the quality of life for its residents and its neighbors by providing high quality affordable housing along with vibrant retail activity and community-serving facilities in a development that is designed to fit well into its urban context.

Respondents to this Request for Proposals (“RFP”) must be comprised of the following: one or more San Francisco based non-profit developers in a joint venture where at least one of the nonprofit developers is San Francisco-based, or a qualified for-profit developer working in partnership with a San Francisco-based nonprofit developer (the “Developer”); a property manager; an architectural team with San Francisco experience; a retail/commercial designer/planner/consultant; and one or more qualified supportive service providers with

experience serving the target populations. All members of each team (collectively the “Respondent”) will be evaluated according to the criteria set forth below, including experience with comparable Family and Senior Projects, proposed development concepts, and financing and resident services plans.

On April 30, 2014, the Port and MOHCD entered into a Memorandum of Understanding (“MOU”) setting forth the terms and conditions under which the Port allowed MOHCD to solicit a developer to enter into a lease with the Port for the development of affordable housing on Seawall Lot 322-1, the Port Site. MOHCD has accepted this delegation of the Port’s required solicitation process and this RFP incorporates the appropriate terms and conditions typically included in the Port’s development opportunity offerings.

The Port Site’s development will proceed under a long-term ground lease with the Port or MOHCD, subject to Port Commission approval. The Lease will be consistent with the Port’s standard leasing provisions as delineated in Exhibit B. Overall asset management and oversight of the lease will be delegated by the Port to MOHCD should the lease be between the Port and the selected developer. The actual terms of the Lease will be negotiated with Port staff and are subject to final approval by the Port Commission and by the San Francisco Board of Supervisors (the “Board”). Pursuant to the MOU, the Port’s compensation for the land will be Jobs Housing Linkage Program (“JHLP”) credits from MOHCD to be used to offset JHLP obligations of future private developments on other Port-owned properties.

The DPW Site’s development will proceed under a long-term ground lease with MOHCD. The Lease will be consistent with MOHCD’s standard leasing provisions.

The selected Respondent under this RFP must agree to promote community participation and ensure openness and transparency in the development process by consulting with and regularly updating the Northeast Waterfront Advisory Group (“NEWAG”), the Seawall Lot 322-1 Working Group, and other neighborhood groups expressing a desire to participate in the planning of the Development.

The Goals of this RFP are:

- (1) To pursue the affordable housing production goals articulated in the Housing Element of the City’s Master Plan (adopted April 27, 2015) http://www.sf-planning.org/ftp/general_plan/2014HousingElement-AllParts_ADOPTED_web.pdf and in MOHCD’s 2015 Consolidated Plan <http://sf-moh.org/modules/showdocument.aspx?documentid=8270>.
- (2) To select a qualified Respondent that can develop, own, and operate the Development in a professional, sustainable, and expert manner;
- (3) To ensure that the Development will be developed in a manner consistent with the Development, Design and Financial Objectives described in this RFP.

II. IMPORTANT DATES AND SUBMISSION PROCESS

A. Important Dates

| | |
|---|--|
| RFP issued by MOHCD | Friday, December 4, 2015 |
| Pre-submission meeting at MOHCD | Thursday, December 17, 2015 at 3:00PM |
| Deadline for questions and requests for additional information | Monday, December 21, 2015 |
| Proposal Submission Deadline | Monday, February 29, 2016 |
| Preliminary Scoring for Minimum Qualifications by Selection Panel and Notice to Respondents | By Friday, March 11, 2016 |
| Developer team interviews (if necessary) | Week of March 21, 2016 |
| Director of MOHCD review/approval of recommended development team | Week of April 4, 2016 |

B. Pre-Submission Meeting

A pre-submission meeting will be held at MOHCD (1 South Van Ness Avenue, 5th floor), on **Thursday, December 17, 2015 at 3:00 p.m.**. The purpose of the meeting is to ensure that all teams understand the programmatic design, financing, scoring and submittal requirements. Although attendance at the pre-submission meeting is not mandatory, it is highly recommended.

C. Questions and Requests for Information

Questions raised at the pre-submission meeting may be answered orally. If any substantive new information is provided in response to questions raised at this meeting, it will also be posted on the MOHCD website (<http://sf-moh.org/index.aspx?page=322>) and will be emailed to all parties that have attended the pre-submission meeting or otherwise requested that they be included on the RFP emailing list. Subsequent to this meeting, questions or requests for interpretation will only be accepted by email and all questions and responses will be answered by email and posted on the MOHCD website. No questions or requests for interpretation will be accepted after **5:00 p.m. Monday, December 21, 2015**. Emailed questions and information requests should be submitted to Teresa Yanga at: teresa.yanga@sfgov.org and Faith Kirkpatrick at faith.kirkpatrick@sfgov.org.

D. Submittal Date and Method

Submittal of **10** hard copies of the Proposal must be received by the MOHCD receptionist and an emailed copy sent to teresa.yanga@sfgov.org and to faith.kirkpatrick@sfgov.org no later than **5:00 p.m. February 29, 2016**.

III. BACKGROUND

A. Port Site History

The Port Site is subject to the public trust requirements set forth in the Burton Act and administered by the California State Lands Commission. Trust-consistent land uses include maritime, public open space and recreation, and visitor-oriented uses that attract people to the waterfront. Residential uses are not generally consistent with the Trust. Construction on Port property is subject to the requirements of the Port Building Code, as enforced by the Port's Chief Harbor Engineer, and is not subject to the City's Building Code. However, the Port will consider using the City's Department of Building Inspection (DBI) as a consultant to handle the permitting/enforcement responsibility of the Port Building Code for the Development. The Port will retain jurisdiction and will stamp the permits/approvals with DBI carrying out the review and inspection.

Today, the original maritime and industrial uses that once occupied the privately owned portions of the Northeast Waterfront Area have been converted or redeveloped for housing and commercial uses. The Port Site is one of the few remaining Port-owned seawall parcels on the west side of The Embarcadero and represents one of the last remnants of this former industrial district. The Port's Waterfront Land Use Plan anticipates that development of its remaining seawall lot parcels in the area will eventually include a similar program of development that complements the development trend in the area, including Golden Gateway, Barbary Coast, Levi's Plaza, and the Northeast Waterfront Historic District.

In 2007, State Senate Bill 815 authorized the Port to lease certain seawall lots for non-Trust purposes including housing, for a period of up to 75 years at fair market value to generate revenues for the Port's Harbor Fund. The bill found that certain seawall lots were no longer useful to the public trust because they were cut off from the water and represented a small portion of the Port's Trust portfolio.

In 2012, State Assembly Bill 2649 (AB 2649) added Seawall Lot 322-1 to the SB 815 lots that could be temporarily leased for non-Trust uses and authorized the Port to lease the Port Site at less than fair market value as long as the State Lands Commission finds, among other things, that: (1) Seawall lot 322-1 is no longer necessary for public trust or Burton Act trust purposes; and (2) lifting the use requirement of the public trust, the Burton Act trust, and the Burton Act transfer agreement until January 1, 2094, is in the best interest of the state. Under AB 2649, the Port is authorized to provide a rent credit or the waiver or deferral of rent in connection with a nontrust lease of Seawall Lot 322-1 at an effective rent that is below fair market value if the California State Lands Commission finds that: (a) the nontrust lease is for affordable housing, and, if the affordable housing is within a mixed-use project, the non-residential uses do not also benefit from the rent credit, waiver, or deferral; and (b) the Port applies the value of the rent credit, waiver, or deferral that it provides for the nontrust lease of Seawall Lot 322-1 as an offset against fees or other exactions or obligations that would otherwise be levied or imposed on development projects at Pier 70. AB 2649 also requires that as a condition for commencing vertical construction on Seawall Lot 322-1 after the above noted findings have been made that the Port must obtain a certificate of appropriateness or a comparable determination of

compatibility of the development with the historic character of the surrounding area, as provided under the City's Planning Code. Developer will be subject to the requirements and limitations imposed by AB 2649 and must cooperate with MOHCD and Port to comply with such requirements and limitations.

In the same year, the Board of Supervisors adopted Ordinance No. 232-12, authorizing the Port and MOHCD to enter into an MOU providing for the Port to receive Jobs Housing Linkage Program ("JHLP") credits equal to the difference in value between a Port below-market lease to an affordable housing developer of the Port Site and the Port Site's fair market value. The ordinance also authorized the Port to use these credits to offset JHLP obligations of future private developments on other Port non-Trust lands.

According to a 1998 Phase I Site Assessment of Seawall Lot 322-1 and other adjacent parcels, both the Port and DPW Sites were part of the San Francisco Bay until at least 1853. Between 1853 and 1884 the area, along with all other seawall lots, was filled and cut off from the waterfront by the construction of the great seawall as part of the Embarcadero Roadway Project. Historic uses of this and adjacent sites include a wood and coal yard, a blacksmith shop, a gasoline service station and automobile parking.

B. The Development Site

The Port Site and the DPW Site are collectively referred to as the "Development Site."

