

File No. 180532

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: June 20, 2018

Board of Supervisors Meeting:

Date: _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
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| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>LOSP Contract Evaluation - April 20, 2018</u> |
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Prepared by: John Carroll

Date: June 15, 2018

Prepared by: John Carroll

Date: _____

1 [Grant Agreement - Mercy Housing California XIV, L.P. - Local Operating Subsidy Program
2 Contract - 10th & Mission Family Housing, 1390 Mission Street - Not to Exceed \$9,741,171]

3 **Resolution authorizing the Director of the Mayor's Office of Housing and Community**
4 **Development to execute a Local Operating Subsidy Program Grant Agreement with**
5 **Mercy Housing California XIV, L.P., a California limited partnership, to provide**
6 **operating subsidies for formerly homeless families at 10th & Mission Family Housing,**
7 **1390 Mission Street, for a term of 15 years and six months to commence following**
8 **Board approval through December 31, 2033, in an amount not to exceed \$9,741,171.**

9
10 WHEREAS, The Mayor's Office of Housing and Community Development (MOHCD)
11 administers a variety of housing programs that provide financing for the development of new
12 housing and the rehabilitation of single- and multi-family housing for low- and moderate-
13 income households in San Francisco; and

14 WHEREAS, In 2016, the City and County of San Francisco ("City") formed the
15 Department of Homelessness and Supportive Housing ("HSH"), with one of its goals to reduce
16 the number of chronically homeless households that numbered 1,700 per the 2015 Point in
17 Time Homeless Count; and

18 WHEREAS, MOHCD developed the Local Operating Subsidy Program ("LOSP") in
19 order to establish long-term financial support to operate and maintain permanent affordable
20 housing for homeless households; through the LOSP, the City subsidizes the difference
21 between the cost of operating housing for homeless persons and all other sources of
22 operating revenue for a given project, such as tenant rental payments, commercial space
23 lease payments, Continuum of Care ("CoC") Shelter Plus Care Program subsidies, project-
24 based Section 8 rent subsidies, and California Mental Health Services Act operating
25 subsidies; and

1 WHEREAS, All supportive housing projects selected for capital funding by the
2 Citywide Affordable Housing Loan Committee (“Loan Committee”) are eligible to receive
3 LOSP funds; and

4 WHEREAS, The Board of Supervisors authorizes City funding for LOSP projects as
5 part of the Annual Appropriation Ordinance; and

6 WHEREAS, MOHCD enters into grant agreements with supportive housing owners and
7 operators for LOSP projects in consultation with the Department of Homelessness and
8 Supportive Housing (“HSH”); administers LOSP contracts; reviews annual audits and
9 prepares recommendations for annual adjustments to project funding; monitors compliance
10 with LOSP requirements in accordance with capital funding regulatory agreements; and if
11 necessary, takes appropriate action to enforce compliance; and

12 WHEREAS, Mercy Housing California XIV, L.P., a California limited partnership (the
13 “Owner”), is the owner of 10th & Mission Family Housing, located at 1390 Mission Street,
14 which provides 44 units for extremely low-income, chronically homeless individuals and
15 families (“Project”); and

16 WHEREAS, On April 20, 2018, the Loan Committee recommended approval to the
17 Mayor of a LOSP grant award for the Project in an amount not to exceed \$9,741,171; and

18 WHEREAS, MOHCD proposes to provide a LOSP grant in the amount not to
19 exceed \$9,741,171 to the Owner pursuant to a LOSP Grant Agreement (the “Agreement”) in
20 substantially the form on file with the Clerk of the Board in File No. 180532, and in such final
21 form as approved by the Director of MOHCD and the City Attorney; and

22 WHEREAS, The Agreement is for a 15.5 year term, and therefore requires Board of
23 Supervisors authorization; now, therefore, be it

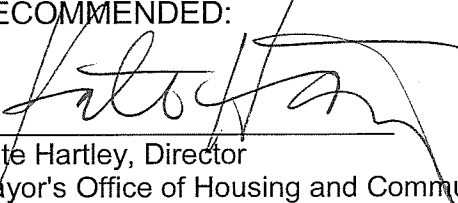
24 RESOLVED, That the Board of Supervisors hereby authorizes the Director of MOHCD
25 or her designee to execute the Agreement for an amount not to exceed \$9,741,171; and, be it

1 FURTHER RESOLVED, That this Board of Supervisors authorizes MOHCD to proceed
2 with actions necessary to implement the Agreement following execution, and ratifies,
3 approves and authorizes all actions heretofore taken by any City official in connection with the
4 Agreement; and, be it

5 FURTHER RESOLVED, That this Board of Supervisors hereby authorizes the Director
6 of MOHCD or her designee to enter into any amendments or modifications to the Agreement,
7 including without limitation, the exhibits that the Director determines, in consultation with the
8 City Attorney, are in the best interest of the City, do not materially increase the obligations or
9 liabilities for the City or materially diminish the benefits of the City, are necessary or advisable
10 to effectuate the purposes and intent of this Resolution and are in compliance with all
11 applicable laws, including the City Charter; and, be it

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

15
16 RECOMMENDED:

17 
18 _____
19 Kate Hartley, Director
Mayor's Office of Housing and Community Development

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

June 15, 2018

TO: Government Audit and Oversight Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 20, 2018 Government Audit and Oversight Committee Meeting

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	18-0530 Grant Agreement - Parkview Terrace Partners. L.P. - Local Operating Subsidy Program Contract - Parkview Terraces, 871 Turk Street - Not to Exceed \$4,580,619	
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<p>Items 1, 2, 3, 4, 5 and 6 Files 18-0529, 18-0530, 18-0531, 18-0532, 18-0533 and 18-0536</p>	<p>Department: Mayor’s Office of Housing and Community Development (MOHCD)</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- The six proposed resolutions authorize MOHCD to execute six new approximately 15-year Local Operating Subsidy Program (LOSP) agreements with nonprofits providing housing to low income persons who were formerly homeless, renewing two existing 9-year agreements with two current providers, replacing three agreements with three providers that were not renewed under the federal Continuum of Care program and adding one new agreement with a new provider.

Key Points

- LOSP provides operating subsidies to supportive housing operators to bridge the gap between the cost of operating housing and the amounts that the tenants can afford to pay. The six LOSP agreements would subsidize 172 supportive housing units in the Zygmundt Arendt House, Parkview Terraces, 455 Fell Street Family Housing, 10th & Mission Family Housing, Railton Place, and Monterey Boulevard Apartments.

Fiscal Impact

- The total costs over the approximately 15-year term for the six projects are estimated to be \$43,410,547. The annual General Fund subsidies for these six projects are anticipated to increase from \$1,996,862 in 2019 to \$3,584,019 in 2033. The average cost of each unit’s subsidy that would be provided over the approximately 15-year term of each of these agreements ranges from \$139,039 for each of the 40 units in the Railton Place project to \$415,586 for each of the 4 units at the Monterey Boulevard.

Policy Consideration

- Parkview Terraces, Railton Place, and the Monterey Boulevard Apartments previously received Continuum of Care funding, but the funding for these housing units was not renewed by HUD. An alternative to HUD’s Continuum of Care funding are Project Based Vouchers, funded through HUD’s Section 8 program and administered by the San Francisco Housing Authority (SFHA).

Recommendations

- Amend the proposed resolutions to clarify the term of each agreement.
- Amend (i) File 18-0529 to state that the current agreement with Arendt House, LP will terminate on December 31, 2018; and (ii) File 18-0530 to state that the current agreement with Parkview Terrace Partners, LP is retroactive to April 1,.
- Amend the proposed resolutions to (1) request the MOHCD Director to facilitate the application of the respective housing project to the next RFP for Project Based Voucher funding for which they are eligible; and (2) require the LOSP contract for the respective housing project to be amended to account the Project Based Voucher funding if awarded.
- Approve the proposed resolutions as amended.

MANDATE STATEMENT

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.

BACKGROUND

The Mayor's Office of Housing and Community Development (MOHCD), in collaboration with the Department of Homelessness and Supportive Housing (HSH)¹, currently provides operating subsidies to non-profit owners and operators of 28 supportive housing facilities, through its Local Operating Subsidy Program (LOSP). The program was started in 2004 as a part of the Mayor's ten year "San Francisco Plan to Abolish Chronic Homelessness," which had a goal of providing 3,000 new supportive housing units within 10 years to low income persons who were formerly homeless. Supportive housing provides social and other related services as well as housing to formerly homeless persons in order to improve their social outcomes and in an attempt to reduce the City's associated health, mental health, social services, criminal justice, and other related costs.

According to Ms. Anne Romero, MOHCD Senior Project Manager, tenants in supportive housing have very low incomes (below 20 percent of area median income)². Under the agreements between the City and housing operators, rent in supportive housing units is capped to a fixed percentage of a tenant's income (50 percent in Direct Access to Housing (DAH)³ subsidized units, 30 percent in all other subsidized units). The LOSP was created to bridge the gap between the cost of operating the housing and the amount the tenants can afford to pay, thereby providing long-term financial incentives to owners and operators to create and maintain permanent supportive housing units.

As shown in Table 1 below, between FY 2013-14 and FY 2017-18, the number of LOSP agreements has grown from 21 to 28, the number of subsidized units increased from 1,218 to 1,477 and the overall annual General Fund costs have decreased slightly from \$9,377,788 to \$9,284,434⁴. In FY 2017-18, MOHCD is anticipated to pay \$9,284,434 in operating subsidies to

¹ MOHCD previously collaborated with the Department of Public Health (DPH) and the Human Services Agency (HSA) prior to the creation of the Department of Homelessness and Supportive Housing (HSH), which combines key homeless serving programs and contracts from the two agencies.

² 20 percent of area median income (AMI) for one person in 2018 is \$16,600 annually according to the HUD Metro Fair Market Rent Area (HMFA)

³ Established by the San Francisco Department of Public Health – Housing and Urban Health Section (SFDPH-HUH) in 1998, the Direct Access to Housing (DAH) is a permanent supportive housing program targeting low-income San Francisco residents who are homeless and have special needs.

⁴ According to Ms. Romero, LOSP funding has decreased in FY 2017-18 because several projects applied for Project Based Vouchers (PBV) through the San Francisco Housing Authority in 2017 which are in the process of being placed. The award of this subsidy has provided savings for the LOSP. Through this effort to date, 476 PBV units across 11 sites have been placed under federal Department of Housing and Urban Development (HUD) Housing Assistance Payments (HAP) contracts dated December 1, 2017, with a corresponding annual LOSP savings of \$4.9

28 supportive housing nonprofit providers for 1,477 units throughout the City, for an average subsidy of \$524 per unit of housing per month.

Table 1: Actual Local Operating Subsidy Program Agreements, Subsidized Units, Budget, and Subsidy per Unit – FY 2013-14 through FY 2017-18

Fiscal Year	Number of Local Operating Subsidy Program Agreements	Number of Subsidized Units of Housing	Total Annual Budgeted Amount	Average Subsidy per Unit per Year	Average Subsidy per Unit per Month
FY 2013-14	21	1,218	\$9,377,788	\$7,699	\$642
FY 2014-15	26	1,454	\$12,231,928	\$8,413	\$701
FY 2015-16	26	1,459	\$12,359,887	\$8,471	\$706
FY 2016-17	26	1,464	\$12,117,510	\$8,277	\$690
FY 2017-18	28	1,477	\$9,284,434	\$6,286	\$524

As shown in Table 2 below, MOHCD estimates that over the next five years, or by FY 2022-23, the LOSP will provide subsidies to 62 housing projects covering 2,842 units of supportive housing at an overall General Fund cost of \$25,966,320 in FY 2022-23, or an average cost of \$761 per unit per month.

Table 2: Estimated Local Operating Subsidy Program Agreements, Subsidized Units, Budget, and Subsidy per Unit – FY 2018-19 through FY 2022-23⁵

Fiscal Year	Number of Local Operating Subsidy Program Agreements	Number of Subsidized Units	Total Annual Budgeted amount	Average Subsidy per Unit per Year	Average Subsidy per Unit per Month
FY 2018-19	35	1,616	\$9,356,674	\$5,790	\$483
FY 2019-20	41	1,858	\$10,753,579	\$5,787	\$482
FY 2020-21	48	2,415	\$14,950,219	\$6,190	\$516
FY 2021-22	56	2,654	\$21,868,562	\$8,240	\$687
FY 2022-23	62	2,842	\$25,966,320	\$9,137	\$761

DETAILS OF PROPOSED LEGISLATION

The six proposed resolutions authorize MOHCD to execute six new approximately 15-year Local Operating Subsidy Program (LOSP) agreements with nonprofits providing housing to low income persons who were formerly homeless, renewing two existing 9-year agreements with two current providers, replacing three agreements with three providers that were not

million for 2017-18 and around \$7.6 million in 2018-19 (plus additional General Fund savings for some HSH General Fund-supported sites).

⁵ According to Ms. Romero, LOSP budget estimates for 2020-21 through 2022-23 are preliminary as a full budget update incorporating the annual reductions due to award of PBV subsidies needs to be finalized.

renewed under the federal Continuum of Care program and adding one new agreement with a new provider as follows:

- File 18-0529: Arendt House, LP for Zygmunt Arendt House at 850 Broderick Street for a not to exceed amount of \$11,787,548 and a term of 15 years from January 1, 2019 through December 31, 2033. The proposed new LOSP agreement replaces the current 9-year LOSP agreement with Arendt House, LP from February 2010 and through February 2019. According to Ms. Romero, MOHCD has moved LOSP funding to the Calendar Year instead of Fiscal Year to the extent possible because the tax credit reporting cycle is on the Calendar Year. Therefore, the proposed agreement is from January 1, 2019 through December 2033 and will supersede the previous LOSP agreement. The proposed legislation should be amended to terminate the existing agreement with Arendt House, LP on December 31, 2018 prior to the start of the new agreement on January 1, 2019.
- File 18-0530: A new LOSP agreement with Parkview Terrace Partners, LP for Parkview Terraces at 871 Turk Street not to exceed \$4,580,619 for a term of 15 years and nine months from April 1, 2018 through December 31, 2033. The proposed new LOSP agreement replaces a contract under the federal Continuum of Care program which was not renewed by HUD.⁶ According to Ms. Romero, given that the project lost its Continuum of Care funding in March 2018, the project needs to fill the gap in operating costs from April 2018 onwards for the project's 20 units. Therefore, MOHCD is requesting that the proposed LOSP agreement allow for reimbursements of operating expenses incurred since April 2018. Consequently, the proposed legislation should be amended for retroactive approval for the period of April 1, 2018 through December 31, 2033 for the LOSP agreement with Parkview Terrace Partners, LP.
- File 18-0531: 455 Fell, LP for 455 Fell Street Family Housing (formerly known as Parcel O), for a not to exceed amount of \$10,077,324 and a term of 15 years and eight months to commence on May 1, 2019 and end on December 31, 2034. The building is currently under construction and this is a new LOSP contract.
- File 18-0532: Mercy Housing California XIV, LP for 10th & Mission Family Housing at 1390 Mission Street for a not to exceed \$9,741,171 and a term of 15 years and six months from July 1, 2018 through December 31, 2033. The proposed new LOSP agreement replaces the current 9-year LOSP agreement with Mercy Housing California XIV, LP from July 2009 through June 2018.
- File 18-0533: The Salvation Army Turk Street, LP for Railton Place at 242 Turk Street for a not to exceed amount of \$5,561,543 and a term of 15 years and six months from July

⁶ According to MOHCD, the Chinatown Community Development Corporation's (project sponsor) renewal application for the Continuum of Care rental assistance for Parkview Terraces ranked too low in the competition last year to be funded. It was ranked 58 out of 62 projects that applied. The funding threshold was at 57. The application for Parkview received a low score because CCDC had failed to properly report income under the existing Continuum of Care contract, in addition to other reporting errors, and failed to show increases in income of the Continuum of Care-supported tenants. Continuum of Care contracts are renewed annually through the Local Homeless Coordinating Board consolidated application to HUD, and the project received annual funding from when it began in 2008 – March 2018.

1, 2018 through December 31, 2033. The proposed new LOSP agreement replaces a contract under the federal Continuum of Care program which was not renewed by HUD.⁷ According to Ms. Romero, given that the project lost its Continuum of Care funding in 2017, HSH increased its funding for operations from 23 to 40 units to cover the gap in funding from April 2017 through June 2018. HSH was already funding operations for 23 units and support services for all 40 units. This was bridge funding until another operating subsidy could be obtained. HSH still provides supportive services funding to the project.

- File 18-0536: A new LOSP agreement with Housing Services Affiliate of Bernal Heights Neighborhood Center for Monterey Boulevard Apartments at 403 Monterey Boulevard not to exceed \$1,662,342 for a term of 15 years and 6-months from July 1, 2018 through December 31, 2033. The proposed new LOSP agreement replaces a contract under the federal Continuum of Care program which was not renewed by HUD⁸. According to Ms. Romero, given that the project lost its Continuum of Care funding in December 2016, HSH assumed operating funding from January 2017 through June 2018 until the project could obtain another operating subsidy. HSH was already overseeing the project and providing supportive services funding.

Table 3 below shows the target population, total number of units, and the number of units to be subsidized under the proposed LOSP agreements.

⁷ According to MOHCD, the Continuum of Care contract was not renewed in 2017 and ended in March 2017. Continuum of Care contracts are renewed annually through the Local Homeless Coordinating Board consolidated application to HUD, and the project received annual funding from when it began in 2008 – March 2017. The Fair Market Rent (FMR) has increased since 2015, which reduces the total number of units that are funded. Citywide, San Francisco has over 60 projects with Continuum of Care subsidies which seek renewal every year, as well as new projects which seek this subsidy. Projects are scored into different tiers and over time, some contracts are lost on the lowest scoring projects. These projects used to be transitional housing developments which did not meet HUD's current priorities for permanent supportive housing models. Now that there are no transitional housing developments remaining within the Continuum of Care portfolio, PSH sites that have been in operation for many years are starting to lose their contracts. In 2017, an additional two PSH projects lost their contracts, despite being high performing projects. Consequently, MOHCD aims to backfill these subsidies to provide project continuity and maintain these units as permanent supportive housing.

⁸ According to MOHCD, the Continuum of Care contract was not renewed in December 2016. MOHCD has since recognized that projects with less than 10 units funded with Continuum of Care funding are less likely to be renewed based on the current renewal scoring (e.g., lack of economies of scale for operations and service provision), and is working to develop contingency plans and other strategies to manage and minimize the impact. As a solution for this loss in funding, MOHCD initially pursued plans to replace the lost Continuum of Care funding with Project-Based Voucher (PBV) Section 8 under a new RFP to have been issued by the San Francisco Housing Authority (SFHA). However, SFHA was not able to obtain the necessary HUD approvals needed by April 2018 to make additional PBVs available via RFP. In order to avoid the risk of the project running short on operating funding during 2018, MOHCD offered to recommend Local Operating Subsidy Program funds to fill the operating budget gap caused by the loss of the Continuum of Care subsidy.

Table 3: Summary of Proposed LOSP Agreements

Project: Address	Target Population	Total Number of Units	LOSP Funded Units
Zygmundt Arendt House: 850 Broderick Street	Seniors	47	31
Parkview Terraces: 871 Turk Street	Seniors	101	20
455 Fell Street Family Housing: 455 Fell Street	Families	108	33
10th & Mission Family Housing: 1390 Mission Street	Families	136	44
Railton Place: 242 Turk Street	Adults	113	40
Monterey Boulevard Apartments: 403 Monterey Boulevard	Families	4	4
Total		509	172

Each of the projects and project sponsors are summarized below:

Zygmundt Arendt House (File 18-0529)

Zygmundt Arendt House was completed in 2010 as a 47 unit permanent supportive housing development for formerly homeless seniors. The property has Continuum of Care subsidies on 16 units and the remaining 31 units are covered by LOSP. The initial 9 year LOSP contract expires in February 2019, and the proposed resolution is for a new 15 year LOSP contract for the 31 LOSP units. The project sponsor is Community Housing Partnership. Supportive services are also provided by Community Housing Partnership.

Parkview Terraces (File 18-0530)

Parkview Terraces was completed in 2008 as an affordable senior development with 20 out of 101 units targeted to formerly homeless seniors, which previously had HUD's Continuum of Care subsidies that were not renewed in 2017. The 20 units are set aside to serve extremely low-income, formerly homeless seniors. The project sponsor is the Chinatown Community Development Center. Supportive services are provided by Northern California Presbyterian Homes and Services.

455 Fell Street Family Housing (File 18-0531)

455 Fell Street Family Housing is currently under construction and will provide 108 units of affordable family rental housing including 33 units serving formerly homeless families and ground floor commercial space. Mercy Housing California and the San Francisco Housing Development Corporation were selected to develop the property through a Request for Proposals (RFP) process. The building is located in the Hayes Valley neighborhood on a former Freeway Parcel, known as Parcel O. The project sponsor is Mercy Housing California. Supportive services are provided by Mercy Housing California and Episcopal Community Services.

10th & Mission Family Housing (File 18-0532)

10th & Mission Family Housing was completed in 2009 and has 136 units of affordable family housing including 44 LOSP units set aside for formerly homeless families. The initial 9-year LOSP

contract ends in June 2018 and is being renewed for a new 15 year term. The project sponsor is Mercy Housing California. Supportive services are provided by Catholic Charities.

Railton Place (File 18-0533)

Railton Place is an existing 113 unit permanent and transitional supportive housing development completed in 2008 by The Salvation Army. 40 units are permanent supportive housing for chronically homeless households including 17 units that lost their Continuum of Care federal subsidy in 2017, and 23 units that were previously funded by HSH for a total of 40 units. The project also has 15 Veteran Affairs Supportive Housing Program (VASH) units and 55 transitional housing units for veterans and adults in recovery from Salvation Army's rehabilitation programs, and Transitional Aged Youth with their own respective program structures and rental subsidies. There are also three affordable property management staff units. The project sponsor is The Salvation Army. Supportive services are also provided by The Salvation Army.

Monterey Boulevard Apartments (File 18-0536)

Monterey Boulevard Apartments is a 4-unit, permanent family supportive housing development that previously operated with the support of Continuum of Care subsidies which were not renewed by HUD. The target population is formerly homeless families referred by HSH. The project sponsor is the Housing Services Affiliate of the Bernal Heights Neighborhood Center. Supportive services are provided by HSH.

Approval of Local Operating Subsidy Program Providers

According to Ms. Romero, the six nonprofit providers were approved for LOSP subsidies as part of the evaluation by the Citywide Affordable Housing Loan Committee⁹ of applications responding to various Notice of Funding Availability (NOFA) for capital funding for acquisition and predevelopment financing for supportive housing for homeless persons, or Request for Proposals (RFP) for specific development sites.

Ms. Romero advises that the operating subsidies to be paid to the six nonprofit affordable housing owners and operators are necessary because revenue generated by the affordable housing developments, including outside grants, tax credits and tenant rents, are not sufficient to fund permanent supportive housing to low income persons who were formerly homeless. According to Ms. Romero, for FY 2018-19, three additional existing supportive housing projects were added to the LOSP portfolio due to loss of federal Continuum of Care subsidies in 2017 and 2018: Railton Place, Monterey Boulevard Apartments, and Parkview Terraces totaling 64 units. This backfill was implemented to ensure continuation of the permanent supportive housing units.

Funding for the proposed agreements are General Fund monies allocated annually in the HSH budget, which is subject to Board of Supervisors annual appropriation approval. The proposed agreements are administered by MOHCD, under work order agreements with HSH. Ms. Romero

⁹ The Citywide Affordable Housing Loan Committee is composed of the Directors and/or senior staff of the Mayor's Office of Housing and Community Development, the Office of Community Investment and Infrastructure, and the Department of Homelessness and Supportive Housing.

notes that, if any of the six proposed LOSP agreements are not approved, or if any of the General Fund appropriations are not approved in the current or future 14 fiscal years, then the individual nonprofit housing providers would not be able to provide such specified housing units for very low income formerly homeless target populations.

FISCAL IMPACT

Under the proposed LOSP agreements, the rent charged to tenants living in these subsidized units would be capped at a fixed percentage of a tenant's income (50 percent in Direct Access to Housing (DAH) subsidized units, 30 percent in all other subsidized units). According to Ms. Romero, in 2016, the average tenant's rent was \$331 per unit per month. The projected City LOSP subsidy amount for the units covered under the proposed agreements is the difference between the rent paid by individual tenants and the actual cost to operate the unit per month. The actual operating cost is the amount necessary to cover each facility's operating expenses, which includes property management and office staff, utilities, taxes, licenses, insurance, maintenance, security and required reserves. The amount of the projected subsidy is specified in each agreement, and (i) is subject to revision annually by MOHCD based on the prior years' occupancy and operating budget, and (ii) is contingent on the annual General Fund appropriation to HSH, under work orders with MOHCD, by the Board of Supervisors.

The Attachment provided by MOHCD summarizes the projected LOSP expenditures for each of the six projects, over the approximately 15-year term of each agreement. As shown in the Attachment, the City's 2019 subsidy provided per housing unit ranges from \$571 per month at the Railton Place project to \$1,893 per month at the 455 Fell Street Family Housing project. According to Ms. Romero, the significant variation in the subsidy per unit is primarily due to the number of the LOSP units per project because economies of scale allow property management and other housing staff requirements to be spread over a greater number of units. Target populations and staffing models are also additional factors.

As summarized in Table 4 below, the total costs over the approximately 15-year term for the six projects are estimated to be \$43,410,547. The annual General Fund subsidies for these six projects are anticipated to increase from \$1,996,862 in 2019 to \$3,584,019 in 2033. The average cost of each unit's subsidy that would be provided over the approximately 15-year term of each of these agreements is shown in Table 4, ranging from \$139,039 for each of the 40 units in the Railton Place project to \$415,586 for each of the 4 units at the Monterey Boulevard Apartments project.

Table 4: Projected Subsidy Expenditures under the Proposed Six Agreements

Project	Number of LOSP Units	Total LOSP Cost	Average Cost Per Unit for Agreement Term
Zygmunt Arendt House (File 18-0529)	31	\$11,787,548	\$380,243
Parkview Terraces (File 18-0530)	20	4,580,619	\$229,031
455 Fell Street Family Housing (File 18-0531)	33	10,077,324	\$305,373
10th & Mission Family Housing (File 18-0532)	44	9,741,171	\$221,390
Railton Place (File 18-0533)	40	5,561,543	\$139,039
Monterey Boulevard Apartments (File 18-0536)	4	1,662,342	\$ 415,586
TOTAL:	172	\$43,410,547	

As noted above, funding for the proposed agreements are General Fund monies appropriated annually in the Department of Homelessness and Supportive Housing (HSH) budget, which are subject to Board of Supervisors annual appropriation approval. The proposed agreements are administered by MOHCD, under work order agreements with HSH, such that MOHCD would be party to each of the proposed LOSP agreements on behalf of the City.

POLICY CONSIDERATION

Annual Reporting

The Budget and Legislative Analyst's January 2012 Performance Audit of San Francisco's Affordable Housing Policies recommended that MOHCD report annually to the Board of Supervisors on (i) completed and planned supportive housing units for chronically homeless individuals and families, and (ii) funding strategies for planned but not constructed units. According to Ms. Romero, MOHCD reports on the LOSP contracts in the MOHCD Annual Progress Report, which contains all of MOHCD's required reports for the Board of Supervisors.

Loss of Continuum of Care Funding from HUD

The federal Department of Housing and Urban Development (HUD) allocates rental assistance funding to eligible housing units each year through applications to the Local Homeless Coordinating Board. Due to increases in the fair market rent in San Francisco, the total number of housing units that receive funding each year is reduced, resulting permanent supportive housing units that previously received Continuum of Care funding losing this funding in 2017 and 2018.

As noted above, Parkview Terraces, Railton Place, and the Monterey Boulevard Apartments previously received Continuum of Care funding, but the funding for these housing units was not renewed by HUD. According to Ms. Romero, housing units that did not receive renewal of the Continuum of Care funding are not eligible for future Continuum of Care funding.

Parkview Terraces Loss of Funding

While Railton Place and Monterey Boulevard Apartments did not receive Continuum of Care funding due to ineligibility of program model (Railton Place's Clean and Sober program does not conform to HUD's Housing First model) or size (Monterey Boulevard Apartments has only four units), Parkview Terrace lost funding due to inability to meet HUD's reporting requirements. According to Ms. Romero, MOHCD has worked with Chinatown Community Development Corporation (the sponsor of Parkview Terraces) to implement procedures to assure that Chinatown Community Development Corporation will continue to be eligible for Continuum of Care funding at other housing projects sponsored by Chinatown Community Development Corporation.

Project Based Vouchers

An alternative to HUD's Continuum of Care funding are Project Based Vouchers, funded through HUD's Section 8 program and administered by the San Francisco Housing Authority (SFHA). SFHA issued a Request for Proposals (RFP) in August 2017 to award Project Based Vouchers for up to 600 housing units serving the homeless; the three housing projects noted above – Parkview Terraces, Railton Place, and the Monterey Boulevard Apartments – did not apply for Project Based Vouchers in response to this RFP.

According to Ms. Romero, MOHCD and SFHA hope to expand the use of Project Based Vouchers to offset the costs of LOSP for supportive housing units for formerly homeless adults and families. SFHA is only allowed to allocate 20 percent of their Section 8 Housing Choice Vouchers to Project Based Vouchers; this allocation can be increased to 30 percent for housing units for formerly homeless adults and families that have access to supportive services. In order for SFHA to issue a new RFP for Project Based Vouchers, HUD must review and approve a "cap analysis" on how many housing units can be allocated Project Based Vouchers. HUD has not yet approved a new RFP for this purpose.

Because housing units in the six projects being recommended for new 15-year LOSP contracts could potentially be eligible to apply for Project Based Voucher funding through a new RFP process, the proposed resolutions should be amended to (1) request the Director of the Mayor's Office of Housing and Community Development to facilitate the application of the respective housing project to the next RFP for Project Based Voucher funding; and (2) require the LOSP contract for the respective housing project to be amended to account the Project Based Voucher funding if awarded.

RECOMMENDATIONS

1. Amend the proposed resolutions to clarify the term of each agreement as follows:

File	Provider	Agreement Start Date	Agreement End Date	Term
18-0529	Zygmunt Arendt House	January 1, 2019	December 31, 2033	15 yrs
18-0530	Parkview Terraces	April 1, 2018	December 31, 2033	15 yrs, 9 mo
18-0531	455 Fell Street Family Housing	May 1, 2019	December 31, 2034	15 yrs, 8 mo
18-0532	10th & Mission Family Housing	July 1, 2018	December 31, 2033	15 yrs, 6 mo
18-0533	Railton Place	July 1, 2018	December 31, 2033	15 yrs, 6 mo
18-0536	Monterey Boulevard Apartments	July 1, 2018	December 31, 2033	15 yrs, 6 mo

2. Amend (i) File 18-0529 to state that the current agreement between MOHCD and Arendt House, LP for Zygmunt Arendt House will terminate on December 31, 2018 prior to the start of the new LOSP agreement on January 1, 2019; and (ii) File 18-0530 to state that the current agreement between MOHCD and Parkview Terrace Partners, LP for Parkview Terraces is retroactive from April 1, 2018 through December 31, 2033.
3. Amend the proposed resolutions to (1) request the Director of the Mayor's Office of Housing and Community Development to facilitate the application of the respective housing project to the next RFP for Project Based Voucher funding for which they are eligible; and (2) require the LOSP contract for the respective housing project to be amended to account the Project Based Voucher funding if awarded.
4. Approve the proposed resolutions as amended.