The Port Site (Block 0140, Lot 7) is a single, paved, flat, rectangular, 37,813 square foot lot, 275' long (along Front Street between Broadway and Vallejo) by 137.5' deep on the southwest corner of Broadway and Front Streets. The DPW Site (Block 0140, Lot 8) is also a single, paved, flat, rectangular lot, measuring approximately 137.5 long by 78.58' wide (approximately 10,805 square feet), with its eastern edge running along the western side of Davis Street mid-block between Broadway and Vallejo. <http://50.17.237.182/BlockBooks/AssessorBlock0140.pdf>

Both Sites are currently being used as surface parking lots.

C. Soil Conditions

For purposes of this RFP, it is assumed that since the Port Site and DPW Site are located on former tideland, piles will be needed to support any significant development.

The 1998 Site Assessment of Seawall Lot 322-1 found it likely that some or all of the soil excavated from the site would be classified as hazardous and recommended a targeted subsurface soil and groundwater investigation prior to any construction activities at the Development Site. Depending on the findings of future investigation, special soil/groundwater management, worker health and safety measures, and/or remediation are likely to be required during construction. The Baseline Environmental Consulting, Phase I Site Assessment Report, October 1998 can be found on MOHCD's website along with this RFP

(<http://www.sfmohcd.org/index.aspx?page=322>). It is assumed the DPW Site has similar soil conditions.

D. Zoning, Land Use Restrictions

The Development Site is currently zoned C-2 Community Business with a 65-X height limit. <http://www.sf-planning.org/index.aspx?page=1582>.

See also: Planning Code Section 213. Uses Permitted in C, M, and PDR Districts.

http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco_ca.

Among Planning and zoning requirements are the following:

- FAR: 5 to 1; maximum gross square feet of development potential is 189,000 square feet for the Port Site, 50,829 square feet for the DPW Site.
- Street Frontages: Active uses must line all public frontages, in this case three sides of the Port Site and one side of the DPW Site, for a depth of at least 25 feet. Active uses include offices, stores, restaurants, bars, cafes, lobbies, etc. Residential uses are considered active uses above the ground floor and on the ground floor as long as certain conditions are satisfied. (see Planning Code Section 145.1) Additionally all ground floor uses are subject to MOHCD's approval.
- Ground level Fenestration: All street frontages containing active uses must be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level and allow visibility to the inside of the building.
- Ground level Ceiling Height: Non-residential uses must have a floor-to-floor height of at least 14 feet.
- Curb Cuts: No curb cuts are permitted on Broadway.
- Commercial Parking: Will require Conditional Use Authorization.
- Licensed childcare facility serving non-resident children is a permitted use.
- Community-serving social service facility of a "charitable or public purpose nature" is a permitted use.

The Development Site is located in the Northeast Waterfront Historic District and is subject to the Secretary of Interior Standards and to the requirements described in Appendix D to Article 10 of the SF Planning Code and the Conservation Guidelines in Policy 6.8 of the San Francisco General Plan which state that *"New development in historic or conservation districts should respect the existing development pattern and scale, height of adjacent buildings, open space corridors in the interior of the block, facade design and rhythm, and special features characteristic of buildings in the particular district."*

The Development Site is also located in Waterfront Special Use District 3 and is subject to the Waterfront Design Review Process as described in Planning Code Section 240(c)(1).

Additional relevant controls and design guidelines include the following:

- The Port's Waterfront Land Use Plan, <http://www.sfport.com/index.aspx?page=199>

- The City Planning Department's Northeastern Waterfront Subarea Plan, http://www.sf-planning.org/ftp/general_plan/NE_Waterfront.htm; and
- The Planning Department's Northeast Embarcadero Study: <http://sf-planning.org/index.aspx?page=1662>.

A January 2015 analysis of the zoning controls and requirements for Seawall Lot 322-1 by Planning Department staff can be found on MOHCD's website along with this RFP (<http://www.sfmohcd.org/index.aspx?page=322>).

E. 2015 Massing Design Study

In the spring and summer of 2015, an analysis of the neighborhood and a massing design study of the Development Site was completed by Mark Cavagnero Associates / Cary Bernstein Architects joint venture, and presented at a community design workshop to elicit community feedback. The community workshop presentation containing the massing design study and neighborhood analysis and the community feedback received at the workshop can be found on the MOHCD website along with this RFP (<http://www.sfmohcd.org/index.aspx?page=322>).

At the time this massing design study was undertaken it was not yet certain that the DPW Site would be made available. Consequently the massing design study presents development on the DPW Site as an alternative to developing only the Port Site. The massing design study and community feedback informed this RFP's design goals and objectives and should be taken into account in the proposed design submittal for this RFP.

IV. DEVELOPMENT PLAN ELEMENTS

A. DEVELOPMENT PROGRAM

1. Development Program Objectives:

a) HOUSING:

- To provide badly needed housing while enhancing the ambience and attractiveness of the neighborhood within the context of other development, design and financial objectives.
- To provide family rental housing affordable to low- and very low-income families and housing affordable to moderate-income families to the extent it can be funded by appropriate local financing sources.
- To provide senior rental housing affordable to low- and very low-income seniors and housing affordable to moderate-income seniors to the extent it can be funded by appropriate local financing sources.
- To provide permanent supportive housing for formerly homeless households by setting aside 20% of the units for such households. Homeless families will have at least one minor child under the age of 18 and be referred by the Human Services Agency (HSA). Homeless seniors will be referred by the Department of Public

Health (DPH). Inclusion of homeless set-asides for both Projects is dependent upon HSA/DPH funding. In addition, if requisite City funding becomes available, the City may require the developer to expand the 20% set-aside for the Family Project to include households at-risk of homelessness due to severe rent-burden and overcrowded occupancy in SRO units.

- To provide access to appropriate supportive services for residents of all ages and incomes in need, but particularly the formerly homeless residents to facilitate housing retention, personal and family educational, social and economic growth and to encourage the building of a safe, secure and stable community.

b) **COMMUNITY BENEFITS:**

- To the extent they are feasible, to include in the Development, community-oriented amenities, such as a child care center or an after-school program open to residents and non-resident children and a senior center open to resident and non-resident seniors. A child care center serving infants and toddlers is encouraged.

c) **COMMERCIAL USES:**

- To maximize to the extent feasible ground floor active commercial uses along all street frontages after accounting for other priority uses such as a community center accessible to the public, with preference for neighborhood serving retail such as a cafe, small market, hardware store, or bookstore. Space should be designed so as to appeal to a broad range of possible commercial tenants.

d) **PARKING:**

- To include parking in the area remaining on the ground floor after accounting for (1) retail/commercial space located on the perimeter of the Development along all adjacent streets; (2) ground level community facilities, if any, such as a senior center open to non-residents as well as residents; and (3) other building services needs such as space for mechanical and electrical equipment, trash collection, loading and unloading, and circulation with the parking spaces screened from the street by the retail and other spaces that wrap around them. Assume no residential parking.
- To assign parking to building uses as a first priority. All other available parking spaces to be leased by the Port to a parking operator. The parking that can be leased to a parking operator is subject to Port's financial feasibility determination at its sole discretion.
- To include Car Share parking either sheltered (under the podium) or on one or more adjacent streets.

2. Housing Program Objectives:

a) **INCOME TARGETING:**

- Middle income units will be required for both sites, in an amount not to exceed 25% of total units, though a lower percentage is acceptable. The goal here is to create a meaningful component of middle income units while maintaining financial feasibility.

- For the Family Project, up to 25% of all units may be targeted to moderate-income households, those households earning up to 120% of San Francisco Area Median Income. The remaining units, except for the units for the formerly homeless households, should be targeted to households earning up to 60% of San Francisco Area Median Income.
- For the Senior Project, up to 25% of all units may be targeted to moderate-income households, those households earning up to 70% of San Francisco Area Median Income (these units should be eligible for Low Income Housing Tax Credits). The remaining units, except for the units for the formerly homeless households, should be targeted to households earning up to 50% of San Francisco Area Median Income.
- 20% of units in the Family Project must be set aside for formerly homeless families and 20% of the units in the Senior Project must be set aside for formerly homeless seniors, both of which groups will earn no more than 30% of San Francisco Area Median Income.
- For both Projects, respondents are encouraged to offer units at a range of income levels below the maximum to the extent it is financially feasible to do so.

b) **MAXIMUM RENTS:**

- Maximum rents will be set at 30% of the targeted incomes and only families and seniors whose incomes are at or below the targeted incomes will be eligible to occupy the housing.

c) **MINIMUM NUMBER, MIX AND SIZES OF HOUSING UNITS:**

- At least 120 units must be proposed in the Family Project, including 15% of the units as 3-BR units;
- At least 50 units must be proposed in the Senior Project, with 70% 1-BR units and 30% studio units.
- All unit sizes must meet or exceed the CTCAC Tax Credit Program regulations with respect to unit sizes for Large Family and Senior housing.

d) **OCCUPANY PREFERENCES:**

- The selected Respondent will retain final selection authority over all resident applicants. Nevertheless, apart from the units set aside for homeless or other special needs families, the following preferences will apply to the Development's lease-up, in the order provided below.

| Preference | Respondent Category |
|------------|---|
| 1. | Certificate of Preference Holders |
| 2. | Ellis Act Certificate of Preference Holders (unless State HCD funding is used), subject to proposed amendments. |
| 3. | Neighborhood Preference, subject to Board of Supervisors approval. |

e) **AFFIRMATIVE MARKING PLAN:** Respondents must include a draft Affirmative Marketing Plan in their responses to this RFP. The plan may include specific outreach toward North-Beach/Chinatown/Telegraph Hill-based tenants displaced by Ellis Act evictions.

3. Design Objectives: The overall development concept and preliminary site plans proposed by Respondents will be evaluated on the basis of the degree to which they achieve the Design Objectives described below.

These Design Objectives were developed with input from the Seawall Lot 322-1 Working Group and community stakeholders who participated in the Community Design Workshop. These Design Objectives apply to the Development taken as a whole and will be used to evaluate and score Respondents' development concept and preliminary site plans.

(Note: Some portion of the costs associated with the architectural analyses required to respond to this RFP may be reimbursable by MOHCD. See Section VI. E. 4. below for more information regarding potential MOHCD resources for this purpose.)

a) **HOUSING HABITABILITY:** to ensure the overall habitability of the housing and the comfort, security and stability of its residents by providing:

- Appropriately sized units and unit layouts;
- Appropriately located and accessible interior resident amenities such as on-site laundry facilities, teen computer labs, counseling rooms, community gathering spaces, front desk, large welcoming lobby area, etc.;
- Exterior amenities such as open spaces accessible only to residents that take into consideration 1) what passive and active outdoor activities will best support the tenants at differing ages; 2) analysis of sun/shade patterns; 3) potential views and vistas; and 4) relationship to adjacent interior uses.

b) **URBAN DESIGN:**

- To maintain the overall scale and basic character of the Northeast Waterfront Historic District by considering the Secretary of Interior Standards as fundamental criteria for the design along with Appendix D to Article 10 of the SF Planning Code:
[http://www.amlegal.com/nxt/gateway.dll/California/planning/planningcode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco_ca\\$sync=1](http://www.amlegal.com/nxt/gateway.dll/California/planning/planningcode?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$sync=1).
- To conform to the urban design of the adjacent area including the stepping down of building heights in the area from west to east along Broadway towards the waterfront.
- To locate residential entrance(s) on Front, Vallejo or Davis but not on Broadway. If parking is provided, consider locating the parking entrance on Vallejo.
- To reinforce the city street pattern, including mid-block passages, provision of substantial street trees and plantings along the sidewalks, and thoughtful landscaping.

- To provide separation and visual transition between adjacent buildings by providing publicly accessible mid-block pedestrian alleys and pocket parks or equivalent alternative design concepts.

c) HEIGHT, BULK AND MASSING:

- To build within the 65 ft. height limit on the Port Site with massing step-downs toward the waterfront and build within 50 ft. height on the Davis Street frontage of the DPW Site.
- To avoid creating a “wall-like” effect on any façade facing a public street, but particularly Broadway and Front Streets by breaking the façade with setbacks on the upper floors and/or other architectural details to reduce apparent visual massing.
- To ensure that the construction type and materials relate to the Developments’ context and location in the Northeast Waterfront Historic District as outlined in the Neighborhood Analysis findings in the community design workshop presentation. See: <http://www.sfmohcd.org/index.aspx?page=322>.
- To consider the scale of neighborhood warehouse buildings when making massing adjustments.
- To consider the appearance of the roof(s) from above (i.e. from Telegraph Hill) by minimizing roof structures, including elevators, stair and mechanical penthouses, and incorporating attractive potential resident amenities such as roof decks, landscaping, open space.

d) FACILITATION OF ACTIVE USES ALONG STREET FRONTAGES:

- To comply with the site’s C-2 zoning requirements for active uses along the Broadway, Front, Vallejo and Davis Street frontages by exceeding the code required minimum 25 ft. depth for such uses wherever feasible.
- To design the commercial spaces at ground level in a manner that will facilitate neighborhood-serving retail such as a cafe, small market, hardware store, or bookstore with an emphasis on commercial uses on Broadway.
- To further encourage activation of street frontages where feasible by maintaining sidewalks wide enough to accommodate seating for commercial space customers.

e) NEIGHBORHOOD/COMMUNITY AMENITIES:

- To provide benefits to the broader community by incorporating, to the extent they are feasible, community-oriented amenities such as an after-school program open to older non-resident children and a senior center open to non-resident seniors.
- To provide design amenities such as “pocket parks”, landscaped open space at least visually accessible to the public, or a mid-block corridor or alley for pedestrian passage through the Development during daylight hours.

f) SUSTAINABILITY:

- To maximize the overall sustainability of the Development to the extent possible through the integrated use of sustainable building elements, including those that improve indoor air quality, reduce resource consumption, and approach zero-energy consumption.

- To meet or exceed the requirements of the 2013 San Francisco Green Building Code, California Title 24, and the California Tax Credit Allocation Committee regulations regarding sustainable buildings. See: <http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities/resources/tools>, <http://www.greenaffordablehousing.org/>, and www.ecodistricts.org.

B. RESIDENT SERVICES

1. Services Plans:

- a) Respondents must include a trauma-informed systems services plan (“Services Plan”) for each Project that demonstrates an understanding of the housing and services needs of low-income families and seniors respectively, including formerly homeless households who have experienced chronic trauma.
- b) The Services Plans should include access to and coordination with mainstream community services, subcontracted and/or partner services, and a commitment by each service provider to coordinate with onsite supportive services and property management through regularly scheduled meetings to ensure sound operational and building management practices.
- c) The Services Plans must include a description of the minimum services to be provided and the estimated frequency of proposed services, indicating, as appropriate, services specifically geared for homeless households and those targeted for the non-homeless households. Examples of the services activities the supportive services staff performs may include:
 - Early intervention with Property Management in Resident Selection to conduct assessments.
 - Ongoing outreach and engagement of the tenant population, with specific emphasis on children, teens and seniors.
 - Assist families with overcoming disorganization due to homelessness, mental health concerns and adverse childhood experiences.
 - Engage with service providers that promote safety and stability in home and in community residing within the building.
 - Collaborate with other trauma informed services providers to teach self-reliance and empowerment with adults and teens.
 - Conduct aggressive outreach to outside providers to teach, coach and mentor adults and teens on various key areas, i.e. hoarding and cluttering, domestic violence and hunger security.
 - Establish connections with key service providers such as nursing programs, workforce development, legal aid and beauty and barber.
 - Help accessing benefits and educational opportunities as appropriate.
 - Trauma informed system that includes ongoing training for services staff and property management teams

- Develop knowledge, skills and ability to engage and assess formerly homeless families and individuals in collaboration with property management during the resident selection period.
- Substance abuse treatment with a focus on harm reduction.
- Referrals and assistance with accessing primary medical care and other community services as needed and connection with neighborhood community clinics.
- Referrals and assistance with accessing to basic needs such as clothing and food.
- Eviction prevention support and referrals.
- Referral to supported pre-vocational/vocational activities appropriate for the skill level of residents of the building.
- Early intervention on issues that may affect housing stability.
- Referral to or assistance in solving legal, financial or school system problems.
- Coordination of tenant's involvement with property management.
- Adult education, employment skill development, and job placement and retention services.
- Referral to learning opportunities for adults where literacy issues have been noticed or requested.
- Referral to and onsite support for mental health and substance use management and recovery.
- Parenting support and life skills coaching using trauma informed parenting providers.
- Conflict resolution among tenants using trauma informed principles.
- Recreation, community building, social, and/or other group programming.
- Children and youth services including academic support, after school enrichment, recreation, youth development and counseling services.
- Referral to services for seniors such as Meals on Wheels, IHSS, and senior-specific activities and services providers.

d) The Services Plans must also include staffing information (number of FTEs or percent thereof, type of services staff, roles of services staff), for both the homeless and non-homeless units. Services for the homeless units must be provided through a case manager to unit ratio of no less than 1 case manager for every 35 units.

2. Services Funding:

- a) For the non-homeless residents: services must be funded through at least 1 FTE coordinator position in the operating budget.
- b) For the formerly homeless residents: services for families will be funded separately by the Human Services Agency ("HSA") and services for seniors will be funded by the Department of Public Health ("DPH"), up to a 0.5 FTE, through direct contracts with the Projects' service providers.
- c) Respondents should budget \$350 per unit per month in services funding for the formerly homeless units.

d) Services funding will be conditioned on continuous compliance with the terms of the Respondent's Local Operating Subsidies Program ("LOSP") agreements with MOHCD.