Combined Exhibit A

Calendar Year	Zygmundt Arendt House			10th & Mission			455 Fall Street			Monterey Boulevard			Reilton Place		Parkview Terraces			
	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month
2018	0	\$ -	\$ -	6	\$ 246,896	\$ 935	0	\$ 0	\$ -	6	\$ 36,213	\$ 1,509	6	\$ 132,042	\$ 550	9	\$ 167,817	\$ 932
2019	12	\$ 596,433	\$ 1,603	12	\$ 496,130	\$ 940	8	\$ 323,273	\$ 1,893	12	\$ 75,771	\$ 1,579	12	\$ 274,311	\$ 571	12	\$ 230,943	\$ 962
2020	12	\$ 631,091	\$ 1,696	12	\$ 513,339	\$ 972	12	\$ 499,870	\$ 1,309	12	\$ 79,313	\$ 1,652	12	\$ 284,920	\$ 594	12	\$ 239,079	\$ 996
2021	12	\$ 652,644	\$ 1,754	12	\$ 531,193	\$ 1,006	12	\$ 518,260	\$ 1,357	12	\$ 83,067	\$ 1,731	12	\$ 295,924	\$ 617	12	\$ 247,134	\$ 1,030
2022	12	\$ 674,295	\$ 1,813	12	\$ 549,715	\$ 1,041	12	\$ 537,319	\$ 1,407	12	\$ 87,047	\$ 1,813	12	\$ 307,337	\$ 640	12	\$ 254,090	\$ 1,059
2023	12	\$ 699,166	\$ 1,879	12	\$ 568,931	\$ 1,078	12	\$ 557,065	\$ 1,458	12	\$ 91,271	\$ 1,901	12	\$ 319,176	\$ 665	12	\$ 258,510	\$ 1,077
2024	12	\$ 725,925	\$ 1,951	12	\$ 588,865	\$ 1,115	12	\$ 577,524	\$ 1,512	12	\$ 95,759	\$ 1,995	12	\$ 331,454	\$ 691	12	\$ 268,412	\$ 1,118
2025	12	\$ 739,857	\$ 1,989	12	\$ 609,544	\$ 1,154	12	\$ 598,721	\$ 1,567	12	\$ 100,529	\$ 2,094	12	\$ 344,187	\$ 717	12	\$ 278,448	\$ 1,160
2026	12	\$ 769,268	\$ 2,058	12	\$ 621,742	\$ 1,178	12	\$ 620,682	\$ 1,625	12	\$ 105,605	\$ 2,200	12	\$ 357,392	\$ 745	12	\$ 292,761	\$ 1,220
2027	12	\$ 799,761	\$ 2,150	12	\$ 643,692	\$ 1,219	12	\$ 643,435	\$ 1,684	12	\$ 111,010	\$ 2,313	12	\$ 371,086	\$ 773	12	\$ 299,127	\$ 1,246
2028	12	\$ 830,875	\$ 2,234	12	\$ 666,461	\$ 1,262	12	\$ 667,007	\$ 1,746	12	\$ 116,771	\$ 2,433	12	\$ 385,285	\$ 803	12	\$ 314,509	\$ 1,310
2029	12	\$ 863,149	\$ 2,320	12	\$ 690,079	\$ 1,307	12	\$ 691,427	\$ 1,810	12	\$ 122,917	\$ 2,561	12	\$ 400,009	\$ 833	12	\$ 321,490	\$ 1,340
2030	12	\$ 897,128	\$ 2,412	12	\$ 714,577	\$ 1,353	12	\$ 716,725	\$ 1,876	12	\$ 129,479	\$ 2,697	12	\$ 415,275	\$ 865	12	\$ 333,268	\$ 1,389
2031	12	\$ 932,354	\$ 2,506	12	\$ 739,987	\$ 1,401	12	\$ 742,932	\$ 1,945	12	\$ 136,491	\$ 2,844	12	\$ 431,104	\$ 898	12	\$ 345,511	\$ 1,440
2032	12	\$ 968,872	\$ 2,604	12	\$ 766,343	\$ 1,451	12	\$ 770,081	\$ 2,016	12	\$ 141,536	\$ 2,949	12	\$ 447,514	\$ 932	12	\$ 358,182	\$ 1,492
2033	12	\$ 1,006,730	\$ 2,706	12	\$ 793,678	\$ 1,503	12	\$ 798,203	\$ 2,058	12	\$ 149,563	\$ 3,116	12	\$ 464,527	\$ 968	12	\$ 371,318	\$ 1,547
2034	0	\$ 50	\$ -	0	\$ -	\$ -	12	\$ 814,800	\$ 2,058									
TOTAL:	180	\$ 11,787,548		186	\$ 9,741,172		188	\$ 10,077,324		186	\$ 1,662,342		186	\$ 5,561,543		189	\$ 4,580,619	
# of LOSP Units:	31			44			33			4			40			20		

TOTAL: \$ 43,410,548

Total LOSP by Fiscal Year for 6 projects

Total LOSP 2018	\$ 582,968
2019	\$ 1,996,862
2020	\$ 2,247,612
2021	\$ 2,328,222
2022	\$ 2,409,803
2023	\$ 2,494,118
2024	\$ 2,587,939
2025	\$ 2,671,286
2026	\$ 2,767,450
2027	\$ 2,868,111
2028	\$ 2,980,908
2029	\$ 3,089,071
2030	\$ 3,206,472
2031	\$ 3,328,379
2032	\$ 3,452,527
2033	\$ 3,584,019
2034	\$ 814,800
Total 6 projects over contract	\$ 43,410,548

LOSP New or Renewal Projects coming on line in 2018-19

Project	Target Population	Service Agency	TI Units	TI Homeless Units	TI LOSP units	15 Year LOSP Contract	UNIT MIX - HOMELESS UNITS						TOTAL	
							Other Operating Subsidies	Studios	1-BR	2-BR	3-BR	4-BR		
Zygmundt Arendt House	Seniors	Community Housing Partnership	47	47	31	\$ 11,787,548	Continuum of Care	47						47
10th & Mission	Families	Catholic Charities	136		44	\$ 9,741,172	None		34	42		60		136
455 Fall Street	Families	Mercy Housing California and Episcopal Community Services	108	33	33	\$ 10,077,324	None	1	57	42		8		108
Monterey Blvd	Families	Dept of Homelessness	4	4	4	\$ 1,662,342	None		1		3			4
Reilton Place	Adults	The Salvation Army	113	110	40	\$ 5,561,543	THP Plus, VASH, Salvation Army		113					113
Parkview Terraces	Seniors	Northern California Presbyterian Homes and Services	101	20	20	\$ 4,580,619	None	59	42					101
TOTAL:			509	258	172	\$ 43,410,548								509

**CITY AND COUNTY OF SAN FRANCISCO
MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT**

GRANT AGREEMENT

between

CITY AND COUNTY OF SAN FRANCISCO

and

Mercy Housing California XIV, a California Limited Partnership

For

10TH AND MISSION FAMILY HOUSING

1390 MISSION STREET

THIS GRANT AGREEMENT (this “**Agreement**”) is made this July 1, 2018, by and between Mercy Housing California XIV, a California limited partnership (“**Grantee**”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**City**”) acting by and through the Mayor’s Office of Housing and Community Development (“**MOHCD**”).

WITNESSETH:

WHEREAS, the City previously provided Grantee funding through MOHCD’s Local Operating Subsidy Program (“**Program**”) under a nine-year agreement dated September 15, 2009; and

WHEREAS, Grantee submitted the Application Documents (as hereinafter defined) to MOHCD for a grant through MOHCD’s Local Operating Subsidy Program (“**Program**”); and

WHEREAS, City desires to provide such a grant on the terms and conditions set forth herein; and

WHEREAS, the City’s Board of Supervisors authorized execution of this Agreement on _____, _____ pursuant to Resolution No. _____.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Specific Terms. Unless the context otherwise requires, the following capitalized terms (whether singular or plural) shall have the meanings set forth below:

“**ADA**” shall mean the Americans with Disabilities Act (including all rules and regulations thereunder) and all other applicable federal, state and local disability rights legislation, as the same may be amended, modified or supplemented from time to time.

“**Additional Leasing Date**” shall have the meaning given to it in Section 4.1.

“**Agreement Date**” means the date this Agreement is duly executed and delivered by Grantee and MOHCD.

“**Annual Monitoring Report**” shall have the meaning given to it in Section 6.1.

“**Annual Operating Budget**” means the operating budget for the Project approved by City attached hereto as **Exhibit B**, as amended by Grantee and City from time-to-time.

“**Applicable Laws**” means all applicable present or future federal, state, local and administrative laws, rules, regulations, codes, orders and requirements.

“**Application Documents**” shall mean collectively: (i) the grant application submitted by Grantee for a Program grant, including all exhibits, schedules, appendices and attachments thereto; (ii) all documents, correspondence and other written materials submitted in respect of such grant application; and (iii) all amendments, modifications or supplements to any of the foregoing approved in writing by City.

“**Approved Shortfall**” means the amount that is approved by MOHCD, if any, by which the Assisted Units Operating Costs (as defined in Section 5.6) for any Business Year during the Term exceed the Project Income attributable to the Assisted Units for such Business Year.

“**Assisted Units**” means forty-four (44) residential units at the Project.

“**Business Year**” means each period of twelve (12) months used by the Project to define the beginning and end of the year for purposes of accounting and other reporting.

“**CFR**” means the Code of Federal Regulations.

“**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.

“**Charter**” shall mean the Charter of City.

“**Charter Documents**” shall have the meaning given in Section 6.2.

“**City**” means the City and County of San Francisco.

“**City Loan Documents**” means the MOHCD Loan Agreement and the documents executed in connection therewith.

“**Controller**” shall mean the Controller of City.

“**Director**” means MOHCD’s Director or an authorized representative of the Director.

“**Effective Date**” means the Agreement Date.

“**Event of Default**” shall have the meaning set forth in Section 11.1.

“**First Subsidy Payment**” shall mean the Subsidy Payment for the initial period starting from the Effective Date.

“**Grant Amount**” shall have the meaning set forth in Section 5.1.

“**Grant Funds**” shall mean any and all funds allocated or disbursed to Grantee under this Agreement.

“**Gross Rent**” means the aggregate annual sum charged to Tenants for rent and utilities, with utility charges limited to an allowance determined by the San Francisco Housing Authority and published by MOHCD.

“**HSH**” means the San Francisco Department of Homelessness and Supportive Housing.

“**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.

“**Indemnified Parties**” shall mean City, including MOHCD and all of City’s commissions, departments, agencies and other subdivisions, and City’s elected officials, directors, officers, employees, agents, and representatives, and their respective successors and assigns.

“**Initial Leasing Date**” shall be the date when the first Assisted Unit is leased and occupied by a Tenant.

“**Loan Committee**” means the City review committee that selects Program grantees.

“**LOSP Clients**” means the formerly homeless individuals or households that HSH deems eligible for Program assistance pursuant to the Program criteria set forth on the attached **Exhibit D** (as such criteria may be amended from time to time by MOHCD) as administered by Grantee pursuant to this Agreement, the LOSP Policies and Procedures Manual and the Services Agreement.

“**LOSP Policies and Procedures Manual**” means the document published jointly by MOHCD and HSH describing the program’s operational policies and procedures, as may be amended from time to time.

“**Maintenance Duties**” shall have the meaning given to it in Section 4.8(a).

“**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.

“**MOHCD**” shall mean the Mayor’s Office of Housing and Community Development of the City and County of San Francisco.

“**MOHCD Loan Agreement**” means that certain loan agreement, dated as of April 20, 2007, between MOHCD and Grantee with respect to a \$1,142,535 loan and \$746,356 grant.

“**Operating Costs**” means the following costs: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement, the City Loan Documents or the Senior Loan Documents; (b) salaries, wages and any other compensation due and payable to the employees or agents of Grantee employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) Qualified Minimal Debt Service Payments, if any; (d) the asset management fees, partnership management fees, investor services fee and deferred developer fees described in the Annual Operating Budget or otherwise approved by MOHCD in writing; (e) all other expenses actually incurred to cover the operation of the Project to the standards required under this Agreement, including maintenance and repairs, and property management fees (to the extent such fees

are permitted to be made under the MOHCD Loan Agreement); (f) required deposits to the Replacement Reserve Account (as defined in the MOHCD Loan Agreement), Operating Reserve Account, and any other reserve account required under this Agreement (excluding the Subsidy Reserve Account), the City Loan Documents or the Senior Loan Documents; and (g) any extraordinary expenses arising from the ownership or operation of the Project approved in advance and in writing by MOHCD. “Operating Costs” shall not include any loan payments to be made under the City Loan Documents, the Senior Loan Documents or any other loan payments other than Qualified Minimal Debt Service Payments, nor any costs Grantee incurs in providing services to a Project tenant other than the services to be provided under such Project tenant’s lease or otherwise approved hereunder.

“**Operating Reserve Account**” means the interest-bearing operating reserve depository account Grantee is required to maintain pursuant to the MOHCD Loan Agreement.

“**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.

“**Operating Statement**” shall have the meaning set forth in Section 6.1.

“**Opinion**” means an opinion of Grantee’s California legal counsel, satisfactory to MOHCD, that Grantee is a duly formed, validly existing limited partnership in good standing under the laws of the State of California, has the power and authority to enter into this Agreement and will be bound by its terms when executed and delivered, that each of Grantee’s general partners is a duly formed, validly existing nonprofit corporation in good standing under the laws of the State of California, which has established and maintains valid nonprofit status under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder or is a duly formed, validly existing limited liability company whose sole member is nonprofit corporation in good standing under the laws of the State of California, which has established and maintains valid nonprofit status under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder and each has the power and authority to act as Grantee’s general partner, and that addresses any other matters MOHCD reasonably requests.

“**Program**” means the Local Operating Subsidy Program, through which MOHCD provides operating subsidies to housing projects that provide permanent supportive housing for formerly homeless individuals and households.

“**Program Transition Reserve Account**” shall have meaning given to it in Section 2.5.

“**Project**” means the forty-four (44) unit set aside for formerly homeless families referred by HSH within the one hundred thirty-six (136) unit housing project commonly known as 10th and Mission Family Housing, which is located on the Real Property.

“**Project Income**” means all income and receipts in any form received by Grantee from the operation, use or ownership of the Project, calculated on an accrual basis, including rents, fees, deposits (other than tenant security deposits), reimbursements and other charges paid to Grantee by MOHCD in connection with the Project (other than Grant Funds), and any funds held in the Subsidy Reserve Account.

“**Project Operating Account**” means a checking account maintained by Grantee, which shall be held in a bank or savings and loan institution acceptable to MOHCD as a segregated account insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program.

“**Projected Shortfall**” means the amount, if any, by which the Assisted Units Operating Costs (as defined in Section 5.6) for any Business Year during the Term are projected to exceed the Project Income obtained from the Assisted Units for such Business Year.

“Qualified Minimal Debt Service Payment” means a minimal debt service payment that Grantee must make under the MOHCD Loan Agreement, the Senior Loan Documents or any additional affordable housing loan for the Project, provided that Grantee first obtains MOHCD’s written consent to such additional loan, including any proposed repayments to be made to such additional loan.

“Real Property” shall mean the real property described on the attached **Exhibit C**.

“Referral” means HSH documentation of eligibility of LOSP client being referred for permanent supportive housing at the Project.

“Senior Loan Documents” means the following documents: the loan documents executed by Grantee in connection with a loan in the amount of \$26,824,338 from the former San Francisco Redevelopment Agency (“Agency”); the loan documents executed by Grantee in connection with a loan in the amount of \$37,650,000 from Union Bank of California N.A., related to the Agency Multifamily Housing Mortgage Revenue Bonds (Tenth and Mission Family Housing) 2007; the loan and grant documents executed by Grantee in connection with the loan and grant from MOHCD in the amount of \$1,888,891; the loan documents executed by Grantee in connection with the loan from the State of California’s Housing and Community Development Department’s Multifamily Housing Program in the amount of \$10,500,000; and the loan documents executed by the Grantee in connection with an Affordable Housing Program (AHP) Loan in the amount of \$680,000 from California Bank and Trust.

“Services Agreement” means the Contract for Services dated [REDACTED], and between Tenant Services Contractor and HSH for the provision of services to LOSP Clients at the Project.

“Subsidy Payment” means a payment made by MOHCD to Grantee pursuant to the terms of this Agreement, which shall be made in the manner and in the amount specified in Article 5 below.

“Subsidy Reserve Account” means a checking account maintained by Grantee, which shall be held in a bank or savings and loan institution acceptable to MOHCD as a segregated account insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program, and used only for the purposes specified in Section 4.3.

“Tenant” shall mean a LOSP Client who leases an Assisted Unit.

“Tenant-Paid Rent” means the annual amount charged to Tenants for rent, not including any applicable utility allowance, which must be included when calculating Gross Tenant Rent.

“Tenant Services Contractor” shall mean Catholic Charities CYO, a California non-profit public benefit corporation.

“Term” shall have the meaning given to in Section 3.

“Termination Notice Date” shall have the meaning given to in Section 4.1.

“Transition Plan” shall have the meaning given to in Section 2.5.

“Underlying Restricted Rent” is the maximum Gross Rent allowed under the MOHCD Loan Agreement or any other more-restrictive covenants under City-approved funding agreements.

“Vacancy Period” shall have the meaning given to in Section 4.1.

“15-Year Cash Flow” means the cash flow projection described in the attached **Exhibit B**.

1.2 Additional Terms. The terms “as directed,” “as required” or “as permitted” and similar terms shall refer to the direction, requirement, or permission of MOHCD. The terms “sufficient,” “necessary”

or “proper” and similar terms shall mean sufficient, necessary or proper in the sole judgment of MOHCD. The terms “approval,” “acceptable” or “satisfactory” or similar terms shall mean approved by, or acceptable to, or satisfactory to MOHCD. The terms “include,” “included” or “including” and similar terms shall be deemed to be followed by the words “without limitation”. The use of the term “subcontractor,” “successor” or “assign” herein refers only to a subcontractor (“subgrantee”), successor or assign expressly permitted under Article 13.

1.3 References to this Agreement. References to this Agreement include: (a) any and all appendices, exhibits, schedules, attachments hereto; (b) any and all statutes, ordinances, regulations or other documents expressly incorporated by reference herein; and (c) any and all amendments, modifications or supplements hereto made in accordance with Section 17.2. References to articles, sections, subsections or appendices refer to articles, sections or subsections of or appendices to this Agreement, unless otherwise expressly stated. Terms such as “hereunder,” herein or “hereto” refer to this Agreement as a whole.

ARTICLE 2 APPROPRIATION AND CERTIFICATION OF GRANT FUNDS; LIMITATIONS ON CITY’S OBLIGATIONS

2.1 Risk of Non-Appropriation of Grant Funds. This Agreement is subject to the budget and fiscal provisions of the Charter. City shall have no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements or for other MOHCD expenditures. Grantee acknowledges that MOHCD’s obligation to make Subsidy Payments under this Agreement is expressly conditioned on the (a) appropriation of sufficient funds to HSH for Subsidy Payments and transfer of such funds from HSH to MOHCD (or as MOHCD may direct such funds to be transferred directly by HSH to Grantee), which appropriation and transfer is subject to HSH’s annual operating budget, or (b) appropriation of sufficient funds for Subsidy Payments to MOHCD’s annual operating budget. If the funds appropriated for Program subsidy payments in a given year will be insufficient to fund the total Program subsidy payments MOHCD intended to make in such year, MOHCD shall have the right to reduce the amount of Program subsidy payments and to select the qualifying projects subject to such reduced payments.

Notwithstanding the foregoing, however, qualifying projects that are not financed with State Department of Housing and Community Development Multifamily Housing Program Supportive Housing Component funds (“**HCD Funds**”) will be subject to such Program subsidy payment reductions before any such reductions are made to qualifying projects financed with HCD Funds.

If MOHCD determines that Subsidy Payments for any given period must be reduced due to a shortfall in appropriated Program funds (a “**Non-Appropriation Event**”), MOHCD shall notify Grantee that a Non-Appropriation Event has occurred. City’s obligation to make any Subsidy Payments in excess of those for which sufficient funds have been appropriated shall automatically terminate as of such Non-Appropriation Event, except as may be required pursuant to Section 2.5 below. Grantee acknowledges that HSH’s and MOHCD’s annual operating budgets are each subject to the discretion of City’s Mayor and Board of Supervisors and a Non-Appropriation Event may occur during the Term and, accordingly, that Subsidy Payments may subsequently not be made in the amounts projected pursuant to this Agreement. Grantee’s assumption of such risks is part of the consideration for this Agreement.

2.2 Certification of Controller; Guaranteed Maximum Costs. No funds shall be available under this Agreement until prior written authorization certified by the Controller. In addition, as set forth in Section 21.10-1 of the San Francisco Administrative Code:

(a) City’s obligations hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification, the current Controller certification for Grant Funds is only for the First Subsidy Payment, and Controller certification will be a condition precedent for all other Subsidy Payments to the extent that Project Transition Reserve Account funds are not available to fund such Subsidy Payments.

(b) Except as may be provided by City ordinances governing emergency conditions, City and its employees and officers are not authorized to request Grantee to perform services or to provide materials, equipment and supplies that would result in Grantee performing services or providing materials, equipment and supplies that are beyond the scope of the services, materials, equipment and supplies specified in this Agreement unless this Agreement is amended in writing and approved as required by law to authorize the additional services, materials, equipment or supplies. City is not required to pay Grantee for services, materials, equipment or supplies provided by Grantee if they are beyond the scope of the services, materials, equipment and supplies agreed upon herein and were not approved by a written amendment to this Agreement lawfully executed by City.

(c) City and its employees and officers are not authorized to offer or promise to Grantee additional funding for this Agreement that would exceed the maximum amount of funding provided for herein. Additional funding for this Agreement in excess of the maximum provided herein shall require lawful approval and certification by the Controller. City is not required to honor any offered or promised additional funding that exceeds the maximum provided in this Agreement, which requires lawful approval and certification of the Controller when the lawful approval and certification by the Controller has not been obtained.

(d) The Controller is not authorized to make payments on any agreement for which funds have not been certified as available for such purposes in the budget of HSH or MOHCD or by supplemental appropriation.

2.3 Automatic Termination for Nonappropriation or Nontransfer of Funds. This Agreement shall automatically terminate, without penalty, liability or expense of any kind to City, at the end of the period of the City's Business Year that a Non-Appropriation Event occurs, except as otherwise set forth in Section 2.5.

2.4 SUPERSEDURE OF CONFLICTING PROVISIONS. IN THE EVENT OF ANY CONFLICT BETWEEN ANY OF THE PROVISIONS OF THIS ARTICLE 2 AND ANY OTHER PROVISION OF THIS AGREEMENT, THE APPLICATION DOCUMENTS OR ANY OTHER DOCUMENT OR COMMUNICATION RELATING TO THIS AGREEMENT, THE TERMS OF THIS ARTICLE 2 SHALL GOVERN.

2.5 Program Transition Reserve Account. All LOSP subsidy payments, including the Subsidy Payments, are conditioned on the appropriation of sufficient funds therefor and the transfer of such funds to MOHCD's annual budget. MOHCD intends to establish a reserve account, as MOHCD deems appropriate and in its sole discretion, to fund all or a portion of selected LOSP subsidy payments in the event sufficient funds are not so appropriated or transferred (the "**Program Transition Reserve Account**"). If there is a Non-Appropriation Event, City shall use Program Transition Reserve Account funds to disburse such Subsidy Payments to the extent there are sufficient Program Transition Reserve Account funds for such disbursements.

If there is a Non-Appropriation Event, and City fully funds the following year's Subsidy Payment in the amount shown on Exhibit A (whether with Program Transition Reserve Account funds or otherwise), this Agreement shall remain in effect through the last day of the period for which such Subsidy Payment is made. In the event City continues to fully fund subsequent Subsidy Payments, this Agreement shall remain in effect through the last day of the period for which each such subsequent Subsidy Payment is made.

City shall have no obligation to replenish or supplement the Program Transition Reserve Account. City shall have the right to, at MOHCD's discretion, use Program Transition Reserve Account funds to make subsidy payments to LOSP grantees other than Grantee. The Program Transition Reserve Account shall remain the City's property at all times and any interest that accrues thereon shall remain the sole property of City and will be deemed part of the Program Transition Reserve Account. If any funds remain in the

Program Transition Reserve Account at the expiration of the Term or earlier termination of this Agreement, such funds shall remain with City and Grantee shall have no rights thereto.

Grantee agrees that it shall not make any distributions or payments of Residual Receipts, as defined in the MOHCD Loan Agreement, until City has approved the distribution or payment of such Residual Receipts.

ARTICLE 3 TERM

The term of this Agreement (the “**Term**”) shall commence on the Effective Date and shall terminate on the thirty-first day of December, 2033.

ARTICLE 4 PERFORMANCE OF GRANT OBLIGATIONS

4.1 Lease of Assisted Units.

(a) Commencing on the Initial Leasing Date, Grantee shall lease all of the Assisted Units to the LOSP Clients it selects from Referrals supplied by the City.

If an Assisted Unit lease terminates at any time, Grantee shall deliver written notice of such termination to City within five (5) business days of such termination (the “**Termination Notice Date**”). City shall accordingly deliver a Referral to Grantee within fifteen (15) business days of receiving such Assisted Unit lease termination notice and Grantee shall lease such vacated Assisted Unit to the LOSP Client within the sixty (60) day period immediately following its receipt of such Referrals (each such additional lease up date shall be referred to as an “**Additional Leasing Date**”). The period of time between a Termination Notice Date and the corresponding Additional Leasing Date shall be referred to as a “**Vacancy Period**”. After the Initial Leasing Date, an Assisted Unit may remain vacant during any Vacancy Period applicable to such Assisted Unit. If City fails to timely deliver the required Referrals at any time, until City delivers such Referrals, Grantee can submit a request to City to use a qualified candidate identified by Grantee that satisfies the requirements of **Exhibit D**, and such request shall not be unreasonably denied.

(b) Grantee shall give preference in occupying all Assisted Units first to Certificate of Preference Holders in accordance with the Preferences Ordinance; provided that such applicants satisfy all other applicable eligibility requirements under the City Loan Documents and the Senior Loan Documents.

(c) Intentionally Omitted

(d) Grantee shall have sole discretion in selecting the LOSP Clients that will be Tenants, provided that Grantee’s decision not to rent an Assisted Unit to an LOSP Client referred to Grantee by City shall not be unreasonably withheld or conditioned, and provided further that Grantee shall not 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 leasing of the Assisted Units.

(e) Grantee shall comply with the Tenant Selection Plan Policy set forth in the attached **Exhibit H** when selecting tenants for the Assisted Units.

(f) Grantee shall comply with the Tenant Screening Criteria Policy set forth in the attached **Exhibit I** when screening tenants for the Assisted Units.

(g) Grantee shall rent each Assisted Unit to a Tenant pursuant to a separate lease agreement that complies with this Agreement. Each Tenant lease shall provide for termination of such lease and such Tenant's consent to immediate eviction if the Tenant has made any material misrepresentation in the initial income certification made by Tenant to City or in any later income certification made by Tenant to Grantee. The lease agreement for each Assisted Unit must also contain the applicable Lease Addendum, which can be found in the **LOSP Policies and Procedures Manual**.

(h) Grantee shall obtain each Tenant's recertification of his/her household income on an annual basis. Such income certifications shall be prepared pursuant to low income housing tax credit guidelines for household income and shall be maintained on file at Grantee's principal office for no less than five (5) years following the date of such certification, and Grantee must file or cause to be filed copies thereof with MOHCD promptly upon MOHCD's request therefor.

(i) Security deposits may be required of Tenants only in accordance with applicable federal regulations, 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 other tenants of the Project and disbursed in accordance with California law. The balance in such security deposit account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits or interest thereon returned to Tenants or any other tenants of the Project.

4.2 Rent Restrictions.

(a) Gross Rent charged for any Tenant shall be the lower of thirty percent (30%) of a Tenant's gross monthly income, or the maximum rent allowed under the MOHCD Loan Agreement.

(b) With the written approval of HSH, the Gross Rent charged to a Tenant may be increased as a result of a determination by HSH that such Tenant is no longer eligible under the Program, so long as the Gross Rent charged does not exceed the Underlying Restricted Rent. Notwithstanding the forgoing, Tenants deemed no longer eligible by HSH who remain occupants of the Project shall still be considered a LOSP Client and the Tenant's Unit shall still constitute an Assisted Unit for purposes of compliance with the requirements of this Agreement.

(c) Grantee must provide MOHCD at least annually a report showing actual household income level and Gross Rent for each Tenant.

4.3 Operating Reserve Account; Subsidy Reserve Account. Grantee shall comply with all of its requirements for the Operating Reserve Account under the MOHCD Loan Agreement. In addition, if the Subsidy Payment made to Grantee for a Business Year exceeds the Approved Shortfall for such Business Year, as determined pursuant to the reports delivered under Section 6.1, Grantee shall deposit such excess amount in the Subsidy Reserve Account. Grantee shall not use Subsidy Reserve Account funds, or any interest earned thereon, for any purpose other than as provided in this Agreement. The only funds that shall be held in the Subsidy Reserve Account shall be the moneys deposited therein pursuant to this Section and the interest earned thereon.

If the Approved Shortfall for a Business Year exceeds the Subsidy Payment made to Grantee for such Business Year, Grantee shall first use Subsidy Reserve Account funds, to the extent available, to pay the Assisted Units Operating Costs that comprise such excess shortfall. If the Subsidy Reserve Account plus Subsidy Payment funds are insufficient to pay all of the Assisted Units Operating Costs in any given Business Year, Grantee shall use Operating Reserve Account funds, if any, to pay the remaining Assisted Units Operating Costs, subject to any approval Grantee must obtain from any lender under the Senior Loan Documents or Grantee's tax credit limited partner to so use the Operating Reserve Account funds.

4.4 [Intentionally Omitted]

4.5 Annual Operating Budget. The Annual Operating Budget attached hereto as **Exhibit B** sets forth Grantee’s anticipated Operating Costs, Project Income and Projected Shortfall for the Term of the Agreement. Grantee shall pay Operating Costs in conformity with the approved Annual Operating Budget. MOHCD’s prior written consent shall not be required before Grantee can spend funds on Operating Costs that differ in amount from the amounts in the Annual Operating Budget.

Grantee can submit requests to change the amount of the Annual Operating Budget and corresponding Subsidy Payment for any year during the term by supplying a written proposal to MOHCD. MOHCD will provide project-specific guidance about other materials required to analyze the requested change including but not limited to a variance analysis that includes a quantitative assessment of the difference between projected annual income and expenses and actual annual income and expenses, and explanations for the cause of any significant variances.

Any travel expenses incurred by Grantee 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 Disbursement 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.

4.6 Grantee’s Board of Directors. Grantee’s manager, if Grantee is a limited liability company, or Grantee’s general partner or the sole member of the limited liability company general partner, if Grantee is a limited partnership, 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 such entity’s bylaws and other governing documents and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Such entity’s board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Grantee of its obligations under this Agreement.

4.7 [Intentionally Omitted]

4.8 Maintenance and Management of Project.

(a) Grantee shall be responsible for ensuring all Project maintenance, repair and management functions, including the collection of rents, routine and extraordinary repairs and replacement of capital items, and for keeping the Project in a safe and sanitary manner and in good operating condition in accordance with all Applicable Laws, the City Loan Documents and the Senior Loan Documents (collectively, the “**Maintenance Duties**”).

(b) Grantee may contract with a management agent for the performance of the Maintenance Duties subject to MOHCD’s prior written approval of both the management agent and the management contract, provided, however, that the arrangement will not relieve Grantee of responsibility for performance of those duties. A management contract must contain a provision allowing Grantee to terminate the contract without penalty upon no more than thirty (30) days’ notice.

(c) MOHCD will provide written notice to Grantee if MOHCD determines that the Maintenance Duties are not being performed in accordance with this Agreement. If Grantee is then in contract with a management agent pursuant to subsection (b) above, and such management agent fails to fully cure such failure within thirty (30) days of the date that MOHCD delivers such written notice, Grantee shall exercise such thirty (30) day termination right, terminate the management contract and make immediate arrangements for cure of such failure and for the continuous and continuing performance of the Maintenance Duties. If, at the time of such notice, Grantee is not in contract with a management agent pursuant to subsection (b) above, in addition to MOHCD’s rights hereunder, MOHCD shall have the right to require that Grantee, at Grantee’s sole cost, contract with a management agent to perform the Maintenance Duties, or to make other arrangements the City deems necessary to ensure full and timely performance of the Maintenance Duties.

(d) Grantee shall operate the Project in compliance with all Applicable Laws.

4.9 Services Agreement; Provision of Services.

(a) Grantee hereby agrees to allow the Tenant Services Contractor (and any subsequent service provider) access to the Project at all reasonable times for the provision of services to the Project’s LOSP Clients.

(b) Grantee shall promptly provide written notice to MOHCD if Grantee obtains knowledge of any default, or event that with notice or the passage of time or both could constitute a default, under the Services Agreement.

(c) In the event that the Services Agreement is terminated for any reason, or that MOHCD and/or HSH determines that the Tenant Services Contractor needs to be replaced, Grantee shall cooperate in good faith with MOHCD and HSH in obtaining a new service provider for the LOSP Clients in the Project. In such an event, the selection of the new service provider for the Project shall require Grantee’s prior consent, which shall not be unreasonably delayed or denied. Grantee hereby agrees and acknowledges that nothing in this Agreement gives Grantee any right to consent to the MOHCD and/or HSH determination to terminate the Services Agreement or to replace the Tenant Services Contractor.

ARTICLE 5 USE AND DISBURSEMENT OF GRANT FUNDS

5.1 Maximum Amount of Grant Funds; Disbursement of Subsidy Payments. In no event shall the total amount of Grant Funds disbursed hereunder exceed Nine Million Seven Hundred Forty-One Thousand One Hundred Seventy-One Dollars (\$9,741,171) (the “**Grant Amount**”). Subject to Grantee’s performance of its obligations under this Agreement and MOHCD’s receipt of sufficient funds, as further set forth in Article 2, the Grant Funds shall be disbursed through Subsidy Payments.

Provided that Grantee is in compliance with all of the conditions for receipt of the First Subsidy Payment, City shall deliver the First Subsidy Payment to Grantee within sixty (60) business days immediately following the Agreement Date. For every subsequent year during the Term, provided that Grantee is in compliance with all of the conditions for receipt of a Subsidy Payment, City shall deliver the Subsidy Payment for such year to Grantee within sixty (60) business days immediately following the date when the funds have been made available for MOHCD for disbursement.

5.2 Subsidy Payment Amounts and Adjustments.

(a) The 15-Year Cash Flow is the Parties' current expectations of Operating Costs and Projected Shortfalls during the Term. The Parties anticipate that the amount of the First Subsidy Payment and each subsequent Subsidy Payment shall be as shown on **Exhibit A**. The First Subsidy Payment amount reflects the Projected Shortfall for the period starting on the Effective Date. Notwithstanding the foregoing initial calculations of the 15-Year Cash Flow and the Subsidy Payment amounts, however, each Subsidy Payment (including the First Subsidy Payment) is subject to further adjustment pursuant to this Section and City's annual review and approval of the applicable Annual Operating Budget. The City shall reduce the subsequent Subsidy Payments by the amount of any funds held in the Subsidy Reserve Account.

(b) The total amount of all Subsidy Payments made hereunder shall not exceed the Grant Amount. If the total amount of all Subsidy Payments made hereunder equals the Grant Amount at any time prior to the expiration of the Term, no further Subsidy Payments shall be made hereunder. If any Subsidy Payment would, if made, cause the total amount of all Subsidy Payments made hereunder to exceed the Grant Amount, such Subsidy Payment shall be accordingly reduced so the total amount of Subsidy Payments made hereunder equals the Grant Amount.

5.3 Use of Grant Funds. Grantee shall use the Grant Funds only for Assisted Units Operating Costs and for no other purpose. Grantee shall expend the Grant Funds in accordance with the Annual Operating Budget.

5.4 Conditions Precedent to Payment of First Subsidy Payment. Grantee shall fully satisfy each of the following conditions prior to delivery of the First Subsidy Payment.

(a) Grantee 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) this Agreement (in triplicate); (ii) the Opinion; and (iii) the Authorizing Resolutions.

(b) Grantee must have delivered its Charter Documents to the City.

(c) Grantee shall be in compliance with all of its obligations under City Loan Documents and the Senior Loan Documents.

(d) Tenant Services Contractor shall be in compliance with all of its obligations under the Services Agreement, and no default, or event that with notice or the passage of time or both could constitute a default, shall exist and remain uncured under the Services Agreement; provided however that disbursement of the First Subsidy Payment shall not be withheld due to an uncured default under the Services Agreement if at the time of expected disbursement, Grantee provides City with sufficient evidence that it is cooperating in good faith with the City and HSH to diligently pursue a cure of said default, which may or may not include Grantee directly providing the required services under the Services Agreement.

(e) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, shall exist and remain uncured as of the date of the Initial Subsidy Payment is to be disbursed hereunder.

5.5 Conditions Precedent to Payment of Subsequent Subsidy Payments. Grantee shall fully satisfy each of the following conditions prior to delivery of any Subsequent Subsidy Payment:

(a) Grantee shall be in compliance with all of its obligations under the City Loan Documents and the Senior Loan Documents.

(b) Tenant Services Contractor shall be in compliance with all of its obligations under the Services Agreement, and no default, or event that with notice or the passage of time or both could constitute a default, shall exist and remain uncured under the Services Agreement; provided however that disbursement of any Subsequent Subsidy Payment shall not be withheld due to an uncured default under the Services Agreement if at the time of expected disbursement, Grantee provides City with sufficient evidence that it is cooperating in good faith with the City and DPH to diligently pursue a cure of said default, which may or may not include Grantee directly providing the required services under the Services Agreement.

(c) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, shall exist and remain uncured as of the date of such Subsidy Payment is to be disbursed hereunder.

5.6 Allocation of Grant Funds and Calculation of Assisted Unit Operating Costs. For the purposes of determining the Subsidy Payment and the Projected Shortfall, City and Grantee have agreed that the parties shall allocate thirty-two percent (32%) of the total Operating Costs to the Assisted Units (“**Assisted Units Operating Costs**”) and sixty-eight percent (68%) of the total Operating Costs to the non-Assisted Units. For most budget line items, LOSP units are assigned a prorated share of the total project operating cost. There are some line items where alternative portions of the line item may be proposed. **Exhibit B** depicts the allocation of Operating Costs between the Assisted and non-Assisted Units, including and budget line items for which alternative portions have been allocated to the Assisted/non-Assisted units.

ARTICLE 6 REPORTING REQUIREMENTS; AUDITS; PENALTIES FOR FALSE CLAIMS

6.1 Regular Reports; Operating Statements. Grantee must file electronically with the City no later than one hundred fifty (150) days after the end of Grantee’s calendar year annual report forms (the “**Annual Monitoring Report**”) that include audited financial statements including any management letters; an income and expense statement for the Project covering the applicable reporting period “**Operating Statement**”; a statement of balances, deposits and withdrawals from all Accounts; and evidence of required insurance. The Annual Monitoring Report must be in substantially the form attached as **Exhibit G** or as later modified by MOHCD during the Term.

Such Annual Monitoring Report shall include a list of the Assisted Units Operating Costs paid by Grantee during such applicable prior Business Year and Grantee’s certifications that (a) the total Grant Funds received by Grantee as of the end date of the applicable Business Year have been used only to pay Assisted Units Operating Costs, (b) all of Grantee’s representations and warranties in this Agreement remain true and correct in all material respects as if made on the end date of such the applicable Business Year, (c) there is no Event of Default by Grantee as of the end date of the applicable Business Year, and (d) the party signing the Annual Monitoring Report is an officer of Grantee authorized to do so on Grantee’s behalf.

6.2 Organizational Documents. Prior to the Effective Date, Grantee shall provide to City the following documents (collectively, the “**Charter Documents**”): a certified certificate of status and (a) if Grantee is a corporation, its bylaws; and a certified copy of its articles of incorporation; (b) if Grantee is limited partnership, its partnership agreement, a certified copy of its certificate of partnership, and the

organizational documents of its general partner; and (c) if Grantee is a limited liability company, its operating agreement, a certified copy of its certificate of limited liability company, and the organizational documents of its manager. All certified documents to be provided pursuant to this Section shall be certified by the California Secretary of State or, if the entity for which a certified document is to be provided was not organized in the State of California, certified by the Secretary of State of such entity's state of organization, no earlier than two (2) months prior to the Effective Date. The Charter Documents must be delivered to the City in their original form, as amended if applicable.

6.3 Notification of Defaults or Changes in Circumstances. Grantee shall notify City immediately of (a) any Event of Default or event that, with the passage of time, would constitute an Event of Default; and (b) any change of circumstances that would cause any of the representations and warranties contained in Article 8 to be false or misleading at any time during the term of this Agreement.

6.4 Financial Statements. As noted in Section 6.1, Grantee shall also deliver to City, no later than one hundred fifty (150) days following the end of any Business Year, an audited balance sheet and the related statement of income and cash flows for such Business Year, certified by a reputable accounting firm as accurately presenting the financial position of Grantee, including any management letters supplied by the auditors.

6.5 Books and Records. Grantee shall establish and maintain accurate files and records of all aspects of Operating Expenses and Project Income and the matters funded in whole or in part with Grant Funds during the term of this Agreement. Without limiting the scope of the foregoing, Grantee shall establish and maintain accurate financial books and accounting records relating to Operating Costs incurred and paid and Grant Funds received and expended under this Agreement, together with all invoices, documents, payrolls, time records and other data related to the matters covered by this Agreement, whether funded in whole or in part with Grant Funds. Grantee shall maintain all of the files, records, books, invoices, documents, payrolls and other data required to be maintained under this Section in a readily accessible location and condition for a period of not less than five (5) years after final payment under this Agreement or until any final audit has been fully completed, whichever is later. Grantee agrees to maintain and make available to MOHCD, during regular business hours, accurate books and accounting records relating to the Project and the Tenants. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon MOHCD by this Section. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

6.6 Inspection and Audit. Grantee shall make available to MOHCD, its employees and authorized representatives, during regular business hours all of the files, records, books, invoices, documents, payrolls and other data required to be established and maintained by Grantee under Section 6.5. Grantee shall permit MOHCD, its employees and authorized representatives to inspect, audit, examine and make excerpts and transcripts from any of the foregoing. The rights of MOHCD pursuant to this Section shall remain in effect so long as Grantee has the obligation to maintain such files, records, books, invoices, documents, payrolls and other data under this Article 6.

6.7 Submitting False Claims; Monetary Penalties. Grantee acknowledges and agrees that it is a "contractor" under and is subject to San Francisco Administrative Code Section 21.35. Under such Section 21.35, any contractor, subgrantee or consultant who submits a false claim shall be liable to City for three times the amount of damages which City sustains because of the false claim. A contractor, subgrantee or consultant who submits a false claim shall also be liable to City for the costs, including attorney's fees, of a civil action brought to recover any of those penalties or damages, and may be liable to City for a civil penalty of up to Ten Thousand Dollars (\$10,000) for each false claim. A contractor, subgrantee or consultant will be deemed to have submitted a false claim to City if the contractor, subgrantee or consultant: (a) knowingly presents or causes to be presented to an officer or employee of 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 City; (c) conspires to defraud City by getting a false claim allowed or paid by 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 City; or (e) is a beneficiary of an inadvertent submission of a false claim to City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to City within a reasonable time after discovery of the false claim.

6.8 Project Monitoring Generally. Grantee 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. Grantee acknowledges that the City may also conduct periodic on-site inspections of the Project. Grantee 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.

6.9 Notice Requirement for Changes in Director Positions. Grantee 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.

ARTICLE 7 TAXES

7.1 Grantee to Pay All Taxes. Grantee shall pay to the appropriate governmental authority, as and when due, any and all taxes, fees, assessments or other governmental charges, including possessory interest taxes and California sales and use taxes, levied upon or in connection with this Agreement, the Grant Funds or any of the activities contemplated by this Agreement.

7.2 Use of City Real Property. If at any time this Agreement entitles Grantee to the possession, occupancy or use of City real property for private gain, the following provisions shall apply:

(a) Grantee, on behalf of itself and any subgrantees, successors and assigns, recognizes and understands that this Agreement may create a possessory interest subject to property taxation and Grantee, and any subgrantee, successor or assign, may be subject to the payment of such taxes.

(b) Grantee, on behalf of itself and any subgrantees, successors and assigns, further recognizes and understands that any assignment permitted hereunder and any exercise of any option to renew or other extension of this Agreement may constitute a change in ownership for purposes of property taxation and therefore may result in a revaluation of any possessory interest created hereunder. Grantee shall report any assignment or other transfer of any interest in this Agreement or any renewal or extension thereof to the County Assessor within sixty (60) days after such assignment, transfer, renewal or extension.

(c) Grantee shall provide such other information as may be requested by City to enable City to comply with any reporting requirements under applicable law with respect to possessory interests.

7.3 Earned Income Credit (EIC) Forms. Administrative Code Section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

(a) Grantee shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty (30) days following the date on which this Agreement becomes effective (unless Grantee has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Grantee; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

(b) Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Grantee of the terms of this Agreement. If, within thirty (30) days after Grantee receives written notice of such a breach, Grantee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Grantee fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

(c) Any Subcontract entered into by Grantee shall require the subgrantee to comply, as to the subgrantee's Eligible Employees, with each of the terms of this Section.

(d) Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

ARTICLE 8 REPRESENTATIONS AND WARRANTIES

Grantee represents and warrants each of the following as of the date of this Agreement and at all times throughout the term of this Agreement:

8.1 Organization; Authorization. Grantee shall be a limited liability company or a limited partnership, and Grantee's manager, if Grantee is a limited liability company, or Grantee's general partner, or the general partner's sole member of the general partner (if general partner is a limited liability company), is a nonprofit corporation, duly organized and validly existing and in good standing under the laws of the jurisdiction in which it was formed, and which has established and maintains valid nonprofit status under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder. Grantee has duly authorized by all necessary action the execution, delivery and performance of this Agreement. Grantee has duly executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of Grantee, enforceable against Grantee in accordance with the terms hereof.

8.2 Location. Grantee's operations, offices and headquarters are located at the address for notices set forth in Section 15.

8.3 No Misstatements. No document furnished or to be furnished by Grantee to MOHCD in connection with the Application Documents, this Agreement, or any other document relating to any of the foregoing, contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement shall have been made.

8.4 Conflict of Interest. Through its execution of this Agreement, Grantee acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify MOHCD if it becomes aware of any such fact during the term of this Agreement.

ARTICLE 9 INDEMNIFICATION AND GENERAL LIABILITY

9.1 Indemnification. Grantee shall indemnify, protect, defend and hold harmless each of the Indemnified Parties from and against any and all Losses arising from, in connection with or caused by: (a) a material breach of this Agreement by Grantee; (b) a material breach of any representation or warranty of Grantee contained in this Agreement; (c) any personal injury caused, directly or indirectly, by any act or omission of Grantee or its employees, subgrantees or agents; (d) any property damage caused, directly or indirectly by any act or omission of Grantee or its employees, subgrantees or agents; (e) the

use, misuse or failure of any equipment or facility used by Grantee, or by any of its employees, subgrantees or agents, regardless of whether such equipment or facility is furnished, rented or loaned to Grantee by an Indemnified Party; (f) any tax, fee, assessment or other charge for which Grantee is responsible under Article 7; or (g) any infringement of patent rights, copyright, trade secret or any other proprietary right or trademark of any person or entity in consequence of the use by any Indemnified Party of any goods or services furnished to such Indemnified Party in connection with this Agreement. Grantee's obligations under the immediately preceding sentence shall apply to any Loss that is caused in whole or in part by the active or passive negligence of any Indemnified Party, but shall exclude any Loss caused solely by the willful misconduct or gross negligence of the Indemnified Party. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City.

9.2 Duty to Defend; Notice of Loss. Grantee acknowledges and agrees that its obligation to defend the Indemnified Parties under Section 9.1: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of Section 9.1, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Grantee by the Indemnified Party and continues at all times thereafter. The Indemnified Party shall give Grantee prompt notice of any Loss under Section 9.1 and Grantee shall have the right to defend, settle and compromise any such Loss; provided, however, that the Indemnified Party shall have the right to retain its own counsel at the expense of Grantee if representation of such Indemnified Party by the counsel retained by Grantee would be inappropriate due to conflicts of interest between such Indemnified Party and Grantee. An Indemnified Party's failure to notify Grantee promptly of any Loss shall not relieve Grantee of any liability to such Indemnified Party pursuant to Section 9.1, unless such failure materially impairs Grantee's ability to defend such Loss. Grantee shall seek the Indemnified Party's prior written consent to settle or compromise any Loss if Grantee contends that such Indemnified Party shares in liability with respect thereto.

9.3 Incidental and Consequential Damages. Losses covered under this Article 9 shall include any and all incidental and consequential damages resulting in whole or in part from Grantee's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that any Indemnified Party may have under applicable law with respect to such damages.

9.4 LIMITATION ON LIABILITY OF CITY. CITY'S OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNT OF GRANT FUNDS ACTUALLY DISBURSED HEREUNDER. NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THIS AGREEMENT, THE APPLICATION DOCUMENTS OR ANY OTHER DOCUMENT OR COMMUNICATION RELATING TO THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE GRANT FUNDS OR ANY ACTIVITIES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

ARTICLE 10 INSURANCE

10.1 Types and Amounts of Coverage. Without limiting Grantee's liability pursuant to Article 9, Grantee shall maintain in force, during the full term of this Agreement, insurance in the following amounts and coverages:

(a) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than One Million Dollars (\$1,000,000) each accident, injury, or illness.

(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 Contractual Liability, Personal Injury, Products and Completed Operations.

(c) Commercial 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, Non-Owned and Hired auto coverage, as applicable.

(d) Professional liability insurance for negligent acts, errors or omission with respect to professional or technical services, if any, required in the performance of this Agreement with limits not less than One Million Dollars (\$1,000,000) each claim.

10.2 Additional Requirements for General and Automobile Coverage. Commercial General Liability and Commercial Automobile Liability insurance policies shall:

(a) Name as additional insured City and its officers, agents and employees. With respect to the Commercial Automobile Insurance the City and its officers, agents and employees shall only be additional insured as to liability arising out of the use, by Grantee's employees, of automobiles, whether owned, leased, hired or borrowed, in connection with the Project.

(b) Provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought, except with respect to limits of liability.

10.3 Additional Requirements for All Policies. Contractor shall provide thirty (30) days' advance written notice to City of cancellation of policy for any reason, nonrenewal or reduction in coverage and specific notice mailed to City's address for notices pursuant to Article 15.

10.4 Required Post-Expiration Coverage. Should any of the insurance required hereunder be provided under a claims-made form, Grantee shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three (3) years beyond the expiration or termination of this Agreement, to the effect that, should occurrences during the term hereof give rise to claims made after expiration or termination of the Agreement, such claims shall be covered by such claims-made policies.

10.5 General Annual Aggregate Limit/Inclusion of Claims Investigation or Legal Defense Costs. Should any of the insurance required hereunder be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

10.6 Evidence of Insurance. Before commencing any operations under this Agreement, Grantee shall furnish to City certificates of insurance, and additional insured policy endorsements, in form and with insurers satisfactory to City, evidencing all coverages set forth above, and shall furnish complete copies of policies promptly upon City's request. Before commencing any operations under this Agreement, Grantee shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Failure to maintain insurance shall constitute a material breach of this Agreement.

10.7 Effect of Approval. Approval of any insurance by City shall not relieve or decrease the liability of Grantee hereunder.

ARTICLE 11

EVENTS OF DEFAULT AND REMEDIES

11.1 Events of Default. The occurrence of any one or more of the following events shall constitute an “Event of Default” under this Agreement:

(a) **False Statement.** Any statement, representation or warranty contained in this Agreement, in the Application Documents, or in any other document submitted to City under this Agreement is found by City to be false or misleading when made.

(b) **Improper Use of Grant Funds; Failure to Perform Other Covenants and Obligations.** Grantee uses Grant Funds for any purpose other than for the payment of Assisted Units Operating Costs (or reimbursement for its advance payment thereof), fails to use the Subsidy Payments it receives to pay Assisted Units Operating Costs (or reimbursement for its advance payment thereof), or otherwise fails to perform or breaches any other agreement or covenant of this Agreement to be performed or observed by Grantee as and when performance or observance is due and such failure or breach continues for a period of ten (10) days after the date on which such performance or observance is due, or if such breach can not be cured in ten (10) days, then City shall not exercise its remedies hereunder as long as Grantee continues to diligently pursue a cure of the breach; provided, however, that: (i) in the case of an improper use of Grant Funds, in no event shall such cure period extend beyond thirty (30) days after the date on which such performance or observance is due, and (ii) in the case of other defaults under this Section 11.1(b), in no event shall such cure period extend beyond ninety (90) days after the date on which such performance or observance is due.

(c) **Default under City Loan Documents or Senior Loan Documents.** Grantee defaults under any City Loan Document or any of the Senior Loan Documents (after expiration of any grace period expressly stated in any such agreement).

(d) **Voluntary Insolvency.** Grantee (i) is generally not paying its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors’ relief law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Grantee or of any substantial part of Grantee’s property or (v) takes action for the purpose of any of the foregoing.

(e) **Involuntary Insolvency.** Without consent by Grantee, a court or government authority enters an order, and such order is not vacated within 60 days, (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Grantee or with respect to any substantial part of Grantee’s property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors’ relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Grantee.

(f) **New Encumbrances.** Any lien is recorded against all or any part of the Real Property or the Project without MOHCD’s prior written consent, and the lien is not removed from title or otherwise remedied to MOHCD’s satisfaction within thirty (30) days after Grantee’s receipt of written notice from MOHCD to cure the default, or, if the default cannot be cured within a thirty (30) day period, Grantee will have sixty (60) days to cure the default, or any longer period of time deemed necessary by MOHCD, provided that Grantee commences to cure the default within the thirty (30) day period and diligently pursues the cure to completion.

(g) **Damage or Destruction.** All or a substantial or material portion of the Project is damaged or destroyed by fire or other casualty or 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 Project cannot be operated for its intended purpose.

(h) **Dissolution.** Grantee or Grantee's general partners are dissolved or liquidated or merged with or into any other entity or 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 all or substantially all of Grantee's assets are sold or otherwise transferred except as permitted.

(i) **Assignment.** Without MOHCD's prior written consent, Grantee assigns or attempts to assign any rights or interest under this Agreement or encumber its interests hereunder, whether voluntarily or involuntarily, or voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Grantee or of its right, title or interest in the Project or the Real Property, 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 sole general partner or manager of that entity; (d) transfers of the general partner's or manager's interest in Borrower to a nonprofit public benefit corporation 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 or any subsequent transfer of a limited partnership interest in Borrower by an investor limited partner in Borrower, or any direct or indirect transfer of a limited partnership interest or membership interest in any investor limited partner in Borrower; (f) any transfer permitted under the City Documents; or (g) the grant or exercise of an option 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. 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.

(j) **Account Transfers.** Without MOHCD's prior written consent, to the extent such consent is required pursuant to this Agreement, Grantee transfers, or authorizes the transfer of, funds in any account required or authorized under this Agreement.

(k) **Changed Financing Condition.** Any material adverse change occurs in the financial condition or operations of Grantee, such as a loss of services funding or rental subsidies (excluding the reduction of any Subsidy Payment hereunder) that has a material adverse impact on the Project.

An Event of Default under this Agreement that remains uncured shall be a default under the City Loan Documents.

11.2 Remedies Upon Event of Default. Upon and during the continuance of an Event of Default, City may do any of the following, individually or in combination with any other remedy:

(a) **Termination.** City may terminate this Agreement by giving a written termination notice to Grantee and, on the date specified in such notice, this Agreement shall terminate and all rights and obligations of Grantee hereunder shall be extinguished. In the event of such termination, the City will allow Grantee to use previously disbursed Subsidy Payment funds to pay for only Operating Costs incurred prior to the termination date. The remaining balance of any Subsidy Payment not used to pay for previously incurred Operating Costs must be returned to the City..

(b) **Withholding of Grant Funds.** City may withhold all or any portion of Grant Funds not yet disbursed hereunder. Any Grant Funds withheld pursuant to this Section and subsequently disbursed to Grantee after cure of applicable Events of Default shall be disbursed without interest.

(c) **Offset.** City may offset against all or any portion of undisbursed Grant Funds hereunder or against any payments due to Grantee under the MOHCD Loan Agreement or any other agreement between Grantee and City the amount of any outstanding Loss incurred by any Indemnified Party, including any Loss incurred as a result of the Event of Default.

(d) **Return of Grant Funds.** City may demand the immediate return of any previously disbursed Grant Funds that have been claimed or expended by Grantee in breach of the terms of this Agreement, together with interest thereon from the date of disbursement at the maximum rate permitted under applicable law.

11.3 Remedies Nonexclusive. Each of the remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available under this Agreement, any other City Document and/or Applicable Laws. The remedies contained herein are in addition to all other remedies available to City at law or in equity by statute or otherwise and the exercise of any such remedy shall not preclude or in any way be deemed to waive any other remedy.

ARTICLE 12 DISCLOSURE OF INFORMATION AND DOCUMENTS

12.1 Proprietary or Confidential Information of City. Grantee understands and acknowledges that, in the performance of this Agreement or in contemplation thereof, Grantee may have access to private or confidential information that may be owned or controlled by City and that such information may contain proprietary or confidential information, the disclosure of which to third parties may be damaging to City. Grantee agrees that all information disclosed by City to Grantee shall be held in confidence and used only in the performance of this Agreement. Grantee shall exercise the same standard of care to protect such information as a reasonably prudent nonprofit entity would use to protect its own proprietary or confidential data.

12.2 Sunshine Ordinance. Grantee 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 Grantee 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.

12.3 Financial Projections. Pursuant to San Francisco Administrative Code Section 67.32, Grantee has on or before the date hereof provided to City financial projections, including profit and loss figures, for the Project. The Grantee acknowledges and agrees that the financial projections and audited financial statements required under this Agreement shall be public records subject to disclosure upon request.

ARTICLE 13 ASSIGNMENTS AND SUBCONTRACTING

13.1 No Assignment by Grantee. Grantee shall not, either directly or indirectly, assign, transfer, hypothecate, subcontract or delegate all or any portion of this Agreement or any rights, duties or obligations of Grantee hereunder without the prior written consent of City. This Agreement shall not, nor shall any interest herein, be assignable as to the interest of Grantee involuntarily or by operation of

law without the prior written consent of City. A change of ownership or control of Grantee or a sale or transfer of substantially all of the assets of Grantee shall be deemed an assignment for purposes of this Agreement. Notwithstanding any provision of this Agreement to the contrary, this Section 13.1 shall not prevent transfers that are expressly permitted under the City Loan Documents.

13.2 Agreement Made in Violation of this Article. Any agreement made in violation of Section 13.1 shall confer no rights on any person or entity and shall automatically be null and void.

13.3 Subcontracting. Grantee shall not subcontract or assign any portion of this Agreement to any other party without the prior written consent of City; notwithstanding the foregoing, Grantee may subcontract for property management and maintenance without the consent of the City.

13.4 Grantee Retains Responsibility. Grantee shall in all events remain liable for the performance by any assignee or subgrantee of all of the covenants terms and conditions contained in this Agreement.

ARTICLE 14 INDEPENDENT CONTRACTOR STATUS

14.1 Nature of Agreement. Grantee shall be deemed at all times to be an independent contractor and is solely responsible for the manner in which Grantee uses the Grant Funds. Grantee shall at all times remain solely liable for the acts and omissions of Grantee, its officers and directors, employees and agents. Nothing in this Agreement shall be construed as creating a partnership, joint venture, employment or agency relationship between City and Grantee.

14.2 Direction. Any terms in this Agreement referring to direction or instruction from MOHCD or City shall be construed as providing for direction as to policy and the result of Grantee's work only, and not as to the means by which such a result is obtained.

14.3 Consequences of Recharacterization.

(a) Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Grantee is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Grantee which can be applied against this liability). City shall subsequently forward such amounts to the relevant taxing authority.

(b) Should a relevant taxing authority determine a liability for past services performed by Grantee for City, upon notification of such fact by City, Grantee shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Grantee under this Agreement (again, offsetting any amounts already paid by Grantee which can be applied as a credit against such liability).

(c) A determination of employment status pursuant to either subsection (a) or (b) of this Section 14.3 shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Grantee shall not be considered an employee of City. Notwithstanding the foregoing, if any court, arbitrator, or administrative authority determine that Grantee is an employee for any other purpose, Grantee agrees to a reduction in City's financial liability hereunder such that the aggregate amount of Grant Funds under this Agreement does not exceed what would have been the amount of such Grant Funds had the court, arbitrator, or administrative authority had not determined that Grantee was an employee.