C. COMMUNITY OUTREACH AND TIMELINE

1. Community Outreach:

- a) The selected Respondent will be required to consult with the Northeast Waterfront Advisory Group ("NEWAG"), the Seawall Lot 322-1 Working Group, and other neighborhood groups in the planning of the Development and to update the community on the Development's progress.
- b) The selected Respondent will be required to do targeted outreach to community stakeholders and organizations in the Chinatown neighborhood and other low-income communities of color and provide language translation for any mono-lingual participants of targeted stakeholder outreach.
- c) The Respondent will also be required to participate in Port-sponsored community outreach meetings for stakeholders to provide comments on the proposed Development. Prior to the Commission's consideration and approval of the proposed ground lease and necessary related rights. Respondent will be required to update the Port Commission on Respondent's efforts to engage the community in the planning process
- d) Respondent will be expected to meet with community representatives at least twice during the Schematic Design phase and at least one during the Design Development phase.
- e) Respondent must submit a community outreach plan that outlines outreach efforts required above and any additional outreach the Respondent plans to undertake during the development process.

2. Timeline for Implementing the Development:

| | Target |
|--|--|
| Port Determines Parking Garage Feasibility | Within 120 days of MOHCD selecting developer and receipt of all documentation necessary to determine feasibility |
| Port Approval of Ground Lease and necessary associated rights with Selected Developer. The lease term will include the approximately 2-year construction period. | Within 36 months from MOHCD entering into predevelopment loan with Selected Developer |

D. PRELIMINARY FINANCING PLANS

Because the Family Project and the Senior Project will be owned and financed separately, Respondents must provide a complete and separate Preliminary Financing Plan for each Project. These Plans must have a goal of maximizing economies of scale and efficiencies with development and construction and will be scored on the basis of their overall feasibility, the degree to which they minimize local gap financing and the degree to which they reflect innovative thinking about sources and uses, including creative ways to save on both capital and operating costs. The Plans should include the following elements.

1. Residential Sources & Uses Budget. Respondent should submit a feasible Sources & Uses budget for each Project that includes the following:

- a) HOUSING DEVELOPMENT SOURCES, including, but not limited to:
- 4% low-income housing tax credits and tax-exempt bond financing (9% LIHTC proposals will not be accepted).
 - Federal Home Loan Bank Affordable Housing Program funds.
 - Additional, non-MOHCD sources of funds that meet the City's affordability goals and reduce to the greatest extent feasible required MOHCD gap funding, including State of California Affordable Housing and Sustainable Communities (AHSC) funding.

For purposes of preparing Preliminary Financing Plans in response to this RFP, Respondents should assume that no reduction in the calculated maximum AHSC award will be required by MOHCD at the time of application.

- MOHCD gap funds (in the form of a 55-year, residual receipts loan), minimized to the greatest extent feasible by other funding sources.

b) HOUSING DEVELOPMENT COSTS including:

- All soft and hard construction costs that are exclusive to each Project such as architectural and engineering expenses for the interior spaces, the full costs of vertical construction of each level of the Family and Senior Project, permitting and applicable City fees exclusive to each Project, financing costs, and marketing and lease-up costs that pertain to each Project.
- All soft costs that are shared by both Projects, such as the shared schematic architectural plans for the entire Development and the soft and hard costs of environmental remediation, if any, but reflected separately in the Family and Senior financing plans.

For purposes of preparing Preliminary Financing Plans in response to this RFP, all shared costs should be assigned to each Project based on each Project's relative Gross Square Feet ("GSF"). For example, if the Family Project is 97,000 GSF (excluding foundation and podium) and the Senior Project is 45,000 GSF, such costs should be assigned 68% to the Family Project and 32% to the Senior Project. This approach to

assignment of shared costs is only for purposes of responding to this RFP and may be modified once Respondent has been selected and development of final financing plans is undertaken.

- Respondents can assume they will receive two developer fees for the separate financing plans but the developer fee of both Projects must be consistent with MOHCD's Developer Fee Policy for Tax Credit projects.
- Construction cost estimates should reflect current construction costs and exclude escalation assumptions.

c) 1ST FULL YEAR HOUSING OPERATING BUDGETS:

- Operating Income, including:
 - Tenant-paid rents for formerly homeless households (exclusive of utilities) of \$200 PUPM for 1BR units and \$225 PUPM for 2BR and 3BR units. Actual tenant-paid rents for formerly homeless family units will be based on 30% of their incomes and tenant-paid rents for the formerly homeless senior units will be based on 50% of their incomes.
 - Tenant-paid rents for non-homeless households at appropriate AMI levels (see RFP Section IV.A.2.) set according to the current MOHCD "Maximum Monthly Rent by Unit Size" schedule found on MOHCD's website: . <http://www.sf-moh.org/index.aspx?page=24>.
 - Revenue from commercial space for-profit activities that cross-subsidize Housing Operations.
 - Funding from the City's Local Operating Subsidy Program ("LOSP"), through a 15-year contract with MOHCD, to cover the difference between tenant-paid rents in LOSP units and operating expenses attributable to LOSP units. LOSP operating subsidy calculations should account for all typical costs of operations, reserves and fees on a pro-rata basis. LOSP subsidies may not be used to pay hard debt service.

Developers should assume LOSP subsidies based on a pro-rata share of expenses only for the purpose of modeling their submissions; in order to control LOSP contract values, the City may require cross-subsidization from higher-income units to offset operating expenses.

- Operating Expenses, including:
 - 24-hour desk coverage for the Family Project every day; modified coverage for the Senior Project.
 - All typical costs of operations, including annual reserves deposits, administrative and management fees, hard debt service payments, and other expenses in conformance with MOHCD's Underwriting Guidelines.
 - The operating budget should exclude support services such as case management and counseling but may include one FTE Services Coordinator/Connector.
 - For scoring purposes, Respondents should highlight any innovative operating cost controls and their relationship to the leveraging of conventional debt.

- A 20-Year Cash Flow Projection, including:
 - Annual income increases at 2.5%
 - Annual expense increases at 3.5%
 - Typical waterfall surplus cash distributions including, as applicable, deferred developer fee, soft lender payments, incentive management fees, and ground lease payments, all in conformance with MOHCD's Underwriting Guidelines and Asset Management Fee Policy.

2. **Commercial Space Financing, including:**

a) CAPITAL SOURCES AND USES (one for each of two types of commercial space):

- For development of commercial spaces to be occupied by tenants engaged in profit-making activities, such as commercial retail activities that are strictly for-profit and do not cross-subsidize the residential Projects above the podium, such as public parking from which the Port collects the revenue. ("Non-Public Benefit Spaces").

Non-Public Benefit Spaces must be wholly and separately financed, including the commercial space shell costs, pro-rated shares of foundation and podium costs, and tenant improvement costs. See MOHCD's Policy on the Development and Funding of Commercial Space in Housing Developments Funded by MOHCD at <http://sf-moh.org/Modules/ShowDocument.aspx?documentid=4881>.

- For development of spaces to be occupied by tenants engaged in public benefit activities, such as a senior center, childcare center, or after school program or by for-profit retail activities that cross-subsidize housing operations or other public benefit activities ("Public Benefit Spaces").

The unfinished commercial shells of Public Benefit Spaces may be financed in whole or in part with housing capital financing such as low income housing tax credits and MOHCD financing to the extent such financing satisfies the conditions described in MOHCD's Commercial Space policy and tax credit regulations.

b) 1st FULL YEAR OPERATING BUDGETS FOR EACH CATEGORY OF COMMERCIAL SPACE including:

- Revenue assumptions, including per square foot lease rates, vacancy rates and operating expenses, including reserves pursuant to MOHCD's Underwriting Guidelines for commercial spaces.

Revenue from for-profit activities that cross-subsidize Housing operations should be included in the Housing operating budget.

3. **Public Parking Cost Estimate.** Respondents must submit a preliminary development cost estimate for the parking spaces that will be available for public parking to be controlled by the Port ("Public Parking"). This cost estimate should be based on the pro-rata share of the following development costs: foundation, vehicular ingress and egress, hard construction costs, mechanical and electrical costs, and direct soft costs limited to architectural and

engineering costs, but excluding entitlement, financing, legal and community outreach costs. Calculation of the pro-rata share of these costs must be based on unit-measurements capable of capturing the incremental cost of including Public Parking in the Development.

Projected operating costs and 20-year cash flow projections for such parking are not required.

During the predevelopment phase of the Development and by the completion of conceptual design, the selected developer will be expected to prepare a more detailed development cost estimate to assist the Port in determining the feasibility of owning and operating the Public Parking, including:

- the incremental construction costs attributable to the Public Parking;
- the incremental soft costs attributable to the Public Parking, such as architectural/engineering fees; and
- any other costs directly and solely associated with development and the separate ownership of Public Parking in the Development.

4. Ground Leases. For the Port Site, Respondents should assume an initial term until December 31, 2093 pursuant to AB 2949, and an initial term of 75-years with an option to extend for a full 99-year term for the DPW site. Annual base rents shall be set at \$15,000 for each Site and should be included as an annual operating expense. The eventual transfer of the Development Sites to the selected Developer/Owners under the ground leases will be “as is” with respect to physical, environmental and regulatory conditions, including, but not limited to, any liabilities for remediation of toxic materials that may be present.