ARTICLE 15 NOTICES AND OTHER COMMUNICATIONS

15.1 Requirements. Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications hereunder shall be in writing, shall be addressed to the person and address set forth below and shall be (a) deposited in the U.S. mail, first class, certified with return receipt requested and with appropriate postage, (b) hand delivered, (c) sent by facsimile (if a facsimile number is provided below), provided that a copy of such notice shall be deposited in the U.S. mail, first class, or (d) deposited with a nationally-recognized overnight delivery service, provided that next business-day delivery is requested:

If to MOHCD or City: Mayor’s Office of Housing and Community Development
One South Van Ness, 5th Floor
San Francisco, CA 94103
Attn: Asset Manager
Telephone No.: 415-701-5500
Facsimile No.: 415-701-5501

If to Grantee: _____

San Francisco, CA 94102
Attention: Executive Director

With a copy to: _____

Attention: General Counsel

15.2 Effective Date. All communications sent in accordance with Section 15.1 shall become effective on the date of receipt. Such date of receipt shall be determined by: (a) if mailed, the return receipt, completed by the U.S. postal service; (b) if sent by hand delivery, a receipt executed by a duly authorized agent of the party to whom the notice was sent; (c) if sent by facsimile, the date of telephonic confirmation of receipt by a duly authorized agent of the party to whom the notice was sent or, if such confirmation is not reasonably practicable, the date indicated in the facsimile machine transmission report of the party giving such notice; or (d) if sent by nationally-recognized overnight delivery service, the next business day following deposit therewith, provided that next business-day delivery is requested.

15.3 Change of Address. From time to time any party hereto may designate a new address for purposes of this Article 15 by notice to the other party.

ARTICLE 16 COMPLIANCE

16.1 Reserved.

16.2 Nondiscrimination; Penalties.

(a) **Grantee Shall Not Discriminate.** In the performance of this Agreement, Grantee agrees not to discriminate against any employee, City and County employee working with such grantee or subgrantee, applicant for employment with such grantee or subgrantee, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person’s race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, 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.** Grantee 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 and shall require all subgrantees to comply with such provisions. Grantee's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) **Non-Discrimination in Benefits.** Grantee 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, Grantee shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C 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. Grantee 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, Grantee understands that pursuant to Sections 12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$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 Grantee and/or deducted from any payments due Grantee.

16.3 MacBride Principles--Northern Ireland. 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. 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 Grantee acknowledges and agrees that he or she has read and understood this Section.

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

16.5 Drug-Free Workplace Policy. Grantee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Grantee and its employees, agents or assigns shall comply with all terms and provisions of such Act and the rules and regulations promulgated thereunder.

16.6 Resource Conservation; Liquidated Damages. Chapter 5 of the San Francisco Environment Code (Resource Conservation) is incorporated herein by reference. Failure by Grantee to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract. If Grantee fails to comply in good faith with any of the provisions of Chapter 5, Grantee shall be liable for liquidated damages in an amount equal to Grantee's net profit under this Agreement, or five percent (5%) of the total contract amount, whichever is greater. Grantee acknowledges and agrees that the liquidated damages assessed shall be payable to City upon demand and may be offset against any monies due to Grantee from any contract with City.

16.7 Compliance with ADA. Grantee acknowledges that, pursuant to the ADA, programs, services and other activities provided by a public entity to the public, whether directly or through a grantee or contractor, must be accessible to the disabled public. Grantee shall not discriminate against any person protected under the ADA in connection with its activities hereunder and shall comply at all times with the provisions of the ADA.

16.8 Requiring Minimum Compensation for Employees.

a. Grantee agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of Grantee's obligations under the MCO is set forth in this Section. Grantee is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Grantee to pay Grantee's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Grantee is obligated to keep informed of the then-current requirements. Any subcontract entered into by Grantee shall require the subgrantee to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Grantee's obligation to ensure that any subgrantees of any tier under this Agreement comply with the requirements of the MCO. If any subgrantee under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Grantee.

c. Grantee shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Grantee shall maintain employee and payroll records as required by the MCO. If Grantee fails to do so, it shall be presumed that the Grantee paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Grantee's job sites and conduct interviews with employees and conduct audits of Grantee

f. Grantee's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Grantee fails to comply with these requirements. Grantee agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Grantee's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Grantee understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Grantee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Grantee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to

completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Grantee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Grantee is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Grantee later enters into an agreement or agreements that cause Grantee to exceed that amount in a fiscal year, Grantee shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Grantee and this department to exceed \$25,000 in the fiscal year.

16.9 Limitations on Contributions. Through execution of this Agreement, Grantee acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Grantee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Grantee further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Grantee's board of directors; Grantee's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Grantee; any subgrantee listed in the bid or contract; and any committee that is sponsored or controlled by Grantee. Additionally, Grantee acknowledges that Grantee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

16.10 First Source Hiring Program.

a. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapter 83 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. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. First Source Hiring Agreement. As an essential term of, and consideration for, any contract or property contract with the City, not exempted by the First Source Hiring Administrator ("FSHA"), the Contractor shall enter into a first source hiring agreement ("agreement") with the City, on or before the effective date of the contract or property contract. Contractors shall also enter into an agreement with the City for any other work that it performs in the City. Such agreement shall:

(1) Set appropriate hiring and retention goals for entry level positions. The employer shall agree to achieve these hiring and retention goals, or, if unable to achieve these goals, to establish good faith efforts as to its attempts to do so, as set forth in the agreement. The agreement shall take into consideration the employer's participation in existing job training, referral and/or brokerage programs. Within the discretion of the FSHA, subject to appropriate modifications, participation in such programs maybe certified as meeting the requirements of this Chapter. Failure either to achieve the specified goal,

or to establish good faith efforts will constitute noncompliance and will subject the employer to the provisions of Section 83.10 of this Chapter.

(2) Set first source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the first opportunity to provide qualified economically disadvantaged individuals for consideration for employment for entry level positions. Employers shall consider all applications of qualified economically disadvantaged individuals referred by the System for employment; provided however, if the employer utilizes nondiscriminatory screening criteria, the employer shall have the sole discretion to interview and/or hire individuals referred or certified by the San Francisco Workforce Development System as being qualified economically disadvantaged individuals. The duration of the first source interviewing requirement shall be determined by the FSHA and shall be set forth in each agreement, but shall not exceed 10 days. During that period, the employer may publicize the entry level positions in accordance with the agreement. A need for urgent or temporary hires must be evaluated, and appropriate provisions for such a situation must be made in the agreement.

(3) Set appropriate requirements for providing notification of available entry level positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of qualified economically disadvantaged individuals to participating employers. Notification should include such information as employment needs by occupational title, skills, and/or experience required, the hours required, wage scale and duration of employment, identification of entry level and training positions, identification of English language proficiency requirements, or absence thereof, and the projected schedule and procedures for hiring for each occupation. Employers should provide both long-term job need projections and notice before initiating the interviewing and hiring process. These notification requirements will take into consideration any need to protect the employer's proprietary information.

(4) Set appropriate record keeping and monitoring requirements. The First Source Hiring Administration shall develop easy-to-use forms and record keeping requirements for documenting compliance with the agreement. To the greatest extent possible, these requirements shall utilize the employer's existing record keeping systems, be nonduplicative, and facilitate a coordinated flow of information and referrals.

(5) Establish guidelines for employer good faith efforts to comply with the first source hiring requirements of this Chapter. The FSHA will work with City departments to develop employer good faith effort requirements appropriate to the types of contracts and property contracts handled by each department. Employers shall appoint a liaison for dealing with the development and implementation of the employer's agreement. In the event that the FSHA finds that the employer under a City contract or property contract has taken actions primarily for the purpose of circumventing the requirements of this Chapter, that employer shall be subject to the sanctions set forth in Section 83.10 of this Chapter.

(6) Set the term of the requirements.

(7) Set appropriate enforcement and sanctioning standards consistent with this Chapter.

(8) Set forth the City's obligations to develop training programs, job applicant referrals, technical assistance, and information systems that assist the employer in complying with this Chapter.

(9) Require the developer to include notice of the requirements of this Chapter in leases, subleases, and other occupancy contracts.

c. Hiring Decisions. Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is “qualified” for the position.

d. Exceptions. Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

e. Liquidated Damages. Contractor agrees:

(1) To be liable to the City for liquidated damages as provided in this section;

(2) To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this section;

(3) That the contractor’s commitment to comply with this Chapter is a material element of the City’s consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to \$5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor’s failure to comply with its first source referral contractual obligations.

(4) That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to \$10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor’s continued failure to comply with its first source referral contractual obligations;

(5) That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this section is based on the following data:

A. The average length of stay on public assistance in San Francisco’s County Adult Assistance Program is approximately 41 months at an average monthly grant of \$348 per month, totaling approximately \$14,379; and

B. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to an employer and who is hired in an entry level position is at least one year;

therefore, liquidated damages that total \$5,000 for first violations and \$10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

(6) That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. Subcontracts. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

16.11 Prohibition on Political Activity with City Funds. In accordance with S. F. Administrative Code Chapter 12.G, no funds appropriated by the City and County of San Francisco for this Agreement may be expended for organizing, creating, funding, participating in, supporting, or attempting to influence any political campaign for a candidate or for a ballot measure (collectively, “**Political Activity**”). The terms of San Francisco Administrative Code Chapter 12.G are incorporated herein by this reference. Accordingly, an employee working in any position funded under this Agreement shall not engage in any Political Activity during the work hours funded hereunder, nor shall any equipment or resource funded by this Agreement be used for any Political Activity. In the event Grantee, or any staff member in association with Grantee, engages in any Political Activity, then (i) Grantee shall keep and maintain appropriate records to evidence compliance with this Section, and (ii) Grantee shall have the burden to prove that no funding from this Agreement has been used for such Political Activity. Grantee agrees to cooperate with any audit by the City or its designee in order to ensure compliance with this Section. In the event Grantee violates the provisions of this Section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement and any other agreements between Grantee and City, (ii) prohibit Grantee from bidding on or receiving any new City contract for a period of two (2) years, and (iii) obtain reimbursement of all funds previously disbursed to Grantee under this Agreement.

16.12 Preservative-treated Wood Containing Arsenic. Grantee may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the 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. Grantee 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 Grantee 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.

16.13 Supervision of Minors. Grantee, and any subgrantees, shall comply with California Penal Code section 11105.3 and request from the Department of Justice records of all convictions or any arrest pending adjudication involving the offenses specified in Welfare and Institution Code section 15660(a) of any person who applies for employment or volunteer position with Grantee, or any subgrantee, in which he or she would have supervisory or disciplinary power over a minor under his or her care.

If Grantee, or any subgrantee, is providing services at a City park, playground, recreational center or beach (separately and collectively, “Recreational Site”), Grantee shall not hire, and shall prevent its subgrantees from hiring, any person for employment or volunteer position to provide those services if that person has been convicted of any offense that was listed in former Penal Code section 11105.3 (h)(1) or 11105.3(h)(3).

If Grantee, or any of its subgrantees, hires an employee or volunteer to provide services to minors at any location other than a Recreational Site, and that employee or volunteer has been convicted of an offense specified in Penal Code section 11105.3(c), then Grantee shall comply, and cause its subgrantees to comply with that section and provide written notice to the parents or guardians of any minor who will be supervised or disciplined by the employee or volunteer not less than ten (10) days prior to the day the employee or volunteer begins his or her duties or tasks. Grantee shall provide, or cause its subgrantees to provide City with a copy of any such notice at the same time that it provides notice to any parent or guardian.

Grantee shall expressly require any of its subgrantees with supervisory or disciplinary power over a minor to comply with this section of the Agreement as a condition of its contract with the subgrantee.

Grantee acknowledges and agrees that failure by Grantee or any of its subgrantees to comply with any provision of this section of the Agreement shall constitute an Event of Default.

16.14 Protection of Private Information. Grantee agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (“Protection of Private Information”), including the remedies provided. The provisions of Chapter 12M are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12M. Consistent with the requirements of Chapter 12M, Grantee agrees to all of the following:

(a) Neither Grantee nor any of its subgrantees shall disclose Private Information obtained from the City in the performance of this Agreement to any other subgrantee, person, or other entity, unless one of the following is true:

- (1) The disclosure is authorized by this Agreement;
- (2) The Grantee received advance written approval from the Contracting Department to disclose the information; or
- (3) The disclosure is expressly required by a judicial order.

(b) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(c) “**Private Information**” shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(d) Any failure of Grantee to comply with Chapter 12M shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, debar Grantee, or bring a false claim action against Grantee.

16.15 Public Access to Meetings and Records. If the Grantee receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, the Grantee shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Grantee agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the Administrative Code. The Grantee further agrees to make good-faith efforts to promote community

membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. The Grantee acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Grantee further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

16.16 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.

Grantee shall remove all graffiti from any real property owned or leased by Grantee in the City and County of San Francisco within forty eight (48) hours of the earlier of Grantee'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 Grantee 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. Sections 101 *et seq.*).

Any failure of Grantee to comply with this Section shall constitute an Event of Default of this Agreement.

16.17 Food Service Waste Reduction Requirements. Grantee 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, Grantee agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Grantee 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 Grantee's failure to comply with this provision.

16.18 Slavery Era Disclosure.

(a) Grantee acknowledges that this Agreement shall not be binding upon the City until the Director receives the affidavit required by the San Francisco Administrative Code's Chapter 12Y, "San Francisco Slavery Era Disclosure Ordinance."

(b) In the event the Director finds that Grantee has failed to file an affidavit as required by Section 12Y.4(a) and this Agreement, or has willfully filed a false affidavit, the Grantee shall be liable for liquidated damages in an amount equal to the Grantee's net profit on the Agreement, 10 percent of the total amount of the Agreement, or \$1,000, whichever is greatest as determined by the Director. Grantee acknowledges and agrees that the liquidated damages assessed shall be payable to the City upon demand and may be set off against any monies due to the Grantee from any Agreement with the City.

(c) Grantee shall maintain records necessary for monitoring their compliance with this provision.

16.19 Compliance with Other Laws. Without limiting the scope of any of the preceding sections of this Article 16, Grantee shall keep itself fully informed of City's Charter, codes, ordinances and regulations and all state, and federal laws, rules and regulations affecting the performance of this Agreement and shall at all times comply with such Charter codes, ordinances, and regulations rules and laws.

ARTICLE 17 MISCELLANEOUS

17.1 No Waiver. No waiver by MOHCD or City of any default or breach of this Agreement shall be implied from any failure by MOHCD or City to take action on account of such default if such default persists or is repeated. No express waiver by MOHCD or City shall affect any default other than the default specified in the waiver and shall be operative only for the time and to the extent therein stated. Waivers by City or MOHCD of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by MOHCD or City of any action requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

17.2 Modification. This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement.

17.3 Administrative Remedy for Agreement Interpretation. Should any question arise as to the meaning or intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to the director or president, as the case may be, of MOHCD who shall decide the true meaning and intent of the Agreement. Such decision shall be final and conclusive.

17.4 Governing Law; Venue. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California, without regard to its conflict of laws principles. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

17.5 Headings. All article and section headings and captions contained in this Agreement are for reference only and shall not be considered in construing this Agreement.

17.6 Entire Agreement. This Agreement and the Application Documents set forth the entire Agreement between the parties, and supersede all other oral or written provisions. If there is any conflict between the terms of this Agreement and the Application Documents, the terms of this Agreement shall govern. The following appendices are attached to and a part of this Agreement:

- Exhibit A, Projected Project Subsidy Payments
- Exhibit B, Annual Operating Budget for Initial Operating Period and 15-Year Cash Flow
- Exhibit C, Real Property Legal Description
- Exhibit D, LOSP Client Selection Criteria
- Exhibit E, Intentionally Omitted
- Exhibit F, Lobbying/Debarment Certification Form

Exhibit G, Annual Monitoring Report
Exhibit H, Tenant Selection Plan Policy – LOSP
Exhibit I, Tenant Screening Criteria Policy – LOSP

17.7 Certified Resolution of Signatory Authority. Upon request of City, Grantee shall deliver to City a copy of the corporate resolution(s) authorizing the execution, delivery and performance of this Agreement, certified as true, accurate and complete by the secretary or assistant secretary of Grantee.

17.8 Severability. Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

17.9 Successors; No Third-Party Beneficiaries. Subject to the terms of Article 13, the terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity (other than the parties hereto and their respective successors and assigns and, in the case of Article 9, the Indemnified Parties) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

17.10 Survival of Terms. The obligations of Grantee and the terms of the following provisions of this Agreement shall survive and continue following expiration or termination of this Agreement:

Section 6.4	Financial Statements.
Section 6.5	Books and Records.
Section 6.6	Inspection and Audit.
Section 6.7	Submitting False Claims; Monetary Penalties
Section 6.8	Ownership of Results.
Article 7	Taxes
Article 9	Indemnification and General Liability
Section 10.4	Required Post-Expiration Coverage.
Article 12	Disclosure of Information and Documents
Section 13.4	Grantee Retains Responsibility.
Section 14.3	Consequences of Recharacterization.
This Article 17	Miscellaneous

17.11 Further Assurances. From and after the date of this Agreement, Grantee agrees to do such things, perform such acts, and make, execute, acknowledge and deliver such documents as may be reasonably necessary or proper and usual to complete the transactions contemplated by this Agreement and to carry out the purpose of this Agreement in accordance with this Agreement.

17.12 Cooperative Drafting. This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first specified herein.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Mark E. Farrell
Mayor

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

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

GRANTEE:

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood Section 16.2, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

_____,
Mercy Housing California XIV, a California
limited partnership

By: _____,
a California limited liability company, its
General Partner

By: _____,
a California nonprofit public
benefit corporation, its Sole
Member/Manager

Name: _____
Its: _____

By: _____,
a California nonprofit public benefit
corporation, its General Partner

By: _____
Name: _____
Its: _____

Federal Tax ID #: _____

City Vendor Number: _____

Exhibit A – Projected Project Subsidy Payments

MOHCD Proforma - Exhibit A

LOSP FUNDING SCHEDULE	
Project Address:	10th and Mission
Project Start Date:	7/1/2018

Exhibit A

Calendar Year	Full Year Funding Amount	# Months to Fund	Total Disbursement for Calendar Year	Estimated Disbursement Date	FY Budgeted (for Disbursement)
CY-1 2018	\$493,792	6	\$246,896	6/1/2018	FY2018/19
CY-2 2019	\$496,130	12	\$496,130	1/1/2019	FY2018/19
CY-3 2020	\$513,339	12	\$513,339	1/1/2020	FY2019/20
CY-4 2021	\$531,193	12	\$531,193	1/1/2021	FY2020/21
CY-5 2022	\$549,715	12	\$549,715	1/1/2022	FY2021/22
CY-6 2023	\$568,931	12	\$568,931	1/1/2023	FY2022/23
CY-7 2024	\$588,865	12	\$588,865	1/1/2024	FY2023/24
CY-8 2025	\$609,544	12	\$609,544	1/1/2025	FY2024/25
CY-9 2026	\$621,742	12	\$621,742	1/1/2026	FY2025/26
CY-10 2027	\$643,692	12	\$643,692	1/1/2027	FY2026/27
CY-11 2028	\$666,461	12	\$666,461	1/1/2028	FY2027/28
CY-12 2029	\$690,079	12	\$690,079	1/1/2029	FY2028/29
CY-13 2030	\$714,577	12	\$714,577	1/1/2030	FY2029/30
CY-14 2031	\$739,987	12	\$739,987	1/1/2031	FY2030/31
CY-15 2032	\$766,343	12	\$766,343	1/1/2032	FY2031/32
CY-16 2033	\$793,678	12	\$793,678	1/1/2033	FY2032/33
Total Contract Amount:			\$9,741,171		

Exhibit B – Annual Operating Budget for Initial Operating Period and 15-Year Cash Flow

Application Date:	136	LOSP Units	Non-LOSP Units	Project Name:	10th and Mission
Total # Units:	136	44	92	Project Address:	1390 Mission Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	2018	LOSP/Non-LOSP Allocation		Project Sponsor:	Mercy Housing West
		32%	68%		
INCOME					
Residential - Tenant Rents	128,752	1,273,868	1,402,740	Links from 'Existing Proj - Rent Info' Worksheet	
Residential - Tenant Assistance Payments (Non-LOSP)	0	125,568	125,568	Links from 'Existing Proj - Rent Info' Worksheet	
Residential - LOSP Tenant Assistance Payments	493,792	0	493,792		
Commercial Space	0	0	77,484	0%	
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Supportive Services Income	0	0	0		
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Laundry and Vending	11,315	24,045	35,360	Links from 'Utilities & Other Income' Worksheet	
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Other Commercial Income	0	0	30,000	Links from 'Commercial Op. Budget' Worksheet	
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0		
Gross Potential Income	633,859	1,423,911	2,164,844		
Vacancy Loss - Residential - Tenant Rents	(6,436)	(63,699)	(70,137)	Vacancy loss is 5% of Tenant Rents	
Vacancy Loss - Residential - Tenant Assistance Payments	0	(6,278)	(6,278)	Vacancy loss is 5% of Tenant Assistance Payments	
Vacancy Loss - Commercial	0	0	(3,874)	Links from 'Commercial Op. Budget' Worksheet	
EFFECTIVE GROSS INCOME	627,422	1,353,823	2,094,655	PUPA: 15,378	
OPERATING EXPENSES					
Management					
Management Fee	38,124	81,012	119,136	1st Year to be set according to HUD schedule	
Asset Management Fee	5,641	13,899	20,440		
Sub-total Management Expenses	44,664	94,912	139,576	PUPA: 1,026	
Salaries/Benefits					
Office Salaries	75,749	104,606	180,355	2 the Assistant Manager (LOSP allow pro-rata), 3 the Desk Clerks (LOSP allow 50%)	
Manager's Salary	44,126	93,767	137,893	1 the Senior Property Manager, 1 the Property Manager	
Health Insurance and Other Benefits	40,481	55,902	96,383	11 fee. Please note participation varies per individual	
Other Salaries/Benefits	0	0	0	Please note participation varies per individual. Included in Health Insurance and Other	
Administrative Non-Fee Unit	0	0	0	Excluded since Rent is excluded in Revenue	
Sub-total Salaries/Benefits	160,356	254,275	414,631	PUPA: 3,045	
Administration					
Advertising and Marketing	707	1,503	2,210		
Office Expenses	16,696	35,400	52,176		
Office Rent	0	0	0		
Legal Expense - Property	6,404	6,404	12,808	50/50 split. Updated using 2017 number	
Audit Expense	3,258	6,922	10,180		
Bookkeeping/Accounting Services	4,961	10,543	15,504		
Bad Debt	3,378	3,378	6,756	50/50 split. Updated using 2017 number	
Miscellaneous	0	0	0		
Sub-total Administration Expenses	35,405	64,230	99,635	PUPA: 733	
Utilities					
Electricity	15,797	33,569	49,367	updated 2017 number, 5%	
Water	26,594	56,511	83,105	updated 2017 number, 7%	
Gas	18,318	38,927	57,245	updated 2017 number, 5%	
Sewer	40,756	86,606	127,362	updated 2017 number, 14%	
Sub-total UTILITIES	101,465	215,613	317,079	PUPA: 2,331	
Taxes and Licenses					
Real Estate Taxes	20,280	43,094	63,374	updated using 2017 number. Welfare exemption reduced.	
Payroll Taxes	10,680	22,695	33,376	updated using 2017 number	
Miscellaneous Taxes, Licenses and Permits	3,829	6,137	11,966	updated using 2017 number	
Sub-total Taxes and Licenses	34,789	71,926	106,716	PUPA: 799	
Insurance					
Property and Liability Insurance	34,627	73,583	108,210	updated using 2017 number.	
Fidelity Bond Insurance	0	0	0		
Worker's Compensation	8,795	18,689	27,483	updated using 2017 number	
Director's & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	43,422	92,272	135,694	PUPA: 998	
Maintenance & Repair					
Payroll	56,737	120,567	177,304	1 Maintenance Manager, 2 the Maintenance Technician, 1 the Janitor	
Supplies	6,937	14,740	21,677	updated using 2017 number	
Contracts	54,500	115,817	170,317	updated using 2017 number	
Garbage and Trash Removal	24,579	52,231	76,810	updated 2017 number, 14.42%	
Security Payroll/Contract	28,276	28,276	56,551	updated using 2017 number, 50/50 split	
HVAC Repairs and Maintenance	7,885	16,755	24,640	updated using 2017 number	
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0		
Miscellaneous Operating and Maintenance Expenses	0	0	0		
Sub-total Maintenance & Repair Expenses	178,916	348,386	527,302	PUPA: 3,877	
Supportive Services	0	80,751	80,751		
Commercial Expenses	0	0	5,374	Links from 'Commercial Op. Budget' Worksheet	
TOTAL OPERATING EXPENSES	599,017	1,224,365	1,828,756	PUPA: 13,447	
Reserves/Ground Lease Base Rent/Bond Fees					
Ground Lease Base Rent	6,400	13,600	20,000	Ground lease with MOHCD	Provide additional comments here, if needed.
Bond Monitoring Fee	0	0	0		
Replacement Reserve Deposit	26,112	55,488	81,600		
Operating Reserve Deposit	4,720	10,030	14,750		
Other Required Reserve 1 Deposit	0	0	0		
Other Required Reserve 2 Deposit	0	0	0		
Required Reserve Deposit - Commercial	0	0	7,516	Links from 'Commercial Op. Budget' Worksheet	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	37,232	79,118	123,866	PUPA: 911	Min DSCR: 1.06 Mortgage Rate: 5.00% Term (Years): 30 Supportable 1st Mortgage Pmt: 121,131 Supportable 1st Mortgage Amt: \$1,880,374 Proposed 1st Mortgage Amt: \$10,189,329
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	636,249	1,303,483	1,952,622	PUPA: 14,358	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	(8,827)	50,140	132,033	PUPA: 971	
DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)					
Hard Debt - First Lender	13,022	27,673	40,695	CHCD	0.42%
Hard Debt - Second Lender (HCD Program 0.42% pmt. or other 2nd Lender)	0	0	0		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	0	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	0	0	Links from 'Commercial Op. Budget' Worksheet	
TOTAL HARD DEBT SERVICE	13,022	27,673	40,695	PUPA: 299	
CASH FLOW (NOI minus DEBT SERVICE)	(21,849)	22,468	91,338		
Commercial Only Cash Flow	0	0	90,720		
Allocation of Commercial Surplus to LOSP/Non-LOSP (residual income)	29,030	61,589	90,619		
AVAILABLE CASH FLOW	7,181	84,157	91,338		
USES OF CASH FLOW BELOW (This row also shows DSCR)					
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL					
"Below-the-line" Asset Mgt Fee (uncommon in new projects, see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	6,541	13,899	20,440		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	640	1,360	2,000		
Other Payments	0	0	0		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments left)	0	0	0		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments left)	0	0	0		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt or Max Fee from cell I130)	0	0	0	Def. Develop. Fee split: 0%	Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	7,181	15,258	22,440	PUPA: 165	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	0	68,898	68,898		
Residual Receipts Calculation					
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	Yes		
Will Project Developer Developer Fee?	No				
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%				
% of Residual Receipts available for distribution to soft debt lenders in:	67%				
Soft Debt Lenders with Residual Receipts Obligations					
MOHCD/CHCD - Soft Debt Loans				Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/CHCD - Ground Lease Value				\$27,966,873	61.60%
HCD (soft debt loan) - Lender 2				\$7,245,000	15.96%
Other Soft Debt Lender - Lender 4				\$10,189,329	22.44%
Other Soft Debt Lender - Lender 5				0	0.00%
MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
MOHCD Residual Receipts Amount Due	35,623	35,623	67% of residual receipts, multiplied by 77.56% - MOHCD's pro rata share of all soft debt		
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	50% (2/3)		
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	35,623	35,623	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.		
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
HCD Residual Receipts Amount Due			10,308	67% of residual receipts, multiplied by 22.44% - CHCD's pro rata share of all soft debt	
Lender 4 Residual Receipts Due			0		
Lender 5 Residual Receipts Due			0		
Total Non-MOHCD Residual Receipts Debt Service			10,308		
REMAINDER (should be zero unless there are distributions below)					
Owner Distributions/Incentive Management Fee			22,966	100% of Borrower share of 33% of residual receipts	
Other Distributions/Uses			0	50% (1/3), max 50%	
Final Balance (should be zero)			0		

Application Date:
 Total # Units: 136
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2018

INCOME	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Residential - Tenant Rents				
Residential - Tenant Assistance Payments (Non-LOSP)		0.00%	100.00%	
Residential - LOSP Tenant Assistance Payments				
Commercial Space				
Residential Parking				
Miscellaneous Rent Income	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Supportive Services Income	Supportive Services Income			
Interest Income - Project Operations				
Laundry and Vending	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Changes	Tenant Changes			
Miscellaneous Residential Income				
Other Commercial Income	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Withdrawal from Capitalized Reserve (deposit to operating account)	Withdrawal from Capitalized Reserve (deposit to operating account)			
Withdrawal from Capitalized Reserve (deposit to operating account)				
Gross Potential Income				
Vacancy Loss - Residential - Tenant Rents				
Vacancy Loss - Residential - Tenant Assistance Payments				
Vacancy Loss - Commercial				

EFFECTIVE GROSS INCOME

OPERATING EXPENSES	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Management	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Management Fee	Management Fee			
Asset Management Fee	Asset Management Fee			

Sub-total Management Expenses

Salaries/Benefits	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Office Salaries	Office Salaries	42.00%	58.00%	
Manager's Salary	Manager's Salary			
Health Insurance and Other Benefits	Health Insurance and Other Benefits	42.00%	58.00%	
Other Salaries/Benefits	Other Salaries/Benefits			
Administrative Rent-Free Unit	Administrative Rent-Free Unit			

Sub-total Salaries/Benefits

Administration	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Advertising and Marketing				
Office Expenses				
Office Rent	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	Legal Expense - Property	50.00%	50.00%	
Audit Expense				
Bookkeeping/Accounting Services	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts	Bad Debts	50.00%	50.00%	
Miscellaneous				

Sub-total Administration Expenses

Utilities	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Electricity	Electricity	50.00%	50.00%	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water				
Gas				
Sewer				

Sub-total Utilities

Taxes and Licenses	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Real Estate Taxes	Real Estate Taxes			
Payroll Taxes	Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits				

Sub-total Taxes and Licenses

Insurance	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Property and Liability Insurance				
Fidelity Bond Insurance	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Worker's Compensation	Worker's Compensation			
Director's & Officers' Liability Insurance				

Sub-total Insurance

Maintenance & Repair	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Payroll	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies	Supplies	50.00%	50.00%	
Contracts				
Garbage and Trash Removal	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Security Payroll/Contract	Security Payroll/Contract	50.00%	50.00%	
HVAC Repairs and Maintenance				
Vehicle and Maintenance Equipment Operation and Repairs				
Miscellaneous Operating and Maintenance Expenses				

Sub-total Maintenance & Repair Expenses

Supportive Services	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Supportive Services		0.00%	100.00%	
Commercial Expenses				

TOTAL OPERATING EXPENSES

Reserves/Ground Lease Base Rent/Bond Fees	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Ground Lease Base Rent				
Bond Monitoring Fee	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Replacement Reserve Deposit	Replacement Reserve Deposit			
Operating Reserve Deposit	Operating Reserve Deposit			
Other Required Reserve 1 Deposit	Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit				
Required Reserve Deposit, Commercial	Other Required Reserve 1 Deposit			

Sub-total Reserves/Ground Lease Base Rent/Bond Fees

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)

DEBT SERVICE/MUST PAY PAYMENTS (Hard debt/amortized loans)	Alternative LOSP Split	LOSP	non-LOSP	Approved By (req)
Hard Debt - First Lender	Hard Debt - First Lender	32.00%	68.00%	
Hard Debt - Second Lender (HCD Program 0.42% p/yr, or other 2nd Lender)	Hard Debt - Second Lender (HCD Program 0.42% p/yr, or other 2nd Lender)			
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			
Hard Debt - Fourth Lender	Hard Debt - Fourth Lender			
Commercial Hard Debt Service				

TOTAL HARD DEBT SERVICE

CASH FLOW (NOI minus DEBT SERVICE)

Commercial Only Cash Flow				
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	Allocation of Commercial Surplus to LOSP/non-LOSP	32.00%	68.00%	

AVAILABLE CASH FLOW

USES OF CASH FLOW BELOW (This row also shows DSCR.)

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL:

Below-Waterfall Asset Mgt fee (uncommon in new projects, see policy)

Partnership Management Fee (see policy for limits)

Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)

Other Payments

Non-amortizing Loan Pmt - Lender 1 (subject lender in comments field)

Non-amortizing Loan Pmt - Lender 2 (subject lender in comments field)

Deferred Developer Fee (Enter amt <= Max Fee from cell I130)

Deferred Developer Fee (Enter amt <= Max Fee)

TOTAL PAYMENTS PRECEDING MOHCD

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?

Will Project Debt Developer Fee?

Max Deferred Developer Fee/Borrower % of Residual Receipts in Y1 15% of DD F from LOSP and non-LOSP

% of Residual Receipts available for distribution to soft debt lenders in Ratio of Sum of DDG and calculated 50%

#VALUE!

Soft Debt Lenders with Residual Receipts Obligations

MOHCD/DCII - Soft Debt Loans

MOHCD/DCII - Ground Lease Value

HCD (soft debt loan) - Lender 3

Other Soft Debt Lender - Lender 4

Other Soft Debt Lender - Lender 5

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due

Proposed MOHCD Residual Receipts Amount to Loan Repayment

Proposed MOHCD Residual Receipts Amount to Residual Ground Lease

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due

Lender 4 Residual Receipts Due

Lender 5 Residual Receipts Due

Total Non-MOHCD Residual Receipts Debt Service

REMAINDER (Should be zero unless there are distributions below)

Owner Distributions/Incentive Management Fee

Other Distributions/Uses

Final Balance (should be zero)

10th and Mission

	Total # Units:		LOSP Units		Non-LOSP Units		Year 5 2022			Year 6 2023			Year 7 2024			Year 8 2025			
	136	44	32.00%	68.00%	% Annual Inc. LOSP	% Annual Increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME																			
Residential - Tenant Rents							142,118	1,499,245	1,546,362	165,671	1,441,401	1,587,072	149,312	1,477,430	1,626,742	153,045	1,462,597	1,615,642	1,491,417
Residential - Tenant Assistance Payments (Non-LOSP)								138,604	138,834		142,069	142,069		145,620	145,620		149,261	149,261	
Residential - LOSP - Tenant Assistance Payments							549,719	549,719	552,528	568,281	568,281	568,281	568,281	568,281	568,281	568,281	568,281	568,281	568,281
Commercial Space									85,528		87,666		87,666		87,666		87,666		87,666
Residential Parking																			
Miscellaneous Rent Income																			
Supportive Services Income																			
Interest Income - Project Operations																			
Landlord and Vendor							17,490	26,541	30,031	12,800	27,204	40,007	13,122	27,885	41,007	13,400	28,587	42,032	
Tenant Changes																			
Miscellaneous Residential Income																			
Other Commercial Income									33,114			33,842			34,791			35,901	
Withdrawal from Capitalized Reserve (deposit to operating account)																			
Gross Potential Income							704,322	1,871,389	2,394,354	727,453	1,616,674	2,458,696	751,299	1,650,941	2,526,885	776,039	1,692,214	2,596,018	
Vacancy Loss - Residential - Tenant Rents							(7,405)	(70,312)	(77,418)	(7,284)	(70,070)	(79,454)	(7,466)	(73,672)	(81,337)	(7,622)	(75,743)	(83,371)	
Vacancy Loss - Residential - Tenant Assistance Payments								(8,202)	(8,202)		(8,120)	(8,120)		(8,038)	(8,038)		(7,956)	(7,956)	
Vacancy Loss - Commercial									(6,767)			(6,767)			(6,767)			(6,767)	
EFFECTIVE GROSS INCOME							697,217	1,444,147	2,305,730	720,120	1,531,501	2,368,845	743,834	1,649,768	2,433,777	768,387	1,609,033	2,505,730	
OPERATING EXPENSES																			
Management																			
Management Fee	3.5%	3.5%	1st Year to be set according to HUD				43,748	22,954	136,711	43,272	85,217	141,406	46,894	89,585	146,440	48,504	103,070	151,574	
Asset Management Fee	3.5%	3.5%	per MOHCD policy				7,506	15,950	23,456	7,768	16,508	24,276	8,040	17,085	25,126	8,322	17,684	26,005	
Sub-total Management Expenses							51,254	108,913	160,167	51,041	112,725	165,732	54,934	116,671	171,575	56,826	120,754	177,580	
Salaries/Benefits																			
Office Salaries	3.5%	3.5%					88,924	120,038	209,092	89,858	124,539	214,205	93,112	125,587	221,702	96,234	133,088	239,452	
Manager's Salary	3.5%	3.5%					50,835	107,600	156,235	52,429	111,366	163,774	54,242	115,264	168,506	56,146	119,289	175,438	
Health Insurance and Other Benefits	3.5%	3.5%					46,453	54,149	110,802	48,073	60,364	114,475	49,701	68,718	118,480	51,503	71,123	122,027	
Other Salaries/Benefits	3.5%	3.5%																	
Administrative Rent-Free Unit	3.5%	3.5%																	
Sub-total Salaries/Benefits							186,012	291,787	475,759	190,453	300,000	492,452	197,118	312,569	508,886	204,077	333,589	527,527	
Administration																			
Advertising and Marketing	3.5%	3.5%					812	1,724	2,536	840	1,785	2,625	859	1,847	2,717	902	1,912	2,812	
Office Expenses	3.5%	3.5%					18,150	40,714	59,673	18,630	42,139	61,949	20,524	43,614	64,138	21,242	45,140	66,365	
Office Rent	3.5%	3.5%																	
Legal Expense - Property	3.5%	3.5%					7,349	7,349	14,698	7,606	7,606	15,212	7,872	7,872	15,744	8,148	8,148	16,296	
Audit Expense	3.5%	3.5%					2,738	7,841	11,662	3,895	8,222	12,091	4,064	8,569	12,514	4,745	8,807	12,945	
Bookkeeping/Accounting Services	3.5%	3.5%					6,993	12,908	17,709	8,992	17,901	24,414	9,990	19,996	27,112	10,412	19,725		
Bad Debts	3.5%	3.5%					3,877	3,877	7,753	4,012	4,012	8,025	4,153	4,153	8,305	4,209	4,209	8,506	
Miscellaneous	3.5%	3.5%																	
Sub-total Administration Expenses							46,628	73,706	114,333	42,650	76,285	118,335	43,521	78,955	122,476	45,646	81,718	126,763	
Utilities																			
Electricity	3.5%	3.5%					18,128	39,522	56,650	18,782	39,670	58,832	19,419	41,265	60,884	20,099	42,710	62,806	
Water	3.5%	3.5%					39,517	64,848	95,365	31,583	57,116	84,702	32,662	58,467	86,157	33,204	61,868	92,733	
Gas	3.5%	3.5%					21,021	44,669	65,690	21,756	46,233	67,989	22,516	47,851	70,396	23,306	49,525	72,833	
Sewer	3.5%	3.5%					46,768	98,383	146,151	48,405	102,811	151,266	50,099	106,491	156,560	51,853	110,187	162,540	
Sub-total Utilities							116,434	247,421	365,855	120,890	266,091	376,590	124,727	265,044	386,770	129,992	274,339	404,412	
Taxes and Licenses																			
Real Estate Taxes	3.5%	3.5%					6,921	14,727	21,629	7,163	15,222	22,398	7,414	15,755	23,188	7,674	16,306	23,980	
Payroll Taxes	3.5%	3.5%					12,256	28,044	38,299	12,683	28,655	39,640	13,129	29,688	41,022	13,588	29,875	42,463	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%					4,394	9,337	13,731	4,543	9,664	14,211	4,707	10,022	14,709	4,872	10,352	15,224	
Sub-total Taxes and Licenses							23,571	52,088	73,659	24,296	51,841	76,237	25,200	53,655	78,905	26,133	55,633	81,667	
Insurance																			
Property and Liability Insurance	3.5%	3.5%					39,736	84,438	124,174	41,726	87,394	128,520	42,566	90,452	133,014	44,006	93,618	137,674	
Fidelity Bond Insurance	3.5%	3.5%																	
Worker's Compensation	3.5%	3.5%					10,027	21,448	31,538	10,445	22,196	32,642	10,811	23,073	33,764	11,188	23,777	34,907	
Director's & Officers' Liability Insurance	3.5%	3.5%																	
Sub-total Insurance							49,763	105,886	155,712	51,772	109,590	161,162	53,377	113,425	166,820	55,245	117,395	172,640	
Maintenance & Repair																			
Paint	3.5%	3.5%					65,107	138,353	203,460	67,388	143,182	210,567	69,745	146,597	217,952	72,168	153,385	225,580	
Supplies	3.5%	3.5%					7,960	16,915	24,875	8,232	17,507	25,746	8,527	18,120	26,647	8,825	18,784	27,579	
Contractors	3.5%	3.5%					62,542	132,363	188,445	64,721	137,654	200,266	66,907	142,369	206,366	69,291	147,591	218,653	
Garbage and Trash Removal	3.5%	3.5%					28,228	59,228	85,141	29,162	62,034	91,225	30,214	64,025	89,418	31,272	66,432	92,784	
Security Payroll/Overtime	3.5%	3.5%																	
HVAC Repairs and Maintenance	3.5%	3.5%					8,048	18,227	26,275	8,365	19,920	29,205	8,693	20,297	30,288	10,025	21,316	31,349	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%																	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%																	
Sub-total Maintenance & Repair Expenses							205,310	399,781	605,091	212,496	413,773	626,299	219,933	428,256	648,189	227,631	443,244	676,875	
Supportive Services	3.5%	3.5%						22,663	20,660		25,907	25,907		29,263	29,263		102,737	102,737	
Commercial Expenses									6,167		6,300		6,433		6,566		102,737	102,737	
TOTAL OPERATING EXPENSES							671,035	1,370,243	2,047,445	694,571	1,418,201	2,119,106	718,630	1,487,838	2,193,274	743,989	1,519,213	2,270,039	
Reserves/Ground Lease Base Rent/Bond Fees																			
Ground Lease Base Rent							6,40												

10th and Mission

	Total # Units: LOSP Units		Non-LOSP Units		Year 9 2026			Year 10 2027			Year 11 2028			Year 12 2029		
	136	44	32.0%	68.0%	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME																
Residential - Tenant Rents	2.5%	2.5%	% annual inc. LOSP	% annual inc. Non-LOSP	156,871	1,522,201	1,709,102	160,793	1,581,037	1,751,830	154,813	1,520,813	1,706,626	168,933	1,671,563	1,840,516
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a			(7,844)	(77,621)	(85,465)	(8,040)	(79,520)	(87,560)	(8,241)	(80,781)	(8,467)	(83,579)	(91,579)	(99,756)
Residential - LOSP - Tenant Assistance Payments	n/a	n/a			671,242	152,962	824,204	643,692	156,817	800,509	696,481	160,738	857,219	699,078	164,738	863,816
Commercial Space	n/a	n/a			-	-	84,407	-	-	96,767	-	-	99,186	-	-	101,606
Residential Parking	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Int'l Income - Planned Operations	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Landlord and Vendor	2.5%	2.5%			13,788	29,296	43,083	14,131	30,029	44,160	14,484	30,779	45,264	14,847	31,549	
Tenant Charges	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Other Commercial Income	n/a	n/a			-	-	36,552	-	-	37,496	-	-	38,403	-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)					-	-	-	-	-	-	-	-	-	-	-	
Gross Potential Income					792,400	1,734,520	2,657,878	818,616	1,777,883	2,730,732	845,758	1,822,230	2,805,677	873,859	1,867,888	2,882,775
Vacancy Loss - Residential - Tenant Rents	n/a	n/a			(7,844)	(77,621)	(85,465)	(8,040)	(79,520)	(87,560)	(8,241)	(80,781)	(8,467)	(83,579)	(91,579)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	(1,500)	-	-	(1,500)	-	-	-	-	-	
Vacancy Loss - Commercial	n/a	n/a			-	-	(4,703)	-	-	(4,830)	-	-	-	-	-	
EFFECTIVE GROSS INCOME					784,556	1,649,229	2,560,633	810,576	1,690,400	2,630,461	837,516	1,741,449	2,702,699	866,412	1,776,071	2,772,428
OPERATING EXPENSES																
Management																
Management Fee	3.5%	3.5%	1st Year to be set according to HUD		50,201	106,478	156,879	51,858	110,412	160,370	53,777	114,276	169,603	55,656	118,226	173,635
Asset Management Fee	3.5%	3.5%	per MCHCD policy		6,613	16,303	20,916	6,814	16,843	21,858	7,226	18,006	23,833	8,548	20,762	26,842
Sub-total Management Expenses					56,814	124,781	183,795	60,872	129,356	182,228	60,999	132,282	193,436	64,204	138,988	200,477
Salaries/Benefits																
Office Salaries	3.5%	3.5%			99,747	127,748	207,483	103,239	142,567	245,805	106,850	147,557	254,400	110,591	153,721	263,313
Manager's Salary	3.5%	3.5%			58,165	129,474	181,579	60,129	127,795	187,034	62,244	132,268	194,512	64,422	136,897	201,202
Health Insurance and Other Benefits	3.5%	3.5%			53,306	73,013	128,936	55,171	78,188	131,361	57,109	79,584	135,568	59,101	81,616	140,712
Other Salaries/Benefits	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%	3.5%			211,158	334,872	545,590	218,549	346,551	560,100	226,194	359,681	584,978	234,115	371,234	602,343
Sub-total Salaries/Benefits					720,376	975,113	1,663,572	737,697	1,105,001	1,624,300	750,253	1,117,006	1,714,024	763,917	1,127,384	1,707,568
Administration																
Advertising and Marketing	3.5%	3.5%			837	1,979	2,910	867	2,048	3,012	898	2,120	3,117	1,032	2,194	3,227
Office Expense	3.5%	3.5%			27,866	46,720	66,706	27,755	46,355	65,988	27,568	46,068	65,760	27,376	45,769	65,513
Office Rent	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%			4,333	6,213	16,866	6,728	8,728	17,456	6,934	9,234	18,007	6,930	9,300	18,699
Legal Expense - Corporate	3.5%	3.5%			4,290	6,153	13,405	4,443	6,235	13,874	4,599	6,285	14,340	4,756	6,528	14,882
Books/Printing/Accounting Services	3.5%	3.5%			5,533	13,883	20,419	6,762	14,389	21,130	6,999	14,872	21,870	7,243	15,226	22,638
Bad Debt	3.5%	3.5%			4,447	4,448	8,897	4,604	4,604	9,208	4,765	4,765	9,532	4,927	4,927	9,854
Miscellaneous	3.5%	3.5%			46,621	84,579	131,200	48,253	87,539	133,792	49,842	90,603	140,544	51,690	93,774	145,464
Sub-total Administration Expenses					133,916	242,922	417,532	138,397	250,849	432,145	143,127	261,144	447,716	148,179	271,479	462,323
Utilities																
Electricity	3.5%	3.5%			20,802	44,205	65,001	21,520	45,292	67,263	22,284	47,363	69,657	23,048	49,010	72,024
Water	3.5%	3.5%			39,919	74,415	109,433	38,240	77,013	113,513	37,513	75,273	111,227	36,226	72,293	107,320
Gas	3.5%	3.5%			24,122	51,259	75,381	24,866	51,053	76,919	25,480	51,910	80,750	26,144	52,823	83,576
Sewer	3.5%	3.5%			33,669	70,664	107,711	35,540	74,023	111,581	37,480	78,168	116,967	39,507	83,429	125,845
Sub-total Utilities					128,512	280,543	417,525	139,166	293,828	468,145	145,127	304,144	478,710	158,980	315,552	463,268
Taxes and Licenses																
Real Estate Taxes	3.5%	3.5%			7,842	16,877	24,819	8,220	17,468	25,686	8,509	18,079	26,587	8,806	18,712	27,518
Property Taxes	3.5%	3.5%			5,049	10,714	15,756	5,218	11,049	16,308	5,401	11,478	16,879	5,590	11,979	17,489
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			9,609	20,486	29,284	9,982	21,171	29,973	10,278	22,600	31,100	10,596	23,721	32,615
Sub-total Taxes and Licenses					22,500	48,077	69,863	23,420	50,096	71,667	24,196	52,356	74,866	25,002	60,712	83,612
Insurance																
Property and Liability Insurance	3.5%	3.5%			45,588	96,890	142,492	47,193	100,280	147,480	48,845	103,786	152,641	50,555	107,429	157,884
Facility Bond Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Director's Compensation	3.5%	3.5%			11,581	24,609	36,190	11,886	25,471	37,457	12,408	26,302	38,768	12,846	27,785	40,125
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Sub-total Insurance					57,169	121,509	178,683	59,180	125,751	184,937	61,253	130,188	191,409	63,398	134,714	198,109
Maintenance & Repair																
Parade	3.5%	3.5%			74,712	158,763	233,476	77,327	164,320	241,647	80,034	170,071	250,106	82,835	179,224	256,858
Supplies	3.5%	3.5%			9,134	19,410	28,545	9,524	20,090	29,544	9,795	20,783	30,578	10,127	21,521	31,648
Contractors	3.5%	3.5%			71,789	150,309	224,278	74,281	162,467	230,127	76,881	165,371	240,520	79,571	169,969	248,661
Carpeting and Trash Removal	3.5%	3.5%			35,366	67,078	101,444	35,496	67,861	102,084	34,671	67,348	102,348	35,855	70,226	111,140
Security Patrol/Contract	3.5%	3.5%			37,234	77,234	114,467	38,337	78,674	116,016	39,386	79,771	117,282	40,429	80,793	
HVAC Repairs and Maintenance	3.5%	3.5%			10,382	22,064	32,447	10,748	22,838	33,581	11,122	23,635	34,757	11,512	24,462	35,754
Vehicles and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Ditching and Maintenance Expenses	3.5%	3.5%			235,369	468,758	694,256	243,844	474,814	718,558	252,378	491,432	745,811	261,212	508,633	769,845
Sub-total Maintenance & Repair Expenses					738,611	1,532,638	2,229,466	762,800	1,574,546	2,286,364	797,024	1,616,556	2,318,023	812,006	1,658,222	2,348,941
Supportive Services	3.5%	3.5%			-	106,333	106,333	-	110,000	110,000	-	113,907	113,907	-	117,894	117,894
Commercial Expenses																
TOTAL OPERATING EXPENSES					1,220,928	1,872,385	2,349,430	1,220,928	1,627,419	2,031,722	1,220,928	1,627,419	2,031,722	1,220,928	1,627,419	2,031,722
Reserves/Ground Lease Base Rent/Bond Fees																
Ground Lease Base Rent					6,400	13,600	20,000	6,400	13,600	20,000	6,400	13,600	20,000	6,400	13,600	20,000
Bond Maturity Fee					14,064	29,468	43,940	14,596	30,021	44,488	15,063	30,644	45,181	15,581	31,225	45,727

10th and Mission

	Total # Units: LOSP Units		Non-LOSP Units		Year 13			Year 14			Year 15			Year 16		
	136	44	92	68	2020%	2020%	2020%	2021%	2021%	2022%	2022%	2023%	2023%	2023%	2023%	
INCOME																
Residential - Tenant Rents	7.5%	2.5%			1,73,157	1,710,373	1,688,526	1,77,488	1,796,207	1,833,863	181,493	1,850,112	1,866,025	188,471	1,845,115	2,051,588
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	3.5%			-	168,875	138,375	-	172,694	173,927	-	177,424	177,424	-	181,860	181,860
Residential - LOSP Tenant Assistance Payments	n/a	n/a			714,577	-	-	714,577	730,987	730,987	730,987	730,987	730,987	730,987	730,987	730,987
Commercial Space	n/a	2.5%			-	-	106,267	-	-	106,613	-	-	109,463	-	-	112,220
Residential Parking	1.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	7.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Supportive Services Income	7.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Interest Income - Preret Operations	7.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Laundry and Vending	7.5%	2.5%			15,218	32,338	47,555	15,560	33,146	48,744	15,888	33,975	49,983	16,388	34,824	51,212
Tenant Charges	7.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income	7.5%	2.5%			-	-	-	-	-	-	-	-	-	-	-	
Other Commercial Income	n/a	2.5%			-	-	40,347	-	-	41,355	-	-	43,388	-	43,448	
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a			-	-	-	-	-	-	-	-	-	-	-	
Gross Potential Income					802,957	1,914,562	2,562,094	933,077	1,982,450	3,043,689	884,283	2,011,811	3,127,637	896,627	2,061,799	3,214,005
Vacancy Loss - Residential - Tenant Rents	n/a	n/a			(8,658)	(8,658)	(8,658)	(8,658)	(8,658)	(8,658)	(8,658)	(8,658)	(8,658)	(8,658)	(8,658)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			(8,444)	(8,444)	(8,444)	(8,444)	(8,444)	(8,444)	(8,444)	(8,444)	(8,444)	(8,444)	(8,444)	
Vacancy Loss - Commercial	n/a	n/a			-	-	(5,710)	-	-	(5,710)	-	-	(4,748)	-	(5,013)	
EFFECTIVE GROSS INCOME					894,233	1,870,472	2,554,110	924,196	1,865,988	2,933,080	855,187	1,912,634	3,014,150	887,213	1,966,460	3,097,731
OPERATING EXPENSES																
Management																
Management Fee	3.5%	3.5%			57,607	120,415	180,023	58,624	126,700	186,323	61,710	131,134	192,845	63,870	135,724	199,564
Asset Management Fee	3.5%	3.5%			9,884	21,607	30,888	10,230	21,728	31,967	10,588	22,499	33,088	10,938	23,288	34,244
Sub-total Management Expenses					67,491	142,022	210,911	68,854	148,428	218,291	72,298	153,633	225,933	74,808	159,012	233,808
Salaries/Benefits																
Office Salaries	3.5%	3.5%			114,482	158,067	272,520	118,488	163,580	282,067	122,615	169,325	291,640	126,806	178,251	305,158
Manager's Salary	3.5%	3.5%			55,877	141,688	238,368	65,011	148,642	215,889	77,428	155,781	222,227	73,028	152,025	221,018
Health Insurance and Other Benefits	3.5%	3.5%			61,710	84,472	145,642	63,311	87,428	150,738	65,328	90,488	157,615	67,528	93,656	181,478
Other Salaries/Benefits	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits					242,369	384,228	696,536	250,790	397,676	648,665	248,567	411,594	671,161	246,662	426,000	694,652
Administration																
Advertising and Marketing	3.5%	3.5%			1,069	2,271	3,339	1,106	2,350	3,468	1,145	2,423	3,577	1,183	2,578	3,703
Office Expenses	3.5%	3.5%			25,228	55,612	78,842	26,112	56,490	81,621	27,026	57,431	84,452	27,872	58,447	83,433
Office Rent	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%			8,677	8,677	10,354	10,616	10,714	12,031	10,366	10,366	12,733	10,728	11,728	11,428
Audit Expense	3.5%	3.5%			4,922	10,460	15,383	5,095	10,676	15,921	5,273	11,205	16,478	5,458	11,587	12,658
Bookkeeping/Accounting Services	3.5%	3.5%			7,487	15,631	20,476	7,750	16,488	22,348	8,031	17,655	23,086	8,312	17,653	23,973
Bad Debt	3.5%	3.5%			5,105	5,105	10,210	5,283	5,283	10,567	5,468	5,468	10,937	5,650	5,650	11,318
Miscellaneous	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Sub-total Administration Expenses					53,499	97,056	150,555	55,971	100,453	155,824	57,309	103,969	161,278	58,915	107,607	166,923
Utilities																
Electricity	3.5%	3.5%			23,871	50,728	74,987	24,206	52,501	77,708	25,571	54,339	79,910	26,466	56,240	82,707
Water	3.5%	3.5%			40,185	85,392	126,577	41,581	86,387	129,072	43,047	91,474	134,521	44,533	94,876	139,220
Gas	3.5%	3.5%			27,680	58,671	86,921	28,649	60,878	89,529	29,620	63,010	92,662	30,680	65,216	93,805
sewer	3.5%	3.5%			41,585	120,868	182,453	42,740	125,481	189,188	43,971	130,169	200,161	45,288	135,025	213,323
Sub-total Utilities					153,321	326,807	479,127	156,887	337,210	496,897	164,241	348,012	515,253	168,989	361,228	531,217
Taxes and Licenses																
Real Estate Taxes	3.5%	3.5%			9,114	19,367	28,481	9,433	20,045	29,477	9,763	20,746	30,500	10,105	21,472	31,577
Payroll Taxes	3.5%	3.5%			16,130	34,294	50,433	16,703	35,495	52,188	17,288	36,727	54,005	17,893	38,022	55,919
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			5,788	12,295	18,081	5,888	12,725	18,714	6,088	13,171	18,968	6,415	13,632	20,047
Sub-total Taxes and Licenses					31,038	65,956	96,994	32,125	68,266	100,389	33,149	70,644	103,963	34,413	73,127	107,539
Insurance																
Property and Liability Insurance	3.5%	3.5%			55,324	111,168	163,513	54,156	110,011	169,236	56,051	110,168	169,510	58,013	123,277	181,290
Fidelity Bond Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%			13,289	28,240	41,520	13,755	29,228	43,983	14,236	30,251	44,487	14,734	31,310	46,044
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Sub-total Insurance					68,614	139,408	205,042	67,910	144,306	212,219	70,287	148,360	215,647	72,747	154,587	227,334
Maintenance & Repair																
Janitor	3.5%	3.5%			85,734	182,185	267,918	88,735	188,561	277,290	91,840	195,161	287,051	95,055	201,991	297,048
Supplies	3.5%	3.5%			19,492	39,274	57,755	19,849	39,623	58,462	20,209	39,988	59,088	20,625	39,817	
Contractors	3.5%	3.5%			82,356	172,921	267,944	85,238	181,132	276,911	88,222	189,472	278,884	91,310	194,034	285,264
Garbage and Trash Removal	3.5%	3.5%			37,141	76,924	114,005	38,441	81,687	120,128	39,786	84,546	124,332	41,178	87,525	129,864
Security Patrol/Contract	3.5%	3.5%			42,726	87,276	128,453	44,222	89,422	130,844	45,770	92,700	135,838	47,272	94,743	
PVAC Repairs and Maintenance	3.5%	3.5%			11,815	23,319	37,203	12,332	25,203	39,536	12,763	25,122	39,885	13,210	29,071	41,281
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	
Sub-total Maintenance & Repair Expenses					270,354	526,435	796,789	279,816	544,800	824,677	289,610	563,930	853,541	299,764	585,668	883,414
Supportive Services																
Commercial Expenses	3.5%	3.5%			-	122,020	122,020	-	120,291	120,291	-	120,711	-	120,290	-	
Sub-total Supportive Services					-	122,020	122,020	-	120,291	120,291	-	120,711	-	120,290	-	
TOTAL OPERATING EXPENSES					883,625	1,804,548	2,696,094	914,552	1,867,500	2,790,457	946,561	1,923,863	2,888,123	979,691	2,000,513	2,989,208
RESERVES/GROUND LEASE BASE RENT/BOND FEES																
Reserves/Ground Lease Base Rent/Bond Fees					6,400	13,620	20,000	6,400	13,620	20,000	6,400	13,620	20,000	6,400	13,620	20,000
Ground Lease Base Rent					-	-	-	-	-	-	-	-	-	-	-	
Bond Monitoring Fee					-	-	-	-	-	-	-	-	-	-	-	
Replacement Reserve Deposit					26,112	55,490	81,920	26,112	55,490	81,920	26,112	55,490	26,112	55,490	81,92	

Exhibit C – Legal Description of Real Property

Legal Description of the Site

All that real property situated in the City and County of San Francisco, State of California, described as follows:

Assessor's Block 3508

Lot 53 (all of former Lots 26 and 27 and a portion of former Lot 51)

Beginning at the point of intersection of the northeasterly line of 10th Street with the southeasterly line of Jessie Street; thence northeasterly, along said line of Jessie Street 262.00 feet to a point distant thereon 148.00 feet from the southwesterly line of 9th Street, measured at right angle thereto; thence at a right angle southeasterly 70.00 feet; thence at a right angle southwesterly 47.00 feet; thence at a right angle southeasterly 15.00 feet; thence at a right angle southwesterly 85.00 feet; thence at a right angle southeasterly 22.50 feet; thence at a right angle southwesterly 30.00 feet; thence at a right angle southeasterly 87.50 feet to the northwesterly line of Mission Street; thence at a right angle southwesterly along said line of Mission Street 100.00 feet to said northeasterly line of 10th Street; thence at a right angle northwesterly along said northeasterly line of 10th Street 195.00 feet to the point of beginning, containing 33,240 square feet, more or less.

Being part of Mission Block No. 4

Exhibit D - LOSP Client Selection Criteria

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.

Mercy Housing California XIV, a California limited partnership:

BY: _____

NAME: _____

TITLE: _____

DATE: _____

EXHIBIT G – ANNUAL MONITORING REPORT

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



Mark Farrell
Mayor

Kate Hartley
Director

March 19, 2018

Notice of Availability of 2017 Annual Monitoring Report Form
(plus reminders of Serious Incident Protocol and marketing procedure)

MOHCD is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2017 (RY2017). 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 April 12, 2018 from 9:30 a.m.-12:15 p.m. See below for more information.

Deadline: For projects whose business year ended December 31, 2017, the report will be due on May 31, 2018 for the period 1/1/17-12/31/17. For any projects whose 2017 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 RY2017 and any outstanding reports from prior reporting years will be accepted only in the RY2017 format.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2017 – project name.xlsx – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions	3C. Demographic Summary
1A. Property & Residents	4. Narrative
1B. Transitional Programs	5. Project Financing
1C. Eviction Data	6. Services Funding
2. Fiscal Activity (revised)	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_RY2017.xlsx without MOHCD's prior approval is not allowed. Do not

1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 www.sfgov.org/moh

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 2017. 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 attached and 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 for each MOHCD-funded project:

- 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, or if desired, for multiple projects, via flash drive or compact disc sent to Mike McLoone at MOHCD. 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 – April 12, 9:30 a.m.-12:15 p.m.