5. Underwriting Guidelines. All submissions must conform to MOHCD’s most current Underwriting Guidelines (<http://sf-oh.org/Modules/ShowDocument.aspx?documentid=2578>) and other published MOHCD policies, such as its Developer Fee Policy.

6. Predevelopment Funding. MOHCD will provide up to \$3,000,000 in predevelopment funding to the selected Respondent, subject to the Respondent’s demonstration of its compliance with the City’s vendor requirements and approval by the San Francisco Citywide Affordable Housing Loan Committee.

V. SELECTION PROCESS, SELECTION CRITERIA AND SUBMITTAL REQUIREMENTS

A. Selection Process

MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements.

A Selection Panel will be appointed by the Director of the Mayor’s Office of Housing and Community Development composed of persons with expertise in the areas of development, affordable housing financing, architecture, property management and resident supportive services, at least one of which will represent the surrounding community. The Selection Panel will interview all Respondents who meet the RFP’s minimum qualifications, at which time

Respondents will be asked to present and explain the major characteristics of their proposal, particularly as they relate to the Scoring Criteria, and respond to questions from the Selection Panel. After all interviews have been completed, the Selection Panel will meet to determine the final ranking of all responses and present this ranking to the Director.

The Selection Panel's scoring of each proposal will be done by consensus and will be final: no appeals of the scores determined by the Selection Panel will be accepted.

The Director will then select a development team, and MOHCD and Port will exclusively negotiate ground leases for the Development Sites for purposes of their development in accordance with the terms of this RFP.

B. Minimum Experience and Capacity Qualifications

All respondents must meet the following Minimum Experience and Capacity Qualifications in order to qualify for selection under this RFP:

1. Development Team Characteristics: Since the Development includes two separately financed, owned and operated Projects, Respondents' Development Team's must have sufficient experience and capacity to design, develop, own, manage and provide appropriate services for both Projects.

Respondents must identify one Lead Developer and one Lead Architect with responsibility for designing and developing the entire Development as a whole. In addition, the Development Team must be composed of the following:

- At least one San Francisco-based non-profit housing developer with experience developing housing for both very low-income families (for the Family Project) and for low-income seniors (for the Senior Project);
- An architectural firm with experience in design and construction of mixed use multifamily housing for families and/or for seniors in San Francisco.
- A commercial space consultant with expertise in retail and store planning, design and marketing in San Francisco.
- One or more property management entities with experience managing low- and very low-income affordable housing in San Francisco for families and/or for seniors;
- One or more service-providing entities with experience providing services appropriate for low-income families and/or seniors, including formerly homeless households.

Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the developer must be submitted with the application.

2. Development Team Minimum Experience Qualifications

Minimum Developer Experience: The Lead Developer itself or in partnership with other co-developers must provide evidence of the following experience:

- New Construction of at least one 90-unit or larger Type IV or Type I development targeting families or seniors (completed or entitled) in the past 5 years;
- Past experience with each of the following:
 - New affordable housing for low income families and for low income seniors;
 - Supportive housing for formerly homeless families or seniors;
 - Mixed use residential/commercial development.
 - Development of housing in San Francisco
 - Low Income Housing Tax Credit financing.

For joint venture Development partners, the experience of either entity may suffice for the joint-venture partnership. A Memorandum of Understanding between joint venture Development partners must be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive Project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process. The contract for development services must be submitted with the RFP response and must be acceptable to MOHCD.

Minimum Ownership Experience: The proposed Owner(s) of the Family and Senior Projects must have owned at least one affordable family or senior project in San Francisco for at least 5 years prior to the Submittal Deadline of this RFP. In addition, the Owners must each provide evidence of experience with owning housing financed by the use of Low Income Housing Tax credits. This experience does not have to be on the same project that satisfies the 5 year ownership requirement.

For purposes of this requirement, the managing general partners of the tax credit partnerships intended to take ownership of the completed Family Project and the completed Senior Project and to provide asset management for these Projects are the proposed “Owners”.

Minimum Architectural Experience: The proposed Lead Architectural firm must provide evidence of experience with the design and construction of at least one multifamily affordable housing development in San Francisco. In addition, the architectural team must provide evidence of the following experience:

- Design and completed construction of at least one 90-unit or larger mixed use residential/commercial development targeting families or seniors within the past 5 years.
- Past experience with each of the following:
 - At least one additional 75-unit or larger mixed use residential/commercial development.
 - Housing designed for families and for seniors
 - Type I construction; partial Type I is acceptable.
 - At least one development located in San Francisco.

- At least one development with Historic Preservation considerations, especially for which a Certificate of Appropriateness was obtained.

Minimum Property Manager Experience: The proposed property manager for the Family Project must have managed at least three affordable family rental projects, including at least one in San Francisco, and including at least one that is at least 75 units, each for at least 24 months.

The proposed property manager for the Senior Project must have managed at least three affordable senior rental projects, including at least one in San Francisco, and including at least one that is at least 40 units, each for at least 24 months.

In addition, the Property Manager(s) for both Projects must provide evidence of experience with managing housing financed by the use of Low Income Housing Tax credits. This experience does not have to be on the same projects that are used to satisfy the minimum 72-month experience requirements.

Minimum Service Provider Experience: The proposed service provider(s) for the non-homeless residents must have at least 36 months experience providing supportive services to low-income families and to low income seniors in San Francisco. This experience and knowledge of available services, especially services in the general vicinity of the Development, should include linking clients to the City's safety net of services and supporting their efforts to access those services. The proposed service providers for the formerly homeless families and the formerly homeless seniors must have at least 36 months experience providing case management and comprehensive services for homeless households in a residential setting. The same service provider for the homeless family and homeless senior units is preferred.

The proposed service provider(s) must have the infrastructure to supervise and train the onsite staff and their supervisors, as supported by the staffing plan and capacity.

For any Respondent team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members' experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform as a member of the Respondent team.

3. Minimum Developer and Architect Capacity Qualifications.

The proposed Developer and Architect must document their capacity to successfully plan, design, and develop the housing they propose to develop, throughout the period of development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. This documentation should include a description of the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. In addition, the proposed Owner(s) must provide evidence of the capacity to own and asset manage the proposed Family and Senior Projects or provide specific plans for increasing capacity if necessary.

C. Selection Criteria – (100 points possible):

All applications that meet the minimum experience and capacity requirements will be rated and ranked according to the following scoring criteria.

| | Category | Points |
|-----|--|---------------|
| (1) | Experience and Capacity: | 40 |
| a. | Developer Experience & Capacity (20 pts) | |
| b. | Architect Experience (10 pts) | |
| c. | Property Management Experience (5 pts) | |
| d. | Service Provider Experience (5 pts) | |
| (2) | Development Concept and Preliminary Site Plan: | 40 |
| a. | Commercial Retail Plan (5pts) | |
| (3) | Financing and Cost Control Innovations: | 10 |
| (4) | Services Plans: | 10 |
| | TOTAL POSSIBLE POINTS | 100 |

(1a) *Development Experience* -- (20 points possible):

The aggregate development experience of all developers and co-developers involved in the development of both Projects will be considered for purposes of scoring in this category.

| | |
|--|----------------------------|
| Past experience with mixed income communities including affordable and middle-income/moderate housing | 3 points |
| One or more additional completed family or senior housing developments of at least 90 units in the past 10 years beyond the minimum requirement. | 3 Points |
| Staffing capacity. Given the large number of affordable developments ongoing in San Francisco, demonstrated depth of supervisory and support staff as well as co-project management options to assure full staffing coverage for the entirety of the development process | 4 points |
| Past experience with mixed-use development that included at least 5,000 sf of retail/commercial space. | 5 additional points |
| Two or more past experiences as lead organizer of a collaborative community outreach and planning effort for development of affordable housing or other community development plan. | 5 additional points |

(1b) *Architectural Experience* – (10 points possible):

The experience of the lead architect or key staff of the architecture team responsible for overall design of the entire Development will be considered for purposes of scoring in this category.

| | |
|--|-----------------|
| One or more additional completed family housing developments of at least 90 units in the past 10 years beyond the minimum requirement. | 4 points |
|--|-----------------|

| | |
|--|-----------------|
| Two or more past experiences with collaborative community outreach and planning for development of affordable housing or other community development plan. | 4 points |
| Experience with designing projects subject to Secretary of the Interior Standards | 2 points |

(1c) Property Management Experience – (5 points possible):

Points will be awarded only to Property Managers whose experience includes managing housing for formerly homeless families and/or seniors in San Francisco in excess of 24 months.

| | |
|--|-------------------------|
| One point will be earned for every 12 months experience managing a mixed use property (ground floor commercial with residential) | Up to 2 points |
| One point will be earned for every 12 months experience managing housing in San Francisco for formerly homeless families. | Up to 1.5 points |
| One point will be earned for every 12 months experience managing housing in San Francisco for formerly homeless seniors. | Up to 1.5 points |

(1d) Service Provider Experience – (5 points possible)

Proposals will be scored according to the amount of experience (length of time) the service providers have successfully provided services to low- and very low-income families and seniors, including homeless families and seniors. This experience should include knowledge of available services and linking clients to the City’s safety net of services and supporting their efforts to access those services. A Letter of Interest from each service provider must be submitted with the application.

| | |
|--|-----------------------|
| One point will be earned for every 12 months experience providing services for low-income families in excess of the 36 months minimum requirement. | Up to 2 points |
| One point will be earned for every 12 months experience providing services for low-income seniors in excess of the 36 months minimum requirement. | Up to 2 points |
| One point earned for experience providing services to homeless households | Up to 1 point |

(2) Development Concept and Preliminary Site Plan – (40 points possible):

Proposals will be scored according to the degree to which the Development Concept and Preliminary Site Plan for the entire Development achieves the Design Objectives described above in section IV. A.3.