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on from 9:30 a.m. to 12:15 p.m. on Thursday, 4/12, 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.

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

Marketing of 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 wait list on this [page of our web site](#). General information for people seeking affordable housing in San Francisco can also be found on our web site at [this location](#)

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://sf-mohcd.org/>

P. 415-701-5500

F. 415-701-5501

Annual Monitoring Report - Instructions - Reporting Year 2017 - 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 1/25/2018

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.	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.
----	--

G.	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.
----	--

H.	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.
----	--

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

J.	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.
----	---

K.	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.
----	--

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

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

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

O.	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.	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.
----	--

"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” = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Housing Opportunities for People With AIDS program.

“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.

“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.

Q. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.

R. **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.

S. **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.

T. **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.

U. **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.

V. **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.

W. **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.

X. **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

Sex At Birth. Provide info for the Head of Household. The 5 possible answers for Sex at Birth are:

- Female
- Male
- Decline to Answer
- 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 (Physical/Visual/Hearing/None). 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 a physically, visually, or hearing disabled tenant.

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)

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

[Program Income Overview](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf)

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)

<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)

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)

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

**Annual Monitoring Report - Property & Residents - Reporting Year 2017 -
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	Sponsor Executive Director Phone Number
7	Sponsor Executive Director E-mail
8	Property Management Company
9	Property Manager Name
10	Property Manager Phone Number
11	Property Manager E-mail
12	Property Supervisor Name
13	Property Supervisor Phone Number
14	Property Supervisor E-mail
15	Property Owner Name
16	Property Owner Contact Person
17	Property Owner Contact Phone Number
18	Property Owner Contact E-mail
19	Property Asset Manager Name
20	Property Asset Manager Phone Number
21	Property Asset Manager E-mail
22	AMR Preparer's Name
23	AMR Preparer's Phone Number
24	AMR Preparer's 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.) *If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."*

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 **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 **# 4 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?

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. (Click on #5 at left to jump to Narrative worksheet.)

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	# 2	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. (Click on #2 at left to jump to Narrative worksheet.)
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	# 3	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. (Click on #3 at left to jump to Narrative worksheet.)
46	# 3	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. (Click on # 3 at left to jump to Narrative worksheet.)
47		As of the last day of the reporting period, how many units were fully Accessible to Physically Impaired Tenants?
48		As of the last day of the reporting period, how many units were Adaptable for Physically Impaired Tenants?
49		As of the last day of the reporting period, how many units were fully Accessible to Visually Impaired Tenants?
50		As of the last day of the reporting period, how many units were fully Accessible to Hearing Impaired Tenants?

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"

51		Go To WS6	After School Program/s (y/n)
52		Go To WS6	Licensed Day Care Service (<i>participant fees are allowable for day care ONLY</i>) (y/n)
53		Go To WS6	Youth Program/s (y/n)
54		Go To WS6	Educational Classes (e.g. basic skills, computer training, ESL) (y/n)
55		Go To WS6	Health and Wellness Services/Programs (y/n)
56		Go To WS6	Employment Services (y/n)
57		Go To WS6	Case Management, Information and Referrals (y/n)
58		Go To WS6	Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)
59		Go To WS6	Support Groups, Social Events, Organized Tenant Activities (y/n)
60		Go To WS6	Other Service #1 - Please specify in column G.
61		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	
62		0	Families	0	Families
63		0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
64		0	Housing for Homeless	0	Housing for Homeless
65		0	Mentally or Physically Disabled	0	Mentally or Physically Disabled
66		0	Senior Housing	0	Senior Housing
67		0	Substance Abuse	0	Substance Abuse
68		0	Domestic Violence Survivor	0	Domestic Violence Survivor
69		0	Veterans	0	Veterans
70		0	Formerly Incarcerated	0	Formerly Incarcerated
71		0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Remember, SAVE YOUR WORK!

Annual Monitoring Report - Transitional Programs - Reporting Year 2017 - 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	INSTITUTIONAL
27	Moved in with family or friends <i>TEMPORARILY</i>	
28	0 Transitional Housing Subtotal	
29	Psychiatric hospital	OTHER
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 2017 - 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	Total number of households who received Notices of Eviction	0

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	Total number of unlawful detainer actions filed	0

Number of households evicted from 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).

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	Total number of households evicted (total also used to answer question #35 on Worksheet 1A)	0

	B	D	F	H	J	L	N	P	R
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development								
170	RESERVE ACCOUNT DETAILS								
171	OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead)								
172	Minimum Required Balance:								
173	Beginning Balance:								
180	Actual Annual Deposit (don't edit - taken from page 1 account number 1365)								
181		\$0.00							
182	Interest Earned:								
183	Annual Withdrawal Amount (enter as negative number)								
184	Ending Balance (don't edit cell - calculated)								
185	Required Annual Deposit:								
186	Total Operating Expenses plus debt service (don't edit cell - calculated)								
187	<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 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.</p>								
188		\$0.00%							
189	REPLACEMENT RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead)								
190	Minimum Required Balance:								
191	Beginning Balance:								
192	Actual Annual Deposit:								
193	Interest Earned:								
194	Annual Withdrawal Amount (enter as negative number)								
195	Ending Balance (don't edit cell - calculated)								
196	Required Annual Deposit (do not edit - taken from page 1 account number 1320)								
197	Describe how the amount of annual deposit and the minimum required balance is determined.								
198									
199	CHANGES TO REAL ESTATE ASSETS								
200	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.								
201	Building & Improvements	Balance, 1/00/1900	Changes	Balance, 1/00/1900					
202	Offsite Improvements		\$0.00						
203	Site Improvements		\$0.00						
204	Land Improvements		\$0.00						
205	Furniture, Fixtures & Equipment		\$0.00						
206	Other		\$0.00						
207	Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.								
208	Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 209-215 above that shows a positive change, an entry is required in each corresponding category in rows 216-218. 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.								
209	Capital Repairs and Improvements Funded By:								
210	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Amount				
211	Building & Improvements				\$0.00				
212	Offsite Improvements				\$0.00				
213	Site Improvements				\$0.00				
214	Land Improvements				\$0.00				
215	Furniture, Fixtures & Equipment				\$0.00				
216	Other				\$0.00				
217	Total	\$0.00	\$0.00	\$0.00	\$0.00				
218	Description of Capital Repairs and Improvements:								
219									
220	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.								
221	Salaries				Amount				
222	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				\$0.00				
223	Paid Directly from Replacement Reserve								
224	Other Source								
225	Explanation of Non-Capital Replacement Reserve Eligible Expenditures								
226	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.								
227	RR Withdrawal Amount	\$0.00	Total RR-eligible Expenditures	\$0.00					
228	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:								
229									
230									

	B	D	F	H	J	L	N	P	R
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - 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. For more information, use the following link or copy this web address for manual navigation:								
233	http://www.ci.moh.gov/3666/c2/buy/Document.aspx?documentid=5141								
234	Overview of Federal (HOME and CDBG) Program Income								
235	CDBG PROGRAM INCOME								
236	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2015-2019 Consolidated Plan, 2017-2018 Action Plans as follows:								
237		AMOUNT	DESCRIPTION						
238	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):								
239	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):								
240	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):								
241	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2016 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):								
242	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):								
243	Total CDBG Program Income Calculation (see instructions for guidance on how to calculate)								
244	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 2017 reporting period as depicted above.								

**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2017 -
Mayor's Office of Housing & Community Development**

Project Address:	Last Day of Reporting Period	1/0/1900	# Units:	0
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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/Devt 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	

Sex At Birth

	# Reported Head of HH	% of Total
Female	0	
Male	0	
Decline to Answer	0	
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

<i>Target Population</i>		<i>Actual Population</i>	
0	<i>Families</i>	0	<i>Families</i>
0	<i>Persons with HIV/AIDS</i>	0	<i>Persons with HIV/AIDS</i>
0	<i>Housing for Homeless</i>	0	<i>Housing for Homeless</i>
0	<i>Mentally or Physically Disabled</i>	0	<i>Mentally or Physically Disabled</i>
0	<i>Senior Housing</i>	0	<i>Senior Housing</i>
0	<i>Substance Abuse</i>	0	<i>Substance Abuse</i>
0	<i>Domestic Violence Survivor</i>	0	<i>Domestic Violence Survivor</i>
0	<i>Veterans</i>	0	<i>Veterans</i>
0	<i>Formerly Incarcerated</i>	0	<i>Formerly Incarcerated</i>
0	<i>Transition-Aged Youth ("TAY")</i>	0	<i>Transition-Aged Youth ("TAY")</i>

**Annual Monitoring Report - Narrative - Reporting Year 2017 -
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**

	Total	LOSP	Non-LOSP
Rental Income			
5120 Gross Potential Tenant Rents	\$0	\$0	\$0
5121 Rental Assistance Payments (inc. LOSP)	0	0	0
5140 Commercial Unit Rents	0		
Total Rent Revenue:	\$0	\$0	\$0
Vacancies			
5220 Apartments	\$0	\$0	\$0
5240 Stores & Commercial	0		
Total Vacancies:	\$0	\$0	\$0
Net Rental Income: (Rent Revenue Less Vacancies)	\$0	\$0	\$0
Other Revenue			
5170 Rent Revenue - Garage & Parking	\$0	\$0	\$0
5190 Misc. Rent Revenue	0	0	0
5300 Supportive Services Income	0	0	0
5400 Interest Revenue - Project Operations (From Operating Acct Only)	0	0	0
5400 Interest Revenue - Project Operations (From All Other Accts)			0
5910 Laundry & Vending Revenue	0	0	0
5920 Tenant Charges	0	0	0
5990 Misc. Revenue	0	0	0
Total Other Revenue:	\$0	\$0	\$0
Total Operating Revenue:	\$0	\$0	\$0

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended December 31, 1900**

	Total	LOSP	Non-LOSP
Management			
6320 Management Fee	\$0	\$0	\$0
"Above the Line" Asset Management Fee	0	0	0
Total Management Expenses:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Salaries/Benefits			
6310 Office Salaries	\$0	\$0	\$0
6330 Manager's Salary	0	0	0
6723 Employee Benefits: Health Insurance & Disability Insurance	0	0	0
Employee Benefits: Retirement & Other Salary/Benefit Expenses	0	0	0
6331 Administrative Rent Free Unit	0	0	0
Total Salary/Benefit Expenses:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Administration			
6210 Advertising and Marketing	\$0	\$0	\$0
6311 Office Expenses	0	0	0
6312 Office Rent	0	0	0
6340 Legal Expense - Property	0	0	0
6350 Audit Expense	0	0	0
6351 Bookkeeping/Accounting Services	0	0	0
6370 Bad Debts	0	0	0
6390 Miscellaneous Administrative Expenses	0	0	0
Total Administrative Expenses:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Utilities			
6450 Electricity	\$0	\$0	\$0
6451 Water	0	0	0
6452 Gas	0	0	0
6453 Sewer	0	0	0
Total Utilities Expenses:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Taxes and Licenses			
6710 Real Estate Taxes	\$0	\$0	\$0
6711 Payroll taxes	0	0	0
6790 Miscellaneous Taxes, Licenses, and Permits	0	0	0
Total Taxes and Licenses Expenses:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Insurance			
6720 Property and Liability Insurance	\$0	\$0	\$0
6721 Fidelity Bond Insurance	0	0	0
6722 Workers' Compensation	0	0	0
6724 Directors & Officers Liabilities Insurance	0	0	0
Total Insurance Expenses:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended December 31, 1900**

Maintenance and Repairs	Total	LOSP	Non-LOSP
6510 Payroll	\$0	\$0	\$0
6515 Supplies	0	0	0
6520 Contracts	0	0	0
6525 Garbage and Trash Removal	0	0	0
6530 Security Payroll/Contract	0	0	0
6546 HVAC Repairs and Maintenance	0	0	0
6570 Vehicle and Maintenance Equipment Operation and Repairs	0	0	0
6590 Miscellaneous Operating and Maintenance Expenses	0	0	0
Total Maintenance and Repairs Expenses:	\$0	\$0	\$0
6900 Supportive Services	\$0	\$0	\$0
Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve	\$0	\$0	\$0
Total Operating Expenses:	\$0	\$0	\$0
Financial Expenses			
<i>Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.</i>			
6820 Interest on Mortgage (or Bonds) Payable			\$0
6825 Interest on Other Mortgages			0
6830 Interest on Notes Payable (Long Term)			0
6840 Interest on Notes Payable (Short Term)			0
6850 Mortgage Insurance Premium/Service Charge			0
6890 Miscellaneous Financial Expenses			0
Total Financial Expenses:	\$0	\$0	\$0
6000 Total Cost of Operations before Depreciation:	\$0	\$0	\$0
5060 Operating Profit (Loss):	\$0	\$0	\$0
Depreciation & Amortization Expenses			
<i>Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.</i>			
6600 Depreciation Expense			\$0
6610 Amortization Expense			0
Operating Profit (Loss) after Depreciation & Amortization:	\$0	\$0	\$0
Net Entity Expenses			
<i>the right.</i>			
7190			\$0
7190			0
7190			0
7190			0
7190			0
7190			0
7190			0
7190			0
7190			0
7190			0
7190			0
Total Net Entity Expenses:	\$0	\$0	\$0
3250 Change in Total Net Assets from Operations (Net Loss)	\$0	\$0	\$0
<i>Amount computed in cell E139 should match audited financial statement.</i>			

Project Street Address:

**Computation of Operating Cash Flow/Surplus Cash
For the Year Ended January 0, 1900**

	Total	LOSP	Non-LOSP
Operating Revenue	\$0	\$0	\$0
Interest earned on restricted accounts	0	0	\$0
Adjusted Operating Revenue	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 Operating Expenses	 \$0	 \$0	 \$0
 Net Operating Income	 \$0	 \$0	 \$0
 Other Activity			
Ground Lease Base Rent	\$0	\$0	\$0
Bond Monitoring Fee	0	0	0
Mandatory Debt Service - Principal	0	0	0
Mandatory Debt Service - Interest	0	0	0
Mandatory Debt Service - Other Amount	0	0	0
Deposits to Replacement Reserve Account	0	0	0
Deposits to Operating Reserve Account	0	0	0
Deposits to Other Restricted Accounts per Regulatory Agreement	0	0	0
Withdrawals from Operating Reserve Account	0	0	0
Withdrawals from Other Required Reserve Account	0	0	0
Total Other Activity:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 Allocation of Non-Residential Surplus (LOSP only)	 \$0	 \$0	 \$0
Operating Cash Flow/Surplus Cash:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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	LOSP	Non-LOSP
<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"/>			
<input type="text"/>			
Total Cash Available for Residual Receipts Distribution:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Distribution of Residual Receipts

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid with remaining residual receipts.

	Total	LOSP	Non-LOSP
<input type="text"/>			
<input type="text"/>			
<input type="text"/>			
<input type="text"/>			
Total Residual Receipts Distributions to Lenders:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Proposed Owner Distribution	\$0		\$0
Proposed Other Distribution/Uses	0	\$0	
Total Residual Receipts Distributions to Lenders and Owners:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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	<u>\$0</u>	<u>\$0</u>

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2017 -
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
Reporting End Date: 1/0/00

Project Address: _____

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 50	Incomplete
Questions 51 thru 61	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 SPTIR	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)	OK
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, Sex at Birth, 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
Worksheet 7. Supplementary Information Required by MOHCD	Worksheet incomplete. If using AMR to generate Schedules required for Audited Financial Statement, please complete the required data entry.

EXHIBIT H
Tenant Selection Plan Policy - LOSP

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.** 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.
- **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.
- **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, HSH.

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)**

- **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

- 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 – LOSP

The City expects that housing providers will use maximum feasible efforts to ensure that those individuals and families who are referred are accepted for occupancy in a timely fashion. To that end, the City has adopted the following screening criteria for applicants with a criminal record. If a problem arises in the application and screening process that may cause unreasonable delay in screening outcome, the housing provider should immediately notify the referring agency and HSH to assist with an expeditious resolution.

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 3 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. As necessary, HSH will assess the justification for a longer look-back period and determine whether an exception is warranted. In these exceptional situations, the housing provider may consider offenses that occurred in the prior 5 years.

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.”

- 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, 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.

Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure

Evaluation of Request for Funding: **Local Operating Subsidy Program (LOSP)
Contract Renewal**

Prepared By: Jackie Tsou

Loan Committee Date: April 20, 2018

Sponsor Name: Mercy Housing
Project Name: 10th & Mission Family Housing
Project Address (w. cross street): 1390 Mission Street at 10th Street, San Francisco, CA
94124
Number of Units/Beds (specify): 136 units, including 44 units set aside for homeless
families
Up to \$246,896 for a 6-month Year 1 Budget
Up to \$9,741,171 through 15-years and
6-months (including Year 1)

1. SUMMARY AND BACKGROUND

Mercy Housing California XIV, a California limited partnership ("Mercy"), an affiliate of Mercy Housing California ("MHC"), is requesting \$9,741,171 in General Funds from the Local Operating Subsidy Program ("LOSP") to subsidize continuing operations for 44 units set aside for formerly homeless families at 10th & Mission Family Housing (the "Project" or "10th and Mission") for a period of 15 years and six months.

10th & Mission, completed in September 2009, consists of 136 units of affordable family housing with 44 LOSP units, supportive housing targeted to formerly chronic homeless families referred by the Department of Homelessness and Supportive Housing ("HSH"). The Project is a 12 story high rise, with the units located on floors 2-12. The unit mix consists of 34 one-bedroom units, 42 two-bedroom units, 59-three bedroom units and 1 three bedroom manager's unit. The ground floor contains the offices for the on-site property management staff, enclosed garage for 24 cars, approximately 2,900 square feet of retail space, a youth activities center of approximately 5,400 square feet, and 7,200 square feet of secured outdoor space for recreation and bicycle storage. The second floor

contains a resident services office and a large multi-purpose room that opens out onto a 6,120 square feet landscaped outdoor courtyard with a play structure.

The Project serves very low-income families with incomes at or below 50% of Area Median Income (“AMI”), and as of the last annual reporting, for 2016, the average AMI of all households served was 43%, while the average across LOSP households was 18% AMI. Catholic Charities CYO is the service provider at the Project. The Project has a separate services contract from HSH, which funds the on-site supportive services, but the operating budget also calls for additional supportive services funding for one FTE Resident Services Coordinator.

The expiring LOSP Grant Agreement with the Project covers a 9-year term, beginning in July 2009 and ending in June 2018, for a total contract amount of \$3,764,871. Over the 9-year term, the Project has operated as forecasted financially and therefore will exhaust its current LOSP contract by the end of June 2018 and will need a new contract to begin in July 2018.

The amount of funds requested was determined by using the current calendar year’s operating budget and then applying MOHCD’s standard underwriting assumptions over a 15½-year projection period. If approved, funds would be disbursed under the contract on an annual basis in accordance with the attached schedule (see Exhibit A), while also taking into account any surplus reported from the prior year. A total of \$246,896 in assistance is budgeted for the first 6 months of operations, or \$493,792 annualized, under the renewed contract. This equates to a monthly per unit subsidy of \$935. This subsidy amount will increase at approximately 3.5% each year during the contract. Though all requested funds would be provided under a single, long-term contract, disbursements thereunder would be subject to annual appropriations by the Board of Supervisors, as is standard for LOSP contracts. Staff recommends approval of this request.

2. PROJECT PERFORMANCE COMPARED WITH MOHCD SUPPORTIVE HOUSING AND LOSP PORTFOLIOS

2.1. 2016 Operating Expenses

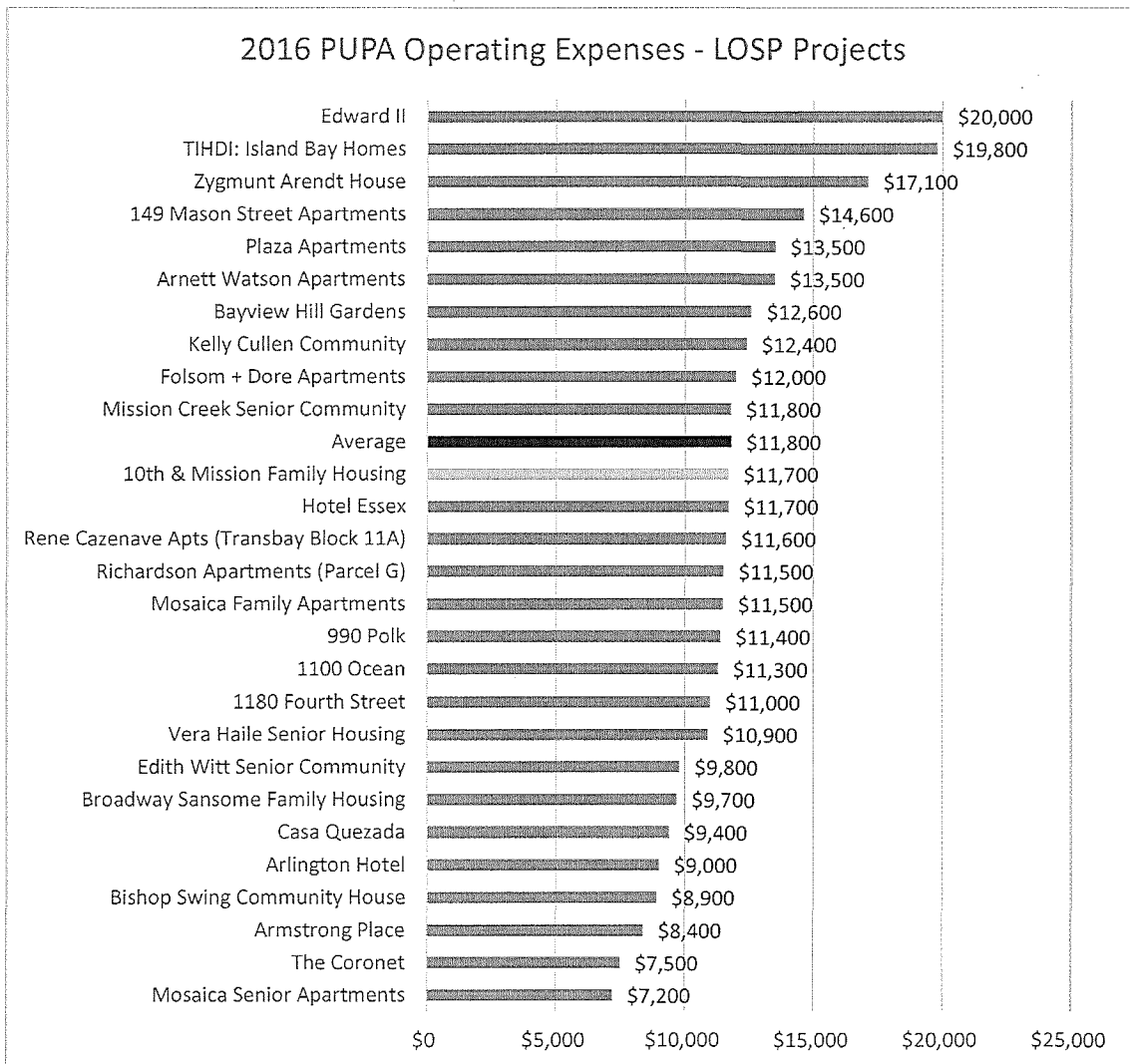
To evaluate the Project’s financial performance, operating expenses from 2016, the most current year for which actual operating expenses have been reported, were compared with the operating expenses of projects in MOHCD’s supportive housing and LOSP portfolios.

During 2016, MOHCD’s portfolio had a total of 102 supportive housing projects. Average total operating expenses for all 102 supportive housing projects (before replacement reserve deposits and hard debt service), averaged \$10,400 per unit per annum (“PUPA”). PUPA operating expenses varied by project size, with PUPA operating expenses higher for smaller buildings and lower for larger buildings.

**Average Operating Expenses Per Unit Per Annum,
 Supportive Housing Projects, 2016**

# Units	# Projects	Avg PUPA Operating Expenses, 2016
100+ units	20	\$9,700
50-99 units	48	\$10,900
1-49 units	34	\$12,300
All	102	\$10,400

Within MOHCD’s LOSP portfolio of 27 projects, operating expenses PUPA ranged from a low of \$7,200k to a high of \$20,000k, and an average of \$11,800. 10th & Mission’s 2016 operating expense PUPA, at \$10,700, was just below the LOSP portfolio average.



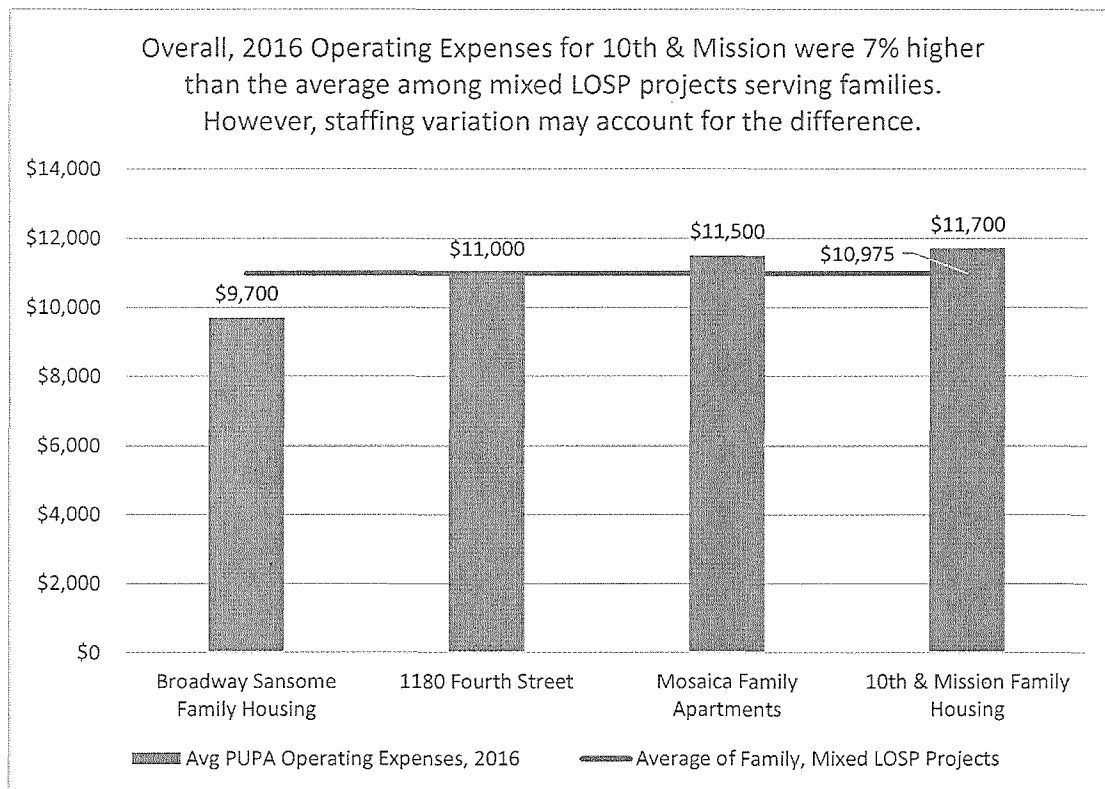
Within the LOSP portfolio, some projects have just 20% set aside for LOSP units, while others are 100% LOSP. Average PUPA operating expenses also varies by the percentage of LOSP units within the building. Buildings with a higher percentage of LOSP units were found to cost more to operate. For the purposes of summarizing data, projects that have 30% or fewer LOSP units are considered the LOSP projects with 20% set aside (20% of units within a project may not calculate out to a whole unit), and 80% or more LOSP units are considered to be 100% LOSP. (Projects typically have at least one manager's unit.)

**Average Operating Expenses Per Unit Per Annum
by % of LOSP Units, 2016**

% of LOSP Units	# Projects	Average PUPA Operating Expenses
80% or more LOSP Units	10	\$12,700
31% - 79% LOSP Units	10	\$12,100
30% or less LOSP Units	7	\$10,200
All	27	\$11,800

Of the 136 units at 10th and Mission, 44 units, or 32% the units, are LOSP units; therefore, the Project's 2016 PUPA operating expenses at \$10,700 is within the average of LOSP projects with comparable percentage of LOSP units.

Further, 10th & Mission operating expenses were compared with the operating expenses of projects most comparable to it in terms of size and population service. (Note that supportive services funded through the operating budget was not included as not all these projects had supportive services costs funded through the operating budget). Compared with 1180 Fourth Street, Broadway Sansome and Mosaica Family Apartments, 10th & Mission operating expenses were approximately 7% higher in 2016. While this may be notable, staffing variation and economies of scale may explain why the average among the comparable projects are lower. For instance, as of 2016, Broadway Sansome and Mosaica Family did not have 24/7 front desk staffing. These positions are costly and not having them would result in lower operating costs. Mosaica Family is situated adjacent to Mosaica Senior, so economies of scale are likely realized when operating the Mosaica Family building.



In sum, operationally, 10th & Mission has been performing on par with the LOSP portfolio, and specific comparable projects as well.

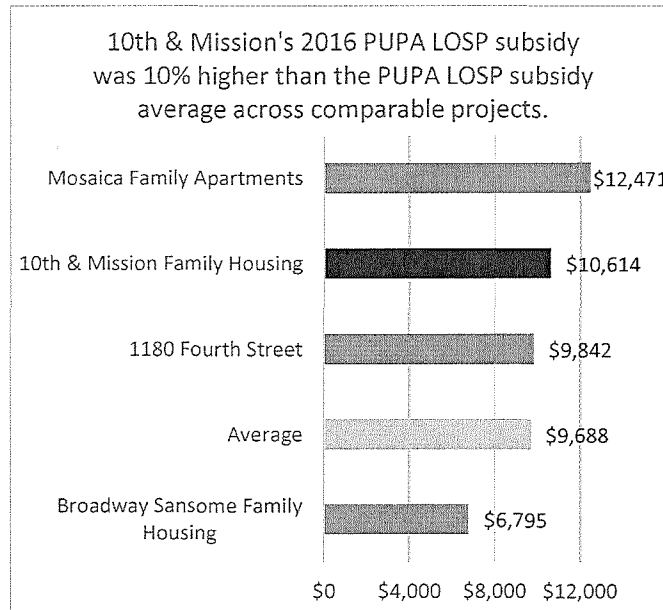
2.2. 2016 LOSP Subsidy

The level of LOSP subsidy needed is also a metric in which to evaluate how a project has performed. The annual LOSP subsidy is sized to create a break-even budget, therefore it is closely tied to several factors, such as: 1). operating costs, 2). how operating costs are allocated between LOSP vs non-LOSP units, 3) other subsidy funds available to the LOSP units.

In 2016, the City's LOSP portfolio consisted of 27 projects that varied in size and population served. Some projects are 100% LOSP, some have 20% units set aside as LOSP units, some are a combination of LOSP and other subsidy that results in a 100% permanent supportive housing project. Populations served range from adults, to families, to seniors to TAY. In 2016, the average per unit LOSP subsidy averaged just under \$9,400. Because 10th & Mission is a family project, with larger units and therefore higher operating costs, it's not surprising that the 2016 LOSP subsidy for 10th & Mission at \$10,600 was higher than the LOSP portfolio average.

Compared with the three other LOSP projects most comparable to 10th & Mission in terms of size and population served (1180 Fourth Street, Broadway Sansome and Mosaica Family), the 2016 LOSP subsidy needed at 10th & Mission was about 10% higher than the average of all four Projects combined. However, it should be noted that at Broadway Sansome, which reported the lowest LOSP subsidy has a substantially different staffing

model and did not have 24/7 front desk staffing now typical at LOSP properties. Therefore, the average LOSP subsidy across the Family projects with some LOSP units may be skewed to the low side.



In conclusion, based on reported operating costs and LOSP subsidy from the most currently available reports, 10th & Mission Family Housing has been operating on par with the LOSP portfolio and comparable projects.

3. PROJECT OPERATIONS UNDER THE PROPOSED CONTRACT RENEWAL

The Project is requesting a LOSP contract renewal for a 15-year and 6-month period. The sections below present the income and expense assumptions for the operating budget covering the proposed contract renewal period.

3.1. Allocation between LOSP/Non-LOSP Units

The LOSP program assumes that income and expenses are allocated pro-rata among LOSP/Non-LOSP units. Some items are allowed either an alternative split, or a projected split based on actuals, which is allowed if the sponsor's accounting system is able to track income and expenses at the program level. Sponsors must provide rationale for an alternative or project splits are proposed. At 10th & Mission, the pro-rata allocation is 32% LOSP units and 68% non-LOSP units. The sections below will further discuss alternative and proposed splits of specific income and expense line items.

3.2. Annual Operating Income Evaluation

Tenant Rent: Tenants rents are comprised of rents collected from the 84 non-subsidized units, targeted to families up to 50% AMI, the 44 LOSP households who pay 30% of their income on rent, and the 7 Section 8 Voucher tenants who pay 30% of their income on rent. 2016 gross rent was approximately \$1.345M.

Subsidy Type	Number of Units	Average Tenant Paid Rent	Average AMI Rent
None	88	\$1,205	59% AMI
Section 8 Voucher	7	\$323	50% AMI
LOSP	41	\$275	16% AMI

Tenant paid rents are projected to generate \$1,403,700 in 2018, during 2018, the first year of the new proposed LOSP contract. This is a 4% increase over the 2016 gross rent income reported, with LOSP tenant rents increasing at a higher rate than non-LOSP units. Anecdotally, Mercy staff believe that LOSP household incomes have been increasing due to increases to minimum wage.

Section 8 Voucher Rental Subsidy: Several of the non-LOSP units serve households with Section 8 Vouchers. The vouchers moves with tenants and so this subsidy can fluctuate over time as tenants move out. In 2016, the Project had six (6) households with Section 8 Vouchers and average contract rents were \$1,458 on the five (5) 1-bedroom units at \$1,515 on the one 2-bedroom unit. On average, these contract rents were just 70% of the 2016 FMR. The subsidy portion of the contract rents totaled \$84k in 2016. Since then, Mercy requested and received an increase to contract rents, effective September 2017 through March 2018, and the projected 1st year budget shows a significant 49% increase up to \$125k. Rental subsidy from the Section 8 Vouchers have been allocated entirely to the non-LOSP units in the past and the proposed operating budget proposes to do the same.

LOSP Subsidy: A total of \$246,896 in assistance is budgeted for the first 6 months of operations, or \$493,792 annualized, under the renewed contract (\$11,222/PUPA and \$932/PUPM) and is shown in the attached operating budget. This is a 5.7% increase in LOSP subsidy from 2016, a 1.9% above the 2017 LOSP subsidy, and is sized to fund a break-even budget, including operating expenses and replacement reserve deposits. Considering that Mercy is proposing to allocate some costs to LOSP units at a level higher than pro-rata (see Section 3.3), this increase is modest due to the increase in LOSP tenant rents since 2016.

Commercial Income: The Project generates income from three of the four commercial spaces on the ground floor of the property. Current tenants include:

1. Cumaica: Coffee shop, rent is \$2.26/SF/month, lease expires September 2019.
2. Back to the Picture: Frame store, rent is \$1.88/SF/month, lease expires September 2020.
3. Samitra Salon: Hair salon, rent is \$2.11/SF/month, lease expires February 2021.
4. Catholic Charities CYO: Child care services, does not pay rent, lease expires November 2019.

For Year One, commercial income is estimated at \$107,000 and is approximately 6% above 2016 commercial income. Commercial income is not allocated to the project until after determination of whether any cash flow remains from commercial operations. See the Allocation of Commercial Surplus Section below for additional details.

Other Income: The property also generates income from laundry and vending. Laundry revenues are estimated at \$35k and to be split pro-rata among the LOSP and non-LOSP units. In the past, the Project has also generated some interest income and income from various tenant charges. However since those sources generate little income and/or fluctuate, they were not included in the income assumptions.

Vacancy: The operating budget assumes a 5% vacancy on the LOSP and non-LOSP units. Historically, vacancy rates have been in the 1-2% range, but the proforma budgets 5% to be conservative and consistent with underwriting standards. Commercial vacancy is also assumed at 5%; however, since leases are in place for all four commercial spaces, vacancy loss would be 0% at least through the end of the lease terms.

Current tenants will be provided an opportunity to extend the lease for an additional five years (either through an option in existing leases or a lease renewal). However, new developments being constructed in the neighborhood and surrounding areas have brought increased competition from larger chains/businesses to the smaller businesses in the neighborhood, including the commercial tenants at the Project. (i.e. Peet's Coffee directly across from Cumaica; Steel & Lacquer across from Samitra Salon).

It is Mercy's desire to retain their existing commercial tenants. However, should they decide not to renew their leases, the current commercial market in the neighborhood is strong, and the spaces would likely garner interest among possible new tenants.

3.3. Annual Operating Expenses Evaluation

The annual operating expenses in Year One, before debt service and reserves, are projected at \$1,828,700 or \$13,400 PUPA. This is a 14.5% increase above 2016 operating expenses, largely driven by:

- Project taking an above the line asset management fee for the first time.
- 29% increase to salaries/benefits: No change in staffing occurred between 2016 and 2018. Rather, vacancy in senior property manager position and increase to the minimum wage resulted in the increase between 2016 actuals and 2018 budget.
- 16% increase to utilities: Utility costs have increased year over year in each of the last four years and rates provided by utility companies indicate further increases in 2018. Increases include: 5% to electricity, 7% to water, 14% to sewer, 5% to gas, 14% to garbage.
- 49% increase in taxes & licenses: Assessed value of the property increased dramatically due to households becoming over-income, which resulted in the loss of welfare tax exemption on some units. However, AB 1193 which was passed in 2017 raises the threshold of over-income households in tax credit projects to 140%. Real estate taxes are therefore expected to decline by 2019.

The sections below discuss the expense assumptions in more detail.

Allocation between LOSP/Non-LOSP Units: At the time the original LOSP contract was approved, costs were approved to be split pro-rata part during the 9-year contract period.

Through their experience operating the property over the last 9 years, Mercy has identified several cost categories that have resulted in higher expenditure by the LOSP units. Therefore, Mercy has proposed alternative splits between the LOSP and non-LOSP units for the following expense categories:

Expense Category	Proposed Split	Reason for Alternative Split
Office Salaries (3 FTE Desk clerks)	50% to LOSP (since Assistant Mgr position shares same line item, overall split is 42%)	<ul style="list-style-type: none"> • Non-LOSP units complete re-certifications annually while LOSP units complete 2-4 interim re-certifications annually. • 50% of incidence reports are generated by LOSP units. • 50% of interaction with desk clerks for assistance or other services, are generated by LOSP units.
Health Insurance & Other Benefits	Also assumes 42% to LOSP per allocation above	<ul style="list-style-type: none"> • Benefits associated with front desk positions in Office Salaries.
Legal Expenses	50% to LOSP	<ul style="list-style-type: none"> • Historical data from last 2 years confirm that LOSP units require at least half, if not a majority of legal expenses.
Bad Debts	50% to LOSP	<ul style="list-style-type: none"> • Historical data from last 2 years confirm that LOSP units generated 100% of bad debts.
Security Payroll/Contract	50% to LOSP	<ul style="list-style-type: none"> • 50% of work orders are generated by LOSP units. • 50% of incidence reports are generated by LOSP units and require emergency response.

MOHCD has approved LOSP budgets with alternative split allocations, and Mercy has demonstrated that historical performance justifies the proposed alternative split. For bad debt and legal expenses, the Project may report actual expenses by LOSP or non-LOSP unit categories if Mercy's accounting system is able to track these expenses to the unit and program level.

Staffing: The originally approved LOSP budget included staffing for 10.5 FTE, including 24-hour front desk coverage. Positions have changed over time to meet the needs of the Project. Importantly, since the property manager position has been difficult to keep filled, Mercy has a Senior Property Manager that oversees the Project. Also the number of FTE Desk Clerks has decreased with the Assistant Property Manager assuming front desk clerk duties. The proposed staffing plan includes 11.0 FTE for 2018.

Position	Approved FTE	Current FTE	Notes
Senior Property Manager	0.0	1.0	Not included in original LOSP budget; position is currently vacant.
Property Manager	1.0	1.0	Position was vacant for most of 2017 and filled in Q4 2017.
Assistant Property Manager	2.0	2.0	1 FTE has dual role of Assistant Property manager and day shift desk clerk.
Desk Clerk	4.5	3.0	Current FTE count does not include the 1.0 FTE APM that serves as day shift desk clerk. PTO and holidays covered by third party temporary contracts
Maintenance Manager	0.0	1.0	
Maintenance Technician	1.0	2.0	
Janitor	2.0	1.0	
TOTAL	10.5	11.0	1 staff per 12.4 households (estimated 1:43 residents)

Management Fees: HUD’s 2017 Management Fee Schedule, the most recent schedule available, sets a basic fee of \$52 for California, and allows certain add-on fees, with a maximum fee of \$78 PUPM. The 2016 management fee taken by the Project equaled \$67 PUPM. If the 2017 HUD Management Fee Schedule is used, the Year 1 PUPM management fee would be less than the actual 2016 management fee reported of \$67 PUPM. Therefore, Year One management fee of \$72 PUPM is calculated by inflating the 2016 fee by 3.5% annually, as allowed per MOHCD underwriting standards. The fee is estimated to increase 3.5% per year.

Asset Management Fee: The Project will be taking an above the line Asset Management Fee beginning in 2018 at \$20,440, the maximum allowed under MOHCD’s Operating Fees Policy, effective April 1, 2016. This fee is estimated to increase 3.5% annually.

Salaries and Benefits: Salaries and benefits are budgeted at \$414,600 or \$3,000 PUPA, and covers the salary and benefits of the Senior Property Manager, Property Manager, 2 Assistant Property Managers and 3 Desk Clerks. As noted above, Mercy is requesting that the salaries and benefits of the Desk Clerk positions be allocated 50/50 between the LOSP and non-LOSP units. An administrative rent-free unit is excluded from expenses as the income is also excluded. The Year One budget is 28% higher than 2016 actuals due to vacancies in the Senior Property Manager position during part of 2016. Overall staffing has not changed since 2016.

Administration: Administration line items are budgeted at \$99,600, or \$730 PUPA, and cover typical functions such as legal, office expenses, bookkeeping, accounting, and audit expense, advertising and marketing, and any bad debt. Legal Expenses and Bad Debts are allocated directly to LOSP units and estimated at 50% of total costs based on historical data. All other Administration expenses are split pro-rata. Administrative expenses are 9% lower than 2016 expenses.

Utilities: Utilities (gas, water/sewer, common electric) are budgeted at \$317,000, or \$2,300k PUPA and are estimated to increase about 16% above 2016 actuals due to increases to utility rates. Mercy recently installed water aerators and LED lights through the Affordable Community Energy Services Company (ACE), which should result in lower water and electricity costs.

Taxes and Licenses: Taxes are budgeted at \$108,700, or \$ 780 PUPA. The largest component of this expense category is real estate taxes, which includes property taxes and the business improvement district tax. The 2018 budgeted amount is 49% higher than 2016 actuals due to assessed value at the property increasing substantially due to household becoming over-income and the property losing the welfare tax exemption on those units. As of the 2017-18 tax year, 13 households were over-income (over 80% AMI). As noted above, the passage of AB 1193 raises the threshold for over-income households at tax credit projects to 140%. No household was over 140% as of the March 2018 rent roll and so the Project is anticipated to see a large drop in real estate taxes beginning in 2019.

Insurance: Insurance is budgeted at \$135,000, or \$1.0k per unit per year, for property and liability and worker's compensation insurance. Budgeted figures are 1% less than 2016 actuals due to a reduction in rates realized by a recently negotiated insurance policy across the Mercy nation-wide portfolio.

Maintenance and Repair: Maintenance and repair costs in Year One are budgeted at \$527,300, or \$3,900 per unit per year. Maintenance payroll includes 1 FTE Maintenance Manager, 2 FTE Maintenance Technicians and 1 FTE Janitor. The Security Payroll/Contract includes costs for a 3rd party security firm to cover desk clerks when desk clerks are out of the office; this is budgeted 50/50 to LOSP and non-LOSP units consistent with the proposed allocation of the Desk Clerks. Other costs, such as Supplies, Contracts, Garbage Removal and HVAC Repairs and Maintenance are split pro-rata. Overall Maintenance and Repairs are budgeted to be 11% above 2016 actuals, this is due in large part to higher maintenance costs as the building ages.

Supportive Services: Supportive services is budgeted at \$80,700 in Year One and covers: one FTE Resident Services Coordinator, who provides on-site case management, crisis intervention services, and specialized services for families with children. This FTE will be paid by the non-LOSP units as HSH's supportive services budget is sized to cover the clinical services attributable to the LOSP units.

Ground Lease: The Project has a Ground Lease with the City which requires annual Base Rent payments of \$20,000. Residual Rent is \$704,500, and payable through available cash flow. Base rent is budgeted for years 1-20 and is allocated pro-rata between LOSP and non-LOSP units.

Replacement Reserve Deposits: Replacement reserve deposits are shown at \$600 per unit per year, or a total of \$81,600. The City requires \$350 PUPA per the 2005 Tax Increment Loan Agreement, but the Partnership Agreement requires the higher amount. Deposits are allocated pro-rata between LOSP and non-LOSP units. The balance of the replacement reserve as of January 2018 is \$1,738,382.

Operating Reserve Deposits: The City requires that the Project maintain an Operating Reserve with a balance of 25% of the prior year's operating expenses including debt

service. As of 2016, the Operating Reserve had a balance of 34% of the prior year's operating expenses and therefore is not required to continue deposits. However, the Project has additional State and investor requirements and is budgeted to continue annual deposits of \$14,750. Deposits are allocated pro-rata between LOSP and non-LOSP units. The operating reserve balance as of January 2018 is \$748,016.

Debt Service: The Project has a Multifamily Housing Program (MHP) loan from HCD, which requires a 0.42% annual debt service payment of \$40,700. This is the Project's only hard debt payment and is allocated pro-rata.

Allocation of Commercial Surplus: Previously, cash flow generated by the Project's commercial activities were allocated annually to LOSP units at whatever percentage needed in order for the Project to break even at the approved annual LOSP contracted amount. In 2016, for instance, 62% of the commercial cash flow, or approximately \$37,000 was allocated to the LOSP units.

One major variation in the proposed operating budget is that the Project would only allocate the pro-rata share of any commercial cash flow, which is consistent with LOSP program policy. The pro-rata allocation would result in 32% of any commercial cash flow generated annually to flow to the LOSP units. For 2018, 32% of commercial cash flow is projected at around \$29,000.

Given the location of the Project and the ongoing development in the mid-Market area, the commercial cash flow generated by the Project helps to subsidize the affordable housing, and especially non-LOSP units. At lease renewal, it has been Mercy's practice to raise rents by no more than 10-15%. Mercy's commercial asset managers indicate that current market lease rates range from \$3-\$4/SF/month, which is approximately 30-60% above current lease rates. Therefore, at lease renewal and at turnover, the commercial spaces would likely generate more income than it does currently.

Partnership Management and Investor Services Fees: A \$20,440 Partnership Management Fee is budgeted for Year one, increasing 3.5% annually through 2025, when the investor is anticipated to exit. A Limited Partner Asset Management Fee of \$2k is budgeted in Year One, and is not inflated annually per MOHCD underwriting standards. Both fees will be taken before the calculation of residual receipts, are split pro-rata between the LOSP and Non-LOSP units, and will end after the 15th year of the Partnership (2025).

3.4. 20-Year Cash Flow

The attached 20-Year Cash Flow Projection shows the estimated amount of annual LOSP subsidy that will be needed for the 15-year and 6-month grant period. The projection was made using MOHCD's standard underwriting guidelines, including income line items inflating 2.5% annually, and expense line items inflating 3.5% annually.

With the above assumptions, the proforma shows that the non-LOSP units will run a deficit by 2030, or Year 13 of the new grant contract. Since income increases slower than expenses annually, it can be expected that the Project will not pencil at some point. By Year 13, the project would have operated for 22 years. 2025 is Year 15 of the tax credit compliance period, and during that time, Mercy would likely re-syndicate, rehab the project and financially restructure.

Additionally, given the increased development in the area around 10th & Mission, the commercial spaces at the Project will likely generate income above what is forecasted in the attached budget.

4. SUPPORT SERVICES EVALUATION

Support Services at 10th & Mission Family Housing are provided through a contract between HSH and Catholic Charities. Services are provided to the 44 LOSP family units, as well as to the families who reside in the other 88 affordable housing units, as necessary. The current level of funding is \$296,906 per contract year and the positions funded are one full-time (1 FTE) Program Director, three full-time (3 FTE) Case Managers, one full-time (1 FTE) Employment Coordinator, one full time (1 FTE) Youth Coordinator, one part-time (0.2 FTE) Teacher. The funding provides for services such as: benefits advocacy and assistance, referrals to resources in the community, conflict resolution, and support groups and organized tenant activities that engage the whole family. The contract is monitored on an annual basis, and the program has received satisfactory results in recent years. The contract is currently in the final year of a four year contract, expiring on June 30, 2018, however, it will be renewed for two additional years from July 1, 2018- June 30, 2020.

In addition to the various services provided, monthly collaboration meetings are also held on-site, and attendees at this meeting include property management, services staff, and the HSH program manager. The meetings allow for discussion, brainstorming and planning for working with challenging family situations that may place a family at risk of losing their housing.

Case management has demonstrated active outreach and engagement with residents of the building. They work collaboratively and creatively with property management to engage tenants who appear to be struggling and need additional support to successfully reside in their housing. There has been a 98% housing retention rate amongst the LOSP family units thus far into FY 17-18, and this can be attributed to the strong support that families receive. Recent onboarding of new staff with language skills that reflect the languages spoken by the community have been intentional. As a result, the number of families engaging with services have increased significantly and the services staff have been able to support families even further. Case Management has been an integral and effective tool in keeping tenants housed and providing the support needed.

5. CONCLUSION

Staff recommends approval of the request in full. 10th & Mission Family Housing is a well-staffed, well-run, highly supportive housing project for 44 extremely low income, formerly homeless individuals and families. It is an important resource in the City's array of homeless services and programs, and under Mercy's ownership and management, it merits renewed LOSP funding so that it may continue to serve homeless people well into the future.

If the proposed new 15-year, 6-month LOSP contract is approved, the remaining LOSP subsidy requested for 2018 under the new contract, \$246,896, would be disbursed by August/September 2018, based on the underwriting done for this approval. Pending approval by the City's Budget Office, all disbursements moving forward would happen on a calendar year basis in January each year.

6. RECOMMENDED CONDITIONS

As a condition of financing, MOHCD requires the following:

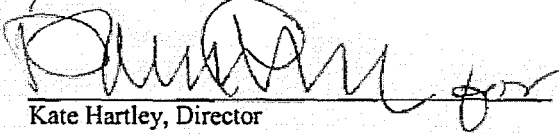
1. Mercy will make best efforts to bring commercial rents closer to market rents at turnover, or by at least 10-15% above current rates at the lease renewal for existing tenants.
2. In Year 7 of the LOSP contract and one year prior to the Year 15 limited partner investor exit, or 2024, Mercy will consult with MOHCD on their plan to restructure project financing, which may include re-syndication of low income housing tax credits, to address the anticipated shortfalls in the operating budget, beginning in Year 13 (2030).

7. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



Kate Hartley, Director
Mayor's Office of Housing

Date: 4/20/18

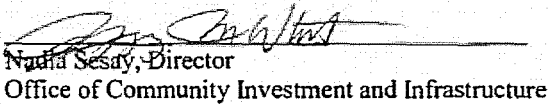
APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



Kerry Abbott, Deputy Director for Programs
Department of Homelessness and Supportive Housing

Date: 4-20-18

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



Nadia Sesay, Director
Office of Community Investment and Infrastructure

Date: 4/20/18

- Attachments: A. LOSP Program Description
 B. 1st Year Operating Budget
 C. 20-year Operating Pro Forma
 D. LOSP Funding Schedule A

Attachment A: LOSP Program Description

As part of the City and County of San Francisco's effort to address the needs of the growing homeless population, the City has prioritized the development of non-profit owned and operated permanent supportive housing for formerly homeless individuals and families. While capital financing can be leveraged for this population, stakeholders realized these units cannot be feasibly operated at the scale needed if they rely solely on scarce federal or state operating subsidies.

In June 2004, the City launched its *Ten Year Plan to Abolish Chronic Homelessness* (the 2004 10-Year Plan), a multifaceted approach that included a locally funded operating subsidy as a key element and established the Local Operating Subsidy Program (LOSP) in 2006 to support the creation of permanent supportive housing at a large scale. The operating subsidy leverages capital financing by integrating homeless units into Low Income Housing Tax Credit projects without burdening them with operating deficits. LOSP was created by the Mayor's Office of Housing and Community Development (MOHCD) in partnership with the Department of Public Health (DPH) and the Human Services Agency (HSA).

On July 1, 2016, the City's diverse programs addressing homelessness were brought under the new Department of Homelessness and Supportive Housing (HSH), which combines key homeless-serving programs and contracts previously located across several City departments. The new department consolidates the functions of DPH Direct Access to Housing (DAH) and HSA Housing & Homeless programs. San Francisco is developing a Coordinated Entry System (CES) for all homeless populations to best match households to the appropriate intervention and ensure those with the highest needs are prioritized.

Through 15-year grant agreements with MOHCD, which are subject to annual appropriations by the Board of Supervisors, LOSP pays the difference between the cost of operating housing for homeless persons and all other sources of operating revenue for a given project, such as tenant rental payments, commercial space lease payments, or other operating subsidies. HSH refers homeless applicants to the housing units as well as provides services funding to the projects under a separate contract.

This request is a contract renewal of the initial 9-year LOSP grant agreement for 10th and Mission Family Housing. As discussed in the Loan Evaluation, MOHCD and HSH have evaluated the Project's performance during the initial contract period and have determined that the property has been well run, and that services provided address the needs of the tenants. Accordingly, MOHCD staff is recommending a renewal of the LOSP grant agreement for a 15-year and 6-month period, beginning in July 2018, when the initial 9-year contract is projected to run out, and for a full 15-year and 6-month period from July 2018 through 2032.

Pending approval by the City's Budget Office, contract periods for LOSP contract renewals will transition from a fiscal year basis to a calendar year basis.

Attachment B: 1st Year Operating Budget

Application Date:
 Total # Units: 136
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2018
 Project Name: 10th and Mission
 Project Address: 1390 Mission Street
 Project Sponsor: Mercy Housing West

	LOSP Units		Non-LOSP	Total	Comments
	Units	Units	Units		
Total # Units:	44	92			
	LOSP/Non-LOSP Allocation				
	33%	68%			
INCOME					
Residential - Tenant Rents	128,572	1,273,868	1,402,740		Links from 'Existing Proj - Rent Info Worksheet'
Residential - Tenant Assistance Payments (Non-LOSP)	0	125,568	125,568		Links from 'Existing Proj - Rent Info Worksheet'
Residential - LOSP Tenant Assistance Payments	493,792	0	493,792		
Commercial Space	0	0	0	0%	
Residential Parking	0	0	0		Links from 'Utilities & Other Income Worksheet'
Miscellaneous Rent Income	0	0	0		Links from 'Utilities & Other Income Worksheet'
Supportive Services Income	0	0	0		
Interest Income - Project Operations	0	0	0		Links from 'Utilities & Other Income Worksheet'
Laundry and Vending	11,316	24,045	35,361		Links from 'Utilities & Other Income Worksheet'
Tenant Charges	0	0	0		Links from 'Utilities & Other Income Worksheet'
Miscellaneous Residential Income	0	0	0		Links from 'Utilities & Other Income Worksheet'
Other Commercial Income	0	0	30,000		Links from 'Commercial Op. Budget Worksheet'
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0		
Gross Potential Income	633,859	1,423,601	2,164,344		
Vacancy Loss - Residential - Tenant Rents	(6,439)	(63,899)	(70,137)		Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	(6,278)	(6,278)		Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	0	(3,874)		Links from 'Commercial Op. Budget Worksheet'
EFFECTIVE GROSS INCOME	627,422	1,353,623	2,084,655		PUPA: 15,328

OPERATING EXPENSES					
Management					
Management Fee	38,124	81,017	119,136		1st Year to be set according to HUD schedule
Asset Management Fee	6,541	13,899	20,440		
Sub-total Management Expenses	44,664	94,912	139,578		PUPA: 1,026
Salaries/Benefits					
Office Salaries	75,749	104,606	180,355		12th Assistant Manager (LOSP alloc pro-rata), 3 the Desk Clerks (LOSP alloc 50%)
Manager's Salary	44,126	93,767	137,893		11th Senior Property Manager, 11th Property Manager
Health Insurance and Other Benefits	40,481	55,302	95,783		11th flr. Please note participation varies per individual
Other Salaries/Benefits	0	0	0		Please note participation varies per individual. Included in Health Insurance and Other
Administrative Rent-Free Unit	0	0	0		Excluded since Rent is excluded in Revenue
Sub-total Salaries/Benefits	160,356	254,275	414,631		PUPA: 3,049
Administration					
Advertising and Marketing	707	1,503	2,210		
Office Expenses	16,696	35,480	52,176		
Office Rent	0	0	0		
Lease Expense - Property	6,404	6,404	12,808		50/50 split. Updated using 2017 number
Audit Expense	3,258	6,927	10,185		Updated 2017 number. 5%
Bookkeeping/Accounting Services	4,961	10,543	15,504		
Bad Debts	3,378	3,378	6,756		50/50 split. Updated using 2017 number
Miscellaneous	0	0	0		
Sub-total Administration Expenses	35,405	64,230	99,635		PUPA: 733
Utilities					
Electricity	15,797	33,569	49,367		Updated 2017 number. 5%
Water	26,594	56,511	83,105		Updated 2017 number. 7%
Gas	18,318	38,927	57,245		Updated 2017 number. 5%
Sewer	40,756	86,606	127,362		Updated 2017 number. 14%
Sub-total Utilities	101,465	215,613	317,078		PUPA: 2,337
Taxes and Licenses					
Real Estate Taxes	20,280	43,094	63,374		Updated using 2017 number. Welfare exemption reduced.
Payroll Taxes	10,680	22,695	33,375		Updated using 2017 number
Miscellaneous Taxes, Licenses and Permits	3,829	8,137	11,966		Updated using 2017 number
Sub-total Taxes and Licenses	34,789	73,926	108,715		PUPA: 799
Insurance					
Property and Liability Insurance	34,627	73,583	108,210		Updated using 2017 number.
Fidelity Bond Insurance	0	0	0		
Workers Compensation	8,795	18,689	27,483		Updated using 2017 number
Director's & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	43,422	92,272	135,693		PUPA: 998
Maintenance & Repair					
Payroll	56,737	120,567	177,304		11 Maintenance Manager, 21st Maintenance Technician, 11th Janitor
Supplies	9,837	14,740	24,577		Updated using 2017 number
Contracts	54,502	115,817	170,319		Updated using 2017 number
Garbage and Trash Removal	24,579	52,231	76,810		Updated 2017 number. 14.42%
Security Payroll/Contract	28,276	28,276	56,551		Updated using 2017 number. 50/50 split
HVAC Repairs and Maintenance	7,885	16,765	24,640		Updated using 2017 number.
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0		
Miscellaneous Operating and Maintenance Expenses	0	0	0		
Sub-total Maintenance & Repair Expenses	178,916	348,386	527,302		PUPA: 3,877
Supportive Services	0	80,751	80,751		
Commercial Expenses	0	0	5,374		Links from 'Commercial Op. Budget Worksheet'
TOTAL OPERATING EXPENSES	599,017	1,224,365	1,828,756		PUPA: 13,447

Reserves/Ground Lease Base Rent/Bond Fees					
Ground Lease Base Rent	6,400	13,600	20,000		Ground lease with MOHCD. Provide additional comments here, if needed.
Bond Monitoring Fee	0	0	0		
Replacement Reserve Deposit	26,112	55,488	81,600		
Operating Reserve Deposit	4,720	10,030	14,750		
Other Required Reserve 1 Deposit	0	0	0		
Other Required Reserve 2 Deposit	0	0	0		
Required Reserve Deposits, Commercial	0	0	7,516		Links from 'Commercial Op. Budget Worksheet'
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	37,232	79,118	123,866		PUPA: 911

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 636,249 1,303,483 1,952,622 **PUPA: 14,358**

NET OPERATING INCOME (INCOME minus OP EXPENSES) (6,627) 50,140 132,033 **PUPA: 971**

DEBT SERVICE/MUST PAY PAYMENTS (Hard debt/amortized loans)					
Hard Debt - First Lender	13,022	27,673	40,695	CHCD	0.42%
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lr)	0	0	0		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	0	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	0	0		Links from 'Commercial Op. Budget Worksheet'
TOTAL HARD DEBT SERVICE	13,022	27,673	40,695		PUPA: 299

CASH FLOW (NOI minus DEBT SERVICE)					
Commercial Only Cash Flow	(21,849)	22,468	91,338		
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	29,030	61,688	90,720		
AVAILABLE CASH FLOW	7,181	84,157	91,338		
USES THAT PRECEED MOHCD DEBT SERVICE IN WATERFALL			324		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	6,541	13,899	20,440		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	640	1,360	2,000		
Other Payments	0	0	0		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	0	0	0		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)	0	0	0		Provide additional comments here, if needed.
Deferred Developer Fee (Earl amt = Max Fee from cell T130)	0	0	0		Def. Develop. Fee split: 0%
TOTAL PAYMENTS PRECEDING MOHCD	7,181	15,259	22,440		PUPA: 165

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 0 68,898 68,898

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? Yes Project has MOHCD ground lease? Yes