The Panel will score each Respondent’s proposal using the following scoring system:

| | |
|-------------------|-----------------------|
| Outstanding | 30- 40 points |
| Very Good | 25 - 29 points |
| Good | 20 - 24 points |
| Fair | 15 - 19 points |
| Poor - Inadequate | 0 - 15 points |

(2b) Commercial Retail Plan – (5 points possible):

Proposals will be scored according to the degree to which the Commercial/Retail Plan achieves the Development Program Objectives described above in Section IV. A.1.

| | |
|-----------|---------------------|
| Excellent | 5 points |
| Very Good | 4 points |
| Good/Poor | 0-3.5 points |

(3) Financing, Cost Control and Innovations – (10 points possible):

Each Project’s Financing Plan will be ranked according to the degree to which they propose preliminary financing plans that are feasible and consistent with the requirements, limitations and opportunities associated with their proposed sources; propose development costs that are comparable to other similar Family and Senior Projects; minimize MOHCD’s permanent financing; propose innovative sources or financing instruments; and use innovative (i.e., non-standard, routine or commonly used) but practical materials or methodologies designed to reduce development, construction and/or operating costs, either directly or indirectly, without reducing the overall quality of the completed Development.

| | |
|--|-------------------|
| Top ranked proposal re: preliminary financing plans, Cost Controls | 10 points |
| 2 nd ranked proposal | 7 points |
| All other proposals | 0-5 points |

The two scores for each Project will then be combined to arrive at a total for this category.

(4) Services Plans – (10 points possible):

Each Project’s Services Plan will be scored according to the degree to which the Plan includes providing access to an array of services appropriate to the diverse needs of low-income families, parents and children, including formerly homeless families and to low-income seniors; how access to those services will be encouraged and facilitated; the degree to which the Plan relies on coordination with existing services in the neighborhood and community; and the appropriateness of the services budget, using the following scoring matrix:

| | |
|-----------|------------------|
| Excellent | 10 points |
|-----------|------------------|

| | |
|-----------|------------|
| Very Good | 7 points |
| Good/Poor | 0-5 points |

The two scores for each Project will then be combined to arrive at a total for this category.

D. Submittal Requirements

Responses to this RFP should organized as follows:

1. Summary. Provide a concise narrative description of the proposal for developing the Site, including each Project’s overall size, uses, resident and community amenities, general layout, and summarized financing and services plans. Provide one **Attachment 2 - Proposal Metrics** form for each Project. Include all podium uses including commercial space, community amenities and public parking, if any.

2. Development Team. Using **Attachment 3 - Respondent Description**, provide the name of each organization, names of the organization’s Director (or equivalent position) and primary contact persons, and phone numbers and email addresses for each of the following:

- Lead Developer and Co-Developers (if applicable)
- Development Consultant (if applicable)
- Asset Manager(s)
- Lead Architect and other Architect(s)
- Property Manager(s)
- Service Provider(s)
- Commercial consultant

For each Lead Developer or Co-Developer, submit a current copy of the following documents:

- Certificate of good standing from California Secretary of State
- Certification of 501(c)(3) status from the Internal Revenue Service (for any nonprofit corporations).
- The latest two (2) years of either signed federal income tax returns (including schedules or attachments, if any); or audited financial statements (with management letters, if any).

3. Development Team Experience and Capacity

3.1.a. Developer Experience and Capacity.

(1) ***Minimum Required Experience:*** Describe at least one family or senior 90-unit or larger development completed or entitled in the past 5 years and provide additional evidence of experience with each of the items listed above in section V.B.2. Development Team Minimum Experience Qualifications under “***Minimum Developer Experience***”.

(2) ***Development Experience Scoring:*** Describe each Developer’s experience in each of the following areas:

- Additional completed family or senior housing developments of at least 90 units in the past 10 years beyond the minimum requirement.
- Experience with a mixed-use development that included at least 5,000 sf of retail/commercial space.
- Experience as lead organizer of collaborative community outreach and planning effort for development of affordable housing or other community development plan (at least twice).
- Experience with mixed income developments that include moderate income tenants.

(3) ***Development Capacity:*** Summarize the organizational structure of each Project Development Team, including the roles of Developer, Co-Developer and Development Consultant. Identify and briefly describe the experience of key development staff. Provide an **Attachment 4 - Projected Staffing Workload** for each Project.

3.1.b. Ownership Experience and Capacity:

(1) ***Minimum Required Experience:*** Describe at least one family or senior project owned for at least five (5) years by the organization that will assume ownership of the proposed Family or Senior Project including its location, non-residential uses, number of units, completion dates, capital financing and target population; and

(2) ***Ownership Capacity:*** Describe the current asset management structure, staffing, and portfolio of the proposed owner, and its capacity for assuming asset management of an expanded portfolio once development is complete.

3.2. Architectural Experience.

(1) ***Minimum Required Experience:***

- Describe the Lead Architect’s experience with the design and construction of at least one 90-unit or larger family or senior mixed use development designed in San Francisco completed in the past 5 years
- Provide additional evidence of experience with each of the items listed above in section V.B.2. Development Team Minimum Experience Qualifications under “***Minimum Architectural Experience***”.

(2) ***Architectural Experience Scoring:*** Describe the Architectural team’s experience in each of the following areas:

- One or more additional completed family or senior housing developments of at least 90 units in the past 10 years beyond the minimum requirement.
- Experience as lead architect of a collaborative community outreach and planning effort for development of affordable housing or other community development plan (at least two examples).

3.3 Property Manager Experience. For each Project, describe the following:

- at least three Family or Senior Projects managed in San Francisco that have been managed for at least 24 months. Describe their location, resident population, associated uses and amenities, size, capital financing sources, and relevant dates of service.
- the total number of buildings in the property management company's portfolio and the number years each building has been successfully managed.
- the firm's experience with formerly homeless tenants, including its standard procedures regarding resident meetings, resident outreach and interaction with service providers.
- the firm's experience with trauma informed systems, including knowledge, skill and ability to work with families who have been chronically traumatized and children with adverse childhood experiences and learning disabilities.
- At least one example of experience managing housing financed with low income housing tax credits.

3.4 Services Provider. For each Project, describe the following:

- In general terms, the types of services made available to low-income families or seniors, including homeless families and seniors; where services are provided; how clients' needs are assessed and how a plan for addressing those needs is developed; how clients are linked to the City's safety net of services and assisted in their efforts to access those services.
- The duration of services contracts with City departments, contact information for any public agency providing funding for services, and documentation of quality of services provided such as contract monitoring reports or funding source evaluations;
- Using **Attachment 5 - Service Provider Residential Experience**, describe experience providing on-site or off-site services to residents of low income housing, highlighting (under "Population Served" and "Services Provided") any experience serving homeless families who have been chronically traumatized and children with adverse childhood experiences or seniors. If more than one service provider is engaged on current projects, provide one copy of Attachment 4 for each provider.

4. **Development Concept and Family Site Plan**. Please prepare and submit a conceptual design that includes:

4.1. Narrative Development Concept Description. Describe the major qualities and features of the overall Development design concept as they relate to the Development Plan Elements described in Section IV. A. above, including:

- *Development Program Objectives*: Housing, Community Benefits, Commercial Uses, Parking
- *Housing Program Objectives*: Income Targeting, Maximum Rents, Minimum Number, Mix and Sizes of Housing Units, Occupancy Preferences, Affirmative Marketing Plan

- *Design Objectives:* Housing Habitability, Urban Design, Height, Bulk and Massing, Facilitation of Active Uses Along Street Frontages, Neighborhood/Community Amenities, Sustainability

4.2 *Volumetric feasibility analysis* with a focus on the interface between the overall Development's building bulk configuration and the open space configuration, using 3-D digital model views from several vantage points.

4.3 *Site plan* showing ground level open space system. Show all proposed entries to commercial and residential uses. Show site and/or neighborhood/community considerations taken into account in developing the site plan.