Will Project Deficit Developer Fee? No

Max Deferred Developer Fee/Borrower % of Residual Receipts in Y1: 33%

% of Residual Receipts available for distribution to 'soft debt lenders in': 67%

Soft Debt Lenders with Residual Receipts Obligations	(Maxed/Earl amt) (program limit) (50% Asset)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs.	\$27,966,873	61.60%
MOHCD/OCII - Ground Lease Value		\$7,245,000	15.96%
HCD (soft debt loan) - Lender 3		\$10,189,329	22.44%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
MOHCD Residual Receipts Amount Due	35,623	35,623	67% of residual receipts, multiplied by 77.56% - MOHCD's pro rata share of all soft debt		
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	60% (2/3)		
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	35,623	35,623	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.		
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE			33,274		

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
HCD Residual Receipts Amount Due		10,308	67% of residual receipts, multiplied by 22.44% - CHCD's pro rata share of all soft debt		
Lender 4 Residual Receipts Due		0			
Lender 5 Residual Receipts Due		0			
Total Non-MOHCD Residual Receipts Debt Service		10,308			

REMAINDER (Should be zero unless there are distributions below) 22,966

Owner Distributions/Incentive Management Fee 22,966 100% of Borrower share of 33% of residual receipts

Other Distributions/Uses 0 60% (1/3), max 50k

Final Balance (should be zero) 0

Application Date:
 Total # Units: 136
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2018

INCOME				
Residential - Tenant Rents	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	Residential - Tenant Assistance Payments (No	0.00%	100.00%	
Residential - LOSP Tenant Assistance Payments				
Commercial Space				
Residential Parking				
Miscellaneous Rent Income	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income	Supportive Services Income			
Interest Income - Project Operations				
Laundry and Vending	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges				
Miscellaneous Residential Income	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)	Withdrawal from Capitalized Reserve (deposit to operating account)			
Gross Potential Income				
Vacancy Loss - Residential - Tenant Rents				
Vacancy Loss - Residential - Tenant Assistance Payments				
Vacancy Loss - Commercial				
EFFECTIVE GROSS INCOME				

OPERATING EXPENSES				
Management	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Management Fee	Management Fee			
Asset Management Fee	Asset Management Fee			
Sub-total Management Expenses				
Salaries/Benefits	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Office Salaries	Office Salaries	42.00%	58.00%	
Manager's Salary	Manager's Salary			
Health Insurance and Other Benefits	Health Insurance and Other Benefits	42.00%	58.00%	
Other Salaries/Benefits	Other Salaries/Benefits			
Administrative Rent-Free Unit	Administrative Rent-Free Unit			
Sub-total Salaries/Benefits				
Administration				
Advertising and Marketing				
Office Expenses				
Office Rent	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	Legal Expense - Property	50.00%	50.00%	
Audit Expense				
Bookkeeping/Accounting Services	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts	Bad Debts	50.00%	50.00%	
Miscellaneous				
Sub-total Administration Expenses				
Utilities	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Electricity	Electricity	37.00%	63.00%	
Water				
Gas				
Sewer				
Sub-total Utilities				
Taxes and Licenses	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Real Estate Taxes	Real Estate Taxes			
Payroll Taxes	Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits				
Sub-total Taxes and Licenses				
Insurance				
Property and Liability Insurance				
Fidelity Bond Insurance	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation	Worker's Compensation			
Director's & Officers' Liability Insurance				
Sub-total Insurance				
Maintenance & Repair				
Payroll	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies	Supplies	37.00%	63.00%	
Contracts				
Garbage and Trash Removal	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Security Payment/Contract	Security Payment/Contract	50.00%	50.00%	
HVAC Repairs and Maintenance				
Vehicle and Maintenance Equipment Operation and Repairs				
Miscellaneous Operating and Maintenance Expenses				
Sub-total Maintenance & Repair Expenses				
Supportive Services	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Supportive Services	Supportive Services	0.00%	100.00%	
Commercial Expenses				

TOTAL OPERATING EXPENSES				
Reserves/Ground Lease Base Rent/Bond Fees				
Ground Lease Base Rent				
Bond Monitoring Fee	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Replacement Reserve Deposit	Replacement Reserve Deposit			
Operating Reserve Deposit	Operating Reserve Deposit			
Other Required Reserve 1 Deposit	Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit	Other Required Reserve 2 Deposit			
Required Reserve Deposits, Commercial				
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				

NET OPERATING INCOME (INCOME minus OP EXPENSES)				
DEBT SERVICE/MUST PAY PAYMENTS (Third deb7/amortized loans)	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Hard Debt - First Lender	Hard Debt - First Lender	37.00%	63.00%	
Hard Debt - Second Lender (HCD Program 0.42% pmt. or other 2nd Lender)	Hard Debt - Second Lender (HCD Program 0.42% pmt. or other 2nd Lender)			
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			
Hard Debt - Fourth Lender	Hard Debt - Fourth Lender			
Commercial Hard Debt Service				
TOTAL HARD DEBT SERVICE				

CASH FLOW (NOI minus DEBT SERVICE)				
Commercial Only Cash Flow				
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	Allocation of Commercial Surplus to LOPS/non	37.00%	63.00%	
AVAILABLE CASH FLOW				
USES OF CASH FLOW BELOW (This row also shows DSCR.)				
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL				
"Below-the-line" Asset Mgt Fee (uncommon in new projects, see policy)				
Partnership Management Fee (see policy for limits)				
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Other Payments	Other Payments			
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)				
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)				
Deferred Developer Fee (Enter amt => Max Fee from cell 1130)	Deferred Developer Fee (Enter amt => Max Fee)	0.00%	100.00%	
TOTAL PAYMENTS PRECEDING MOHCD				

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)				
Residual Receipts Calculation				
Does Project have a MOHCD Residual Receipt Obligation?				
IWR Project Debt Developer Fee?				
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1 Sum of DD F from LOSP and non-LOSP: 0				
% of Residual Receipts available for distribution to soft debt lenders in Rate of Sum of DD F and calculated 50%: #VALUE!				

SOFT DEBT LENDERS WITH RESIDUAL RECEIPTS OBLIGATIONS				
MOHCD/OCI - Soft Debt Loans				
MOHCD/OCI - Ground Lease Value				
HCD (soft debt loan) - Lender 3				
Other Soft Debt Lender - Lender 4				
Other Soft Debt Lender - Lender 5				

MOHCD RESIDUAL RECEIPTS DEBT SERVICE				
MOHCD Residual Receipts Amount Due				
Proposed MOHCD Residual Receipts Amount to Loan Repayment				
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE				

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE				
HCD Residual Receipts Amount Due				
Lender 4 Residual Receipts Due				
Lender 5 Residual Receipts Due				
Total Non-MOHCD Residual Receipts Debt Service				

REMAINDER (Should be zero unless there are distributions below)				
Owner Distributions/Incentive Management Fee				
Other Distributions/Uses				
Final Balance (should be zero)				

Attachment C: 20-year Operating Proforma

10th and Mission

	Total # Units: LOSP Units		Non-LOSP Units		Year 1 2018			Year 2 2019			Year 3 2020			Year 4 2021				
	136	44	92	32,00%	% annual inc	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total		
INCOME																		
Residential - Tenant Rents	7.5%	7.5%					128,752	1,273,888	1,402,740	131,970	1,305,838	1,437,809	135,270	1,338,484	1,475,724	138,657	1,371,648	1,510,598
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	2.5%						125,540	125,540									
Residential - LOSP Tenant Assistance Payments	n/a	n/a					492,792	492,792	492,792	496,130	496,130	496,130	513,339	513,339	531,163	531,163	551,103	571,103
Commercial Space	n/a	2.5%						77,454	77,454									
Rentals/Fees	2.5%	2.5%																
Miscellaneous Rent Income	2.5%	2.5%																
Supportive Services Income	2.5%	2.5%																
Interest Income - Project Operations	2.5%	2.5%																
Laundry and Vending	2.5%	2.5%					11,315	24,045	35,360	11,580	24,648	36,244	11,898	25,282	37,150	12,183	25,684	38,075
Tenant Charges	2.5%	2.5%																
Miscellaneous Residential Income	2.5%	2.5%																
Other Commercial Income	n/a	2.5%						30,600	30,600				30,750	30,750	31,519	31,519	32,307	33,103
Withdrawal from Capitalized Reserve (depend on operating account)	n/a	n/a																
Gross Potential Income							633,899	1,423,601	2,164,944	639,899	1,458,191	2,208,061	646,467	1,495,671	2,248,090	652,029	1,533,063	2,330,841
Vacancy Loss - Residential - Tenant Rents	n/a	n/a					(6,438)	(63,689)	(70,137)	(5,269)	(62,922)	(71,860)	(6,763)	(66,294)	(73,986)	(66,294)	(73,986)	(81,529)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a					(2,278)	(20,778)	(21,056)	(2,458)	(22,426)	(23,341)	(2,648)	(25,098)	(26,021)	(27,000)	(28,000)	(29,000)
Vacancy Loss - Commercial	n/a	n/a						(3,874)	(3,874)									
EFFECTIVE GROSS INCOME							627,172	1,353,623	2,094,807	634,630	1,395,269	2,136,201	639,704	1,429,377	2,174,104	645,735	1,559,077	2,249,312
OPERATING EXPENSES																		
Management Fee	3.5%	3.5%					38,124	81,012	110,136	39,458	83,846	123,306	40,835	86,783	127,021	42,268	89,620	132,068
Asset Management Fee	3.5%	3.5%					6,541	13,899	20,440	6,770	14,366	21,156	7,007	14,889	21,896	7,252	15,410	22,062
Sub-Total Management Expenses							44,665	94,911	130,576	46,228	98,212	144,462	47,842	101,672	148,917	49,520	105,030	154,790
Salaries/Benefits	3.5%	3.5%					75,749	161,606	180,355	76,403	168,957	188,957	77,141	172,056	193,201	77,884	175,818	196,963
Manager's Salary	3.5%	3.5%					44,126	93,767	137,893	45,870	97,049	142,719	47,269	100,946	147,714	48,723	103,811	152,884
Health Insurance and Other Benefits	3.5%	3.5%					31,623	67,839	42,462	30,533	71,908	46,238	29,872	71,110	49,487	57,000	61,600	69,079
Other Salaries/Benefits	3.5%	3.5%					2,999	6,000	6,000	2,999	6,000	6,000	2,999	6,000	6,000	2,999	6,000	6,000
Administrative Rent-Free Unit	3.5%	3.5%					40,361	85,800	96,000	40,361	85,800	96,000	40,361	85,800	96,000	40,361	85,800	96,000
Sub-Total Salaries/Benefits							190,304	294,212	334,813	193,667	295,714	341,164	197,777	272,386	344,163	177,789	281,620	458,793
Administration	3.5%	3.5%					707	1,503	2,210	730	1,555	2,267	758	1,610	2,367	787	1,666	2,450
Advertising and Marketing	3.5%	3.5%					16,406	35,403	52,136	17,281	36,721	54,002	17,880	38,007	55,822	18,512	39,227	57,148
Office Rent	3.5%	3.5%					6,404	13,604	19,808	6,628	13,956	20,240	6,860	14,320	20,700	7,100	14,700	21,200
Legal Expense - Property	3.5%	3.5%					3,258	6,923	10,180	3,372	7,153	10,526	3,490	7,415	10,806	3,612	7,675	11,287
Legal Expense - Other	3.5%	3.5%					4,961	10,541	15,504	5,135	10,972	16,047	5,315	11,294	16,606	5,501	11,689	17,180
Books/Printing/Accounting Services	3.5%	3.5%					3,378	7,243	10,616	3,498	7,600	10,903	3,619	7,736	11,046	3,746	7,895	11,401
Bad Debt	3.5%	3.5%					64,230	136,820	198,635	66,478	141,122	202,926	68,805	146,711	209,544	71,213	154,627	216,674
Miscellaneous	3.5%	3.5%					35,405	75,402	109,835	36,844	78,177	113,122	38,376	80,805	116,711	39,254	83,713	119,841
Sub-Total Administration Expenses							157,187	333,569	480,387	162,559	342,244	493,096	168,023	352,883	497,515	372,219	510,267	
Electricity	3.5%	3.5%					26,594	56,311	83,106	27,524	58,499	86,013	28,486	60,526	88,024	29,465	62,505	92,140
Water	3.5%	3.5%					18,316	38,227	57,345	18,960	40,239	59,241	19,623	41,322	60,210	43,129	63,458	
Gas	3.5%	3.5%					40,136	85,063	127,362	42,152	89,627	133,823	44,273	93,336	138,433	46,422	98,022	144,208
Sewer	3.5%	3.5%					161,465	341,612	511,618	166,916	352,169	506,919	172,662	363,642	515,496	178,664	375,654	521,511
Sub-Total Utilities							196,518	419,813	618,431	203,149	430,721	612,999	210,066	448,286	626,145	217,938	467,344	639,521
Taxes and Licenses	3.5%	3.5%					20,280	43,094	63,324	21,265	44,908	66,111	22,260	46,716	68,511	23,274	48,594	71,007
Real Estate Taxes	3.5%	3.5%					19,800	41,800	61,500	20,375	43,575	64,500	21,000	45,000	66,000	21,675	46,500	69,000
Payroll Taxes	3.5%	3.5%					5,220	11,294	11,824	5,290	11,333	11,611	5,260	11,716	12,511	5,299	12,094	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%					5,859	12,000	17,999	6,160	12,900	19,999	6,460	13,900	22,000	6,774	14,900	
Sub-Total Taxes and Licenses							34,789	73,398	108,715	37,290	79,766	118,626	39,006	86,758	126,522	40,747	93,394	131,014
Insurance	3.5%	3.5%					34,677	73,563	108,210	35,839	76,158	111,960	37,094	78,624	115,818	38,392	81,103	118,708
Property and Liability Insurance	3.5%	3.5%					8,785	18,689	27,483	9,102	19,343	28,446	9,521	20,200	29,441	9,731	20,721	30,471
Workers' Compensation	3.5%	3.5%					42,222	89,874	133,727	43,527	92,815	136,514	44,973	97,424	142,377	46,661	100,382	148,237
Director's & Officers' Liability Insurance	3.5%	3.5%					1,670	3,500	5,200	1,709	3,591	5,300	1,752	3,603	5,400	1,798	3,600	5,500
Sub-Total Insurance							42,422	92,277	135,604	44,242	95,501	140,443	46,515	98,844	145,356	48,142	102,303	150,446
Maintenance & Repair	3.5%	3.5%					56,373	120,267	177,304	58,723	128,071	188,510	61,178	135,902	198,022	63,686	143,914	198,560
Payroll	3.5%	3.5%					6,537	13,740	20,177	6,779	14,296	20,928	7,031	14,989	22,021	7,297	15,743	23,044
Supplies	3.5%	3.5%					54,302	106,527	157,127	51,944	113,775	167,582	54,147	120,913	176,001	56,389	129,171	185,520
Contractor	3.5%	3.5%					24,519	52,211	76,810	25,440	54,059	79,459	26,330	55,511	82,381	27,251	57,009	85,181
Garbage and Trash Removal	3.5%	3.5%					28,276	59,726	88,000	29,265	61,363	90,200	30,260	62,976	94,000	31,260	64,700	96,000
Security Guard/Contract	3.5%	3.5%					7,485	15,726	23,440	7,742	16,300	23,500	8,000	16,900	24,000	8,271	17,500	24,500
HVAC Repairs and Maintenance	3.5%	3.5%					178,916	380,398	537,302	185,178	395,579	545,797	191,659	403,200	564,859	198,367	411,200	584,629
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%					80,751	170,751	248,751	83,577	180,577	259,577	86,402	189,402	270,402	89,228	198,228	281,000
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%					80,751	170,751	248,751	83,577	180,577	259,577	86,402	189,402	270,402	89,228	198,228	281,000
Sub-Total Maintenance & Repair Expenses							178,916	380,398	537,302	185,178	395,579	545,797	191,659	403,200	564,859	198,367	411,200	584,629
Supportive Services (w/ Reserves/Ground Lease Base Rent/Bond Fees)	3.5%	3.5%					80,751	170,751	248,751	83,577	180,577	259,577	86,402	189,402	270,402	89,228	198,228	281,000
Commercial Expenses	3.5%	3.5%					80,751	170,751	248,751	83,577	180,577	259,577	86,402	189,402	270,402			

10th and Mission

	Total # Units: LOSP Units		Non-LOSP Units		Year 5 2022		Year 6 2023		Year 7 2024		Year 8 2025		
	136	44	92	86.00%	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	
INCOME	% annual inc	% annual inc	% annual inc	% annual inc	Comments (related to annual inc assumptions)								
Residential - Tenant Rents	2.5%	2.5%	2.5%	2.5%	142,118	1,406,745	1,548,362	1,465,671	1,447,436	1,497,072	1,498,312	1,462,748	1,514,372
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	2.5%	n/a	2.5%	138,654	138,654	-	-	-	-	143,659	143,659	143,659
Residential - LOSP - Tenant Assistance Payments	n/a	n/a	n/a	n/a	549,715	549,715	568,651	568,651	569,831	569,831	568,865	609,544	
Commercial Space	n/a	2.5%	n/a	2.5%	-	-	65,526	-	-	67,866	68,856	69,846	
Residential Parking	2.5%	2.5%	2.5%	2.5%	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	2.5%	2.5%	2.5%	2.5%	-	-	-	-	-	-	-	-	
Supportive Services Income	2.5%	2.5%	2.5%	2.5%	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%	2.5%	2.5%	2.5%	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%	2.5%	2.5%	2.5%	12,490	26,541	39,031	12,802	27,204	40,007	13,722	27,885	
Tenant Changes	2.5%	2.5%	2.5%	2.5%	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income	2.5%	2.5%	2.5%	2.5%	-	-	-	-	-	-	-	-	
Other Commercial Income	n/a	2.5%	n/a	2.5%	-	-	33,114	-	-	33,942	-	34,771	
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	n/a	n/a	-	-	-	-	-	-	-	-	
Gross Potential Income					704,323	1,671,389	2,394,354	1,777,463	1,610,674	2,459,686	1,751,299	1,650,941	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	n/a	n/a	(7,106)	(70,319)	(77,418)	(7,284)	(72,070)	(79,356)	(7,466)	(73,872)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	n/a	n/a	(6,452)	(6,452)	(119,027)	(6,079)	(114,471)	(67,261)	(69,718)	(116,561)	
Vacancy Loss - Commercial	n/a	n/a	n/a	n/a	-	-	(4,776)	-	-	(4,931)	-	(4,953)	
EFFECTIVE GROSS INCOME					691,217	1,494,147	2,300,756	1,704,120	1,531,501	2,388,945	1,684,834	1,569,788	
OPERATING EXPENSES													
Management					43,748	92,664	136,711	45,279	95,217	146,486	46,684	99,585	
Management Fee	3.5%	3.5%	3.5%	3.5%	15,500	23,455	7,768	16,508	24,776	8,040	17,085		
Asset Management Fee	3.5%	3.5%	3.5%	3.5%	7,506	15,500	23,455	7,768	16,508	24,776	8,040	17,085	
Sub-Total Management Expenses					51,254	108,813	160,167	53,047	112,225	168,773	54,904	116,773	
Salaries/Benefits					89,924	107,630	206,962	89,966	124,329	214,205	92,115	128,587	
Office Salaries	3.5%	3.5%	3.5%	3.5%	89,924	107,630	206,962	89,966	124,329	214,205	92,115	128,587	
Managers Salary	3.5%	3.5%	3.5%	3.5%	50,825	60,700	158,235	52,408	111,366	163,774	54,249	115,984	
Health Insurance and Other Benefits	3.5%	3.5%	3.5%	3.5%	40,452	44,439	119,027	40,079	62,399	114,471	47,261	69,718	
Other Salaries/Benefits	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Sub-Total Salaries/Benefits					169,012	219,787	475,759	169,452	202,000	492,432	191,118	312,589	
Administration					812	7,724	2,536	840	1,785	9,625	869	1,847	
Advertising and Marketing	3.5%	3.5%	3.5%	3.5%	18,128	42,214	59,873	18,261	42,139	63,969	20,224	43,614	
Office Expenses	3.5%	3.5%	3.5%	3.5%	7,349	7,349	14,698	7,666	7,666	15,212	7,672	7,672	
Legal Expense - Property	3.5%	3.5%	3.5%	3.5%	4,738	7,644	11,602	4,845	8,222	12,091	4,904	8,569	
Audit Expense	3.5%	3.5%	3.5%	3.5%	5,621	12,088	17,791	5,892	12,401	18,414	6,099	12,960	
Bookkeeping/Accounting Services	3.5%	3.5%	3.5%	3.5%	3,877	3,877	7,753	4,012	4,012	8,025	4,153	8,305	
Bad Debt	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Miscellaneous	3.5%	3.5%	3.5%	3.5%	46,828	73,705	114,333	42,650	76,785	118,335	43,621	78,955	
Sub-Total Administration Expenses					81,228	132,522	206,962	81,763	152,222	236,366	74,143	155,255	
Utilities					18,128	38,552	56,650	18,763	39,870	58,633	19,418	41,365	
Electricity	3.5%	3.5%	3.5%	3.5%	30,071	64,648	95,365	31,585	67,118	98,727	31,690	67,693	
Water	3.5%	3.5%	3.5%	3.5%	21,027	44,669	65,890	21,756	45,233	67,089	22,518	47,851	
Gas	3.5%	3.5%	3.5%	3.5%	47,788	99,382	146,151	48,425	102,861	151,295	50,095	106,461	
Sewer	3.5%	3.5%	3.5%	3.5%	116,424	247,421	363,853	120,569	256,081	376,500	124,727	265,044	
Sub-Total Utilities					203,367	496,089	732,658	203,579	417,067	613,645	209,022	438,363	
Taxes and Licenses					8,901	18,027	21,676	7,163	15,222	17,386	7,414	15,225	
Real Estate Taxes	3.5%	3.5%	3.5%	3.5%	12,246	26,044	38,299	12,663	26,955	39,640	13,190	27,893	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%	3.5%	3.5%	6,324	8,327	13,731	4,548	6,964	14,711	4,207	10,002	
Sub-Total Taxes and Licenses					23,671	50,698	73,699	24,396	51,841	72,327	24,500	53,655	
Insurance					39,728	84,438	124,174	41,126	87,394	128,500	42,566	133,018	
Property and Liability Insurance	3.5%	3.5%	3.5%	3.5%	10,062	21,446	31,538	10,445	22,186	32,642	10,811	22,973	
Policy Bond Insurance	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Director's & Officers' Liability Insurance	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Sub-Total Insurance					49,828	105,884	155,712	51,672	109,590	161,162	53,777	113,425	
Maintenance & Repair					65,107	138,353	203,460	67,366	143,189	210,562	69,745	148,207	
Payroll	3.5%	3.5%	3.5%	3.5%	7,860	16,815	24,875	8,239	17,507	25,748	8,527	18,120	
Supplies	3.5%	3.5%	3.5%	3.5%	28,205	59,536	86,141	29,192	62,034	91,206	30,214	64,205	
Garbage and Trash Removal	3.5%	3.5%	3.5%	3.5%	37,447	77,447	114,844	38,343	83,583	124,788	39,016	85,676	
Security Payroll/Contract	3.5%	3.5%	3.5%	3.5%	9,048	18,227	26,775	9,363	19,000	28,025	9,623	20,002	
HMCA Repairs and Maintenance	3.5%	3.5%	3.5%	3.5%	206,310	399,781	605,091	212,496	413,773	626,265	219,933	428,258	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Sub-Total Maintenance & Repair Expenses					206,310	399,781	605,091	212,496	413,773	626,265	219,933	428,258	
Supportive Services	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Commercial Expenses	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES					671,025	1,370,240	2,047,445	694,521	1,418,201	2,119,106	718,830	1,467,838	
RESERVES/GROUND LEASE BASE RENT/BOND FEES													
Ground Lease Base Rent					6,400	13,600	20,000	6,400	13,600	20,000	6,400	13,600	
Bond Maturity Fee					26,112	55,488	81,800	26,112	55,488	81,800	26,112	55,488	
Replacement Reserve Deposit					4,720	10,030	14,750	4,720	10,030	14,750	4,720	10,030	
Operation Reserve Deposit					-	-	-	-	-	-	-	-	
Other Reserve Reserve 1 Deposit					-	-	-	-	-	-	-	-	
Other Reserve Reserve 2 Deposit					-	-	-	-	-	-	-	-	
Reserve Reserve Commercial					2,405	5,111	7,518	2,405	5,111	7,518	2,405	5,111	
Reserve Reserve Ground Lease Base Rent/Bond Fees					70,262	146,361	216,376	73,733	149,731	223,456	75,662	154,956	
TOTAL OPERATING EXPENSES (w/ Reserves/CL Base Rent/Bond Fees)					741,287	1,486,601	2,163,791	768,254	1,567,932	2,342,562	794,221	1,622,794	
NET OPERATING INCOME (INCOME MINUS OP EXPENSES)					(11,060)	44,766	141,835	(11,634)	34,181	133,300	(12,222)	22,832	
DEBT SERVICE/STAY PAYMENTS (hard debt/amortized loans)													
Hard Debt - First Lender					13,022	27,673	40,656	13,022	27,673	40,656	13,022	27,673	
Hard Debt - Second Lender (HCD Program 0.4% pymt or other 2nd Lender)					-	-	-	-	-	-	-	-	
Hard Debt - Third Lender (Other HCD Program or other 3rd Lender)					-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender					-	-	-	-	-	-	-	-	
Commercial Hard Debt Service					-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE					13,022	27,673	40,656	13,022	27,673	40,656	13,022	27,673	
CASH FLOW (NOI minus DEBT SERVICE)					(24,073)	17,113	101,240	(24,658)	6,509	92,644	(4,841)	68,456	
Commercial Only Cash Flow					32,219	68,454	100,883	33,064	70,242	103,326	33,821	72,933	
Allocation of Commercial Surplus to LOP/Non-LOSP (residual income)					4,146	85,678	101,240	8,400	166,770	92,895	8,640	67,262	
USES OF CASH FLOW BELOW (This row also shows DSCR)													
Uses that PRECEDE MOHCD DEBT SERVICE IN WATERFALL													
Flow-Through Asset Use (commitment in new projects, see policy)	3.5%	3.5%	3.5%	3.5%	7,905	15,500	23,455	7,768	16,508	24,776	8,040	17,085	
Participant Management Fee (see policy for limits)	3.5%	3.5%	3.5%	3.5%	640	1,360	2,000	640	1,360	2,000	640	1,360	
Investor Service Fee (aka TP Asset Mgt Fee) (see policy for limits)	3.5%	3.5%	3.5%	3.5%	-	-	-	-	-	-	-	-	
Other Payments	3.5%	3.5%											

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	Total # Units: LOSP Units		Non-LOSP Units		Year 9 2026		Year 10 2027		Year 11 2028		Year 12 2029	
	136	44	92	32.00%	38.20%							
INCOME												
Residential - Tenant Rents	7.5%	7.5%										
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	7.5%										
Residential - LOSP - Tenant Assistance Payments	n/a	n/a										
Commercial Space	n/a	7.5%										
Residential Parking	7.5%	7.5%										
Miscellaneous Rent Income	7.5%	7.5%										
Supportive Services Income	7.5%	7.5%										
Interest Income - Project Operations	7.5%	7.5%										
Laundry and Vending	7.5%	7.5%										
Tenant Changes	7.5%	7.5%										
Miscellaneous Residential Income	7.5%	7.5%										
Other Commercial Income	n/a	n/a										
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a										
Gross Potential Income												
Vacancy Loss - Residential - Tenant Rents	n/a	n/a										
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a										
Vacancy Loss - Commercial	n/a	n/a										
EFFECTIVE GROSS INCOME												
Management Fee	3.5%	3.5%										
Asset Management Fee	3.5%	3.5%										
Sub-Total Management Expenses												
Office Salaries	3.5%	3.5%										
Menial's Salary	3.5%	3.5%										
Health Insurance and Other Benefits	3.5%	3.5%										
Other Salaries/Benefits	3.5%	3.5%										
Administrative Rent-Free Unit	3.5%	3.5%										
Sub-Total Salaries/Benefits												
Administration												
Advertising and Marketing	3.5%	3.5%										
Office Expenses	3.5%	3.5%										
Office Rent	3.5%	3.5%										
Legal Expense - Property	3.5%	3.5%										
Audit Expense	3.5%	3.5%										
Bookkeeping/Accounting Services	3.5%	3.5%										
Bad Debts	3.5%	3.5%										
Miscellaneous	3.5%	3.5%										
Sub-Total Administration Expenses												
Utilities												
Electricity	3.5%	3.5%										
Water	3.5%	3.5%										
Gas	3.5%	3.5%										
Sewer	3.5%	3.5%										
Sub-Total Utilities												
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%										
Panel Fees	3.5%	3.5%										
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%										
Sub-Total Taxes and Licenses												
Insurance												
Property and Liability Insurance	3.5%	3.5%										
Fire and Flood Insurance	3.5%	3.5%										
Worker's Compensation	3.5%	3.5%										
Directors & Officers' Liability Insurance	3.5%	3.5%										
Sub-Total Insurance												
Maintenance & Repair												
Payroll	3.5%	3.5%										
Supplies	3.5%	3.5%										
Contractors	3.5%	3.5%										
Garbage and Trash Removal	3.5%	3.5%										
Security Guard/Contract	3.5%	3.5%										
HVAC Repairs and Maintenance	3.5%	3.5%										
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%										
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%										
Sub-Total Maintenance & Repair Expenses												
Supportive Services	3.5%	3.5%										
Commercial Expenses												
TOTAL OPERATING EXPENSES												
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent	6,400	13,600	20,000	6,400	13,600	20,000	6,400	13,600	20,000	6,400	13,600	
Base Rent/Lease Fee	-	-	-	-	-	-	-	-	-	-	-	
Replacement Reserve Deposit	26,112	55,488	81,600	26,112	55,488	81,600	26,112	55,488	81,600	26,112	55,488	
Depletion Reserve Deposit	4,720	10,080	14,750	4,720	10,080	14,750	4,720	10,080	14,750	4,720	10,080	
Other Required Reserve 1 Deposit	-	-	-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit	-	-	-	-	-	-	-	-	-	-	-	
Required Reserve Deposits - Commercial	2,405	5,111	7,516	2,405	5,111	7,516	2,405	5,111	7,516	2,405	5,111	
Sub-Total Reserves/Ground Lease Base Rent/Bond Fees	37,227	78,118	116,350	37,227	78,118	116,350	37,227	78,118	116,350	37,227	78,118	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)												
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)												
DEBT SERVICE MUST PAY PAYMENTS ("hard debt" amortized loans)												
Hard Debt - 1st Lender	13,022	27,673	40,895	13,022	27,673	40,895	13,022	27,673	40,895	13,022	27,673	
Hard Debt - Second Lender (HCD Program 0.4% pmt. at other 2nd Lender)	-	-	-	-	-	-	-	-	-	-	-	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	-	-	-	-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender	-	