4.4 *Overhead/axonometric model views* as seen from all four parcel corners showing building massing, and indicating common or private open spaces on upper levels and showing all inner courts. Show floor lines on faces of model. Designate proposed building entry points.

4.5 *Conceptual Façade Elevations* representing general fenestration, entries and roof lines but not color or materials.

4.6 *Floor plans* for below grade floor, if any, ground floor and each upper residential floor showing general location of proposed residential lobby and entry level tenant spaces, unit locations and sizes, resident amenities, common areas for residents, retail/ commercial space, parking and general location of any proposed publicly accessed community serving uses or retail. Indicate approximate square footages for these spaces on the plan.

4.7 *Site Sections* taken to show public and private open space in both north/south and east/west directions whether at grade level or above grade.

4.8 *Commercial space plan* that describes initial commercial space plan, how many units, typical square footages, and any shared common areas..

5. Financing and Cost Control Innovations Plans. Describe the overall financing plan for each Project separately as further described and in conformance with the requirements of Section IV.D. above, with sufficient information to allow MOHCD to fully determine each Project's feasibility, including:

1) Full development proforma, with

- Sources & Uses, including all terms related to equity and debt, e.g., eligible basis assumptions, 50% test calculations, construction and permanent loan rates and terms.
- Rent schedule, including all levels of affordability.
- Tax Credit calculation assumptions.
- Middle-income debt leveraging and required MOHCD gap funding (show MOHCD gap requirement in each of the following three ways: separate for middle-income; separate for tax-credit financed units; and blended across each project).

2) 20-year cash flow (including, as appropriate, commercial revenue as described in Section IV.D.2.).

3) Year 1 operating budget (LOSP operations must be included in the overall project-operating budget. LOSP subsidies must be sized to cover the LOSP unit expenses should be reflected in the 20-year cash flow).

4) Commercial space financing plan.

5) Public parking cost estimate.

For the Family Project, add an estimate of the incremental development costs associated with providing off-street public parking after accounting for all other uses on the ground floor as described in Section IV.C.3.

Highlight any innovative financing approaches intended to minimize MOHCD's projected capital gap financing. Highlight also any innovative (i.e., non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses, including estimated savings calculations if appropriate.

Highlight middle income financing assumptions including debt leveraging and MOHCD gap for those units. Highlight commercial revenue and expense assumptions, using developer and commercial consultant experience.

Please also include a narrative that outlines the commercial financing and marketing plans, identifies interested potential commercial tenants and financial viability of such tenants, and whether the commercial space is a "cold" or "warm" shell.

6. Services Plans. Submit a services plan of no more than three (3) pages for each Project that meets the requirements of Section IV.D above and includes the following information:

- The service provider's overall philosophy and plan for providing services to the residents, including a listing and brief description of the services to be provided, and highlighting, if appropriate, any innovative approaches it may include;
- Staff knowledge, skills and ability of the impacts of severe to chronic trauma and the ability to identify and treat or refer for additional services.
- The plan for engaging residents and encouraging access to services;
- How services for the residents will be coordinated with the existing net of services in the neighborhood and community;
- The proposed staffing model, including staff titles, position descriptions, salaries, and FTE status, and an explanation of how FTE time will be allocated;
- A description of the organization's infrastructure to supervise, train and support on-site services staff and their supervisors, and
- A services budget that is consistent with the Services Plan.

7. Affirmative Marketing Plan. Submit a draft affirmative marketing plan that outlines how you plan to market the project to the general public for initial occupancy including what specific outreach planned to be undertaken toward North-Beach/Chinatown/Telegraph Hill-based tenants displaced by Ellis Act evictions.

8. Community Outreach Plan. Submit a preliminary community outreach plan that outlines outreach efforts required above in Section IV.C.1 and any additional outreach the Respondent plans to undertake during the development process.

9. Disclosure Form. Submit a completed and signed copy of **Attachment 6 – Disclosures**, which requires any respondent to this RFP to disclose defaults, lawsuits, legal proceedings, bankruptcy filings or financial interests affiliated with MOHCD staff or Citywide Affordable Housing Loan Committee members.

E. Submittal Deadline and Other Important Dates

Pre-Submittal Meeting: **Thursday, December 17, 2015 at 3:00 p.m.** at the Mayor’s Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco. The meeting will include a short presentation on the RFP. Prospective respondents will have the opportunity to ask clarifying questions at this meeting and/or by email to teresa.yanga@sfgov.org and faith.kirkpatrick@sfgov.org. All questions and their answers will be posted on the MOHCD website.

RFP mailing list: All attendees at the Pre-Submittal Meeting will be added to a 88 Broadway RFP email list along with any others who may ask to be included. This list will be used to send the RFP itself when it is issued, to notify all interested parties of any Addenda to the RFP, changes in the schedule, and/or RFP-related postings on the MOHCD website that may occur prior to issuance. The same information along with the RFP itself will be posted on the MOHCD website.

Submittal Deadline: Deliver 10 (ten) hard copies of the Proposal including all attachments by **5:00 p.m. Monday, February 29, 2016** to MOHCD, 1 South Van Ness Avenue, 5th Floor reception, attention: Teresa Yanga. In addition, email a complete proposal including attachments to:

Teresa Yanga (teresa.yanga@sfgov.org) and
Faith Kirkpatrick (faith.kirkpatrick@sfgov.org)

Scoring and Ranking: All respondents will be notified by **Friday, March 11, 2016** as to whether their proposal was complete, met the minimum experience and capacity requirements and if so, how they were scored by the Selection Panel. The Selection Panel will interview qualified respondents to help determine RFP response scoring.

Interviews: The Selection Panel will schedule interviews with qualified development teams during the **week of March 21, 2016**, unless otherwise notified by MOHCD staff.

Final Selection: Subject to approval by the Director of MOHCD, final selection is anticipated to be completed by the week of **April 4, 2016**.

VI. TERMS AND CONDITIONS OF REQUEST FOR PROPOSALS

A. Developer Responsibilities

The selected developer will be responsible for all aspects of development of the Family Site, including but not limited to the following:

- Periodically updating the Northeast Waterfront Advisory Group on the Development's progress throughout the predevelopment and construction periods.
- Conducting all appropriate due diligence, investigating and determining conditions of the Development Site and the suitability of the Development Site for the proposed Development.
- Collaborating with MOHCD and the Port during predevelopment to assist the Port to determine if the proposed public parking garage is feasible and the amount Port would need to pay for the incremental cost of the public parking garage.
- Securing all required development approvals, including but not limited to any necessary permits or approvals from the City's Planning Department and Department of Building Inspection, and from federal and State agencies associated with environmental and historic preservation reviews (including Certificates of Appropriateness) as applicable.
- Obtaining adequate financing for all aspects of the proposed Development, including predevelopment, construction and operation.
- Designing and building the Development in a manner that produces a high-quality, enduring living environment.
- Owning, managing, and operating the Development in a manner that ensures its long-term financial viability and the ongoing satisfaction of residents.
- Complying with the requirements of any financing for the Development, including but not limited to:
 - a. Equal Employment Opportunities – The selected developer will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in the Development. To ensure that equal opportunity plans are consistent with City and Federal procurement requirements, sponsors should meet with MOHCD and San Francisco Contract Monitoring Division (CMD) staff prior to hiring their development team to develop a plan for such compliance. Although the City's Contract Monitoring Division (CMD) does not require prior approval or monitoring of procedures for selecting the architect for purposes of responding to this RFP, the architect's Small Business Enterprise (SBE) status will be counted toward the overall Development's procurement goals which will be set at a later date.
 - b. Environmental Review - Depending on conditions at the Development Site and on Development plans, the proposed Development will be subject to review under

the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and specifically the Section 106 historical resources preservation review. Department of City Planning design review may also be required.

c. Accessibility Requirements - Development sponsors will be responsible for meeting all applicable accessibility standards related to publicly-funded multifamily housing under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco. At least 50% of all units must be adaptable and a minimum of 10% of the units must be accessible, including units for the visually and hearing impaired.

d. Prevailing Wages – This Development will be subject to applicable local, state or federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

e. Employment and Training – The selected development team will be required to work with the CityBuild initiative of the Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the Development.

f. Sustainable Design - The Mayor’s Office of Housing and Community Development seeks to maximize the overall sustainability of developments it finances through the integrated use of “green” building elements in partnership with the Green Communities Initiative established by Enterprise and Natural Resources Defense Council (NRDC) (see <http://www.greencommunitiesonline.org>). The selected development team will be required to pursue any funding that may become available to help pay for the cost of planning and implementing green building components. Programmatic goals focus on durability, energy efficiency, indoor air quality and recycling. Respondents may obtain more information about “green” building strategies and resources from Leadership in Energy and Environmental Design (LEED) program, described at <http://www.usgbc.org>. Additional information on “green” affordable housing initiatives can be found in Alameda County’s *Multifamily Green Building Guidelines* at <http://www.stopwaste.org/home/index.asp?page=291>, and at <http://www.greenaffordablehousing.org>.

g. Insurance Requirements – see Exhibit A -- Insurance Requirements

B. Errors and Omissions in RFP

Respondents are responsible for reviewing all portions of this RFP. Respondents are to promptly notify MOHCD, in writing, if the respondent discovers any ambiguity, discrepancy, omission, or

other error in the RFP. Any such notification should be directed to MOHCD promptly after discovery, but in no event later than five (5) working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

C. Addenda to RFP

MOHCD may modify the RFP, prior to the response due date, by issuing written addenda. Addenda will be sent via email to the last known address of each person or firm listed with MOHCD as having received a copy of the RFP for proposal purposes. MOHCD will make reasonable efforts to notify Respondents in a timely manner of modifications to the RFP. Notwithstanding this provision, the Respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by MOHCD prior to the proposal due date regardless of when the proposal is submitted.

D. Sunshine Ordinance

In accordance with San Francisco Administrative Code Section 67.24(e), contractors' bids, responses to RFP's and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

E. Reservations of Rights by the City

1. The issuance of this RFP and the selection of a developer pursuant to this RFP are in no way a limitation of the discretion of any City board, commission, department, employee or official with respect to any review or approval required in connection with the proposed Development. The City's selection of a developer is in no way deemed to be the final approval of any Development proposed by the developer.

2. The information in this RFP is provided solely for the convenience of respondents.

3. The City expressly reserves the right at any time to do waive or correct any defect or technical error in any response or procedure, as part of the RFP or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; reissue a Request for Proposals; modify or suspend any and all aspects of the selection procedure, the scope of the proposed Development or the required responses, or the processes indicated in this RFP; request that respondents clarify, supplement or modify the information submitted; extend deadlines for accepting responses, or request amendments to responses after expiration of deadlines; negotiate with any, all or none of the respondents to this RFP; make a selection based directly on the proposals, or negotiate further with one or more of the respondents; during negotiation, expand or contract the scope of the proposed Development, or otherwise alter the Development concept in order to respond to new information, community or environmental

issues; if at any time prior to the execution of binding agreements with the developer MOHCD, in its sole discretion, determines that the selected developer will be unable to proceed with a timely and feasible Development in accordance with this RFP, MOHCD may terminate negotiations with the highest ranked respondent and begin negotiations with the next highest ranked respondent; or determine that no Development will be pursued.

4. The issuance of this RFP does not obligate the City to pay any costs whatsoever incurred by any respondent, including but not limited to costs incurred in connection with the preparation or presentation of responses or negotiations with the City. Developer teams responding to this RFP do so at their own expense. **The foregoing notwithstanding, MOHCD will reimburse the cost for architectural analysis and submittal materials required by this RFP as set forth below.**

MOHCD is requiring the submittal of a number of architectural work products as part of this RFP. In order to encourage participation by qualified architects and to mitigate some of the design costs to the developers and architects submitting proposals, MOHCD will reimburse Respondents whose proposals are not selected pursuant to this RFP and which, in the sole discretion of MOHCD, are deemed to have been complete and to have met each of the minimum qualifications described in Section V. B. *Minimum Experience and Capacity Requirements* of this RFP. The total aggregate payment for architectural reimbursables by MOHCD shall not exceed \$50,000 and the reimbursement paid to any single Respondent shall not exceed \$5,000. Reimbursement requests may be made upon a Respondent's receipt of notice from MOHCD that its proposal was complete and met the minimum qualifications but was not selected by the Director of MOHCD for the proposed development on Seawall Lot 322-1, upon execution of a grant agreement with MOHCD for these funds, and upon submission of invoices from the appropriate Architects.

5. The issuance of this RFP is only an invitation to submit qualifications, and does not constitute an agreement by the City that any contract will actually be entered into by the City. This RFP does not in any way limit the discretion of any City board, commission, employee or official with respect to any review or approval of any aspect of a proposed Development.

6. The City will not approve any ground lease for the Family Site that would allow for its development until there has been compliance with the California Environmental Quality Act (CEQA), and, as applicable, the National Environmental Protection Act (NEPA). If the proposed Development is found to cause significant adverse impacts, the City reserves absolute discretion to require additional environmental analysis, and to: (a) modify the Development to mitigate significant adverse environmental impacts; (b) select feasible alternatives which avoid significant adverse impacts of the proposed Development; or (c) reject or proceed with the Development as proposed, depending upon a finding of whether or not the economic and social benefits of the Development outweigh otherwise unavoidable significant adverse impacts of the Development.

7. The City reserves the right to disqualify any respondent to this RFP based on any real or apparent conflict of interest that is disclosed by the responses submitted or on the basis of other information available to the City. The City may exercise this right in its sole discretion.

Exhibit A: Insurance Requirements

1. Developer, Contractors.

(a) to the extent Developer or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Developer is conducting any activity on, alteration or improvement to the Family Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Developer's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Developer shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Developer's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Family Site coverage. This policy may be provided by the Developer's contractor, provided that the policy must be "claims made" coverage and Developer must require Developer's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

Developer must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Developer or its contractor, including coverage in transit and storage off-Family Site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Developer or its contractor, including coverage in transit and storage off-Family Site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-Development basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Developer as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Developer or its contractor. For rehabilitation/construction Developments that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the Development receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Family Site that is used by Developer for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a Developer, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. Commercial Space.

Developer must require that all nonresidential tenants' liability insurance policies include Developer and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Development, Developer must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

(a) General and automobile liability policies of Developer, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective.

(c) With respect to any property insurance, Developer hereby waives all rights of subrogation against the City to the extent of any loss covered by Developer's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Developer's insurance by the City will not relieve or decrease the liability of Developer under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Developer demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Developer.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

(j) Developer must provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

ATTACHMENTS:

1. Submittal Checklist
2. Proposal Metrics
3. Respondent Description
4. Projected Staffing Workload
5. Service Provider Experience
6. Disclosures

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2019 FEB -5 PM 4:15

BY _____

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Kanishka Karunaratne Cheng *KKC*
RE: Loan Agreement – 88 Broadway Family, L.P. – 100% Affordable Housing
at 88 Broadway – Not to Exceed \$31,020,739
DATE: February 5, 2019

Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development to execute a Loan Agreement with 88 Broadway Family, L.P., a California limited partnership, in an amount not to exceed \$31,020,739 for a minimum term of 57 years to finance the construction of a 100% affordable, 124-unit multifamily rental housing development (plus 1 staff unit) for low and moderate income households ("Broadway Project"); and adopting findings that the Loan Agreement is consistent with the adopted Mitigation Monitoring and Reporting Program under the California Environmental Quality Act, the City's General Plan, and the priority policies of Planning Code Section 101.1.

Due to length of supporting documents, the following will be submitted in electronic form ONLY:

- 1) 88 Broadway Loan Agreement

Should you have any questions, please contact Kanishka Karunaratne Cheng at 415-554-6696.

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

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|---|-------------------------------|
| City Elective Officer Information <i>(Please print clearly.)</i> | |
| Name of City elective officer(s): | City elective office(s) held: |
| Members, Board of Supervisors | Members, Board of Supervisors |

| | |
|---|--|
| Contractor Information <i>(Please print clearly.)</i> | |
| Name of contractor: 88 Broadway Family LP | |
| <p><i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i></p> | |
| <p>1) 88 Broadway Family BRIDGE LLC, its Managing General Partner whose sole member is MCB Family Housing Inc.</p> | |
| <p>Board Members, MCB Family Housing Inc.:</p> <p>Cynthia Parker, Susan Johnson, D. Valentine, Kim McKay, Rebecca Hlebasko</p> | |
| <p>2) Cynthia Parker, CEO D Valentine, CFO Susan Johnson, Secretary</p> | |
| <p>1) JSCo 88 Broadway Family LLC, its Administrative General Partner whose sole member is John Stewart Company.</p> | |
| <p>Board Members, John Stewart Company:</p> <p>John K. Stewart, Chairman Jack D. Gardner, President Daniel Levine, Secretary Noah Schwartz, CFO Mari Tustin Margaret Miller</p> | |
| <p>2) Jack D. Gardner, President; Noah Swartz, COO 3) N/A 4) N/A 5) N/A</p> | |

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| Contractor address: | 88 Broadway Family LP c/o BRIDGE Housing Corporation 600 California #900 San Francisco, CA 94108 Attn: President |
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|----------------------------------|--|
| Date that contract was approved: | Amount of contract: Not to exceed \$31,020,739 |
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Describe the nature of the contract that was approved: Loan for the development of an affordable housing development located at 88 Broadway with 125 units for low-income to moderate-income families and ground floor common spaces and commercial space. The loan will have a 57-yr term and interest rate from 0-3%.

Comments:

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: **San Francisco Board of Supervisors**

Print Name of Board

Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

| | |
|--|--|
| Filer Information <i>(Please print clearly.)</i> | |
| Name of filer: Angela Calvillo, Clerk of the Board | Contact telephone number: (415) 554-5184 |
| Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 | E-mail: Board.of.Supervisors@sfgov.org |

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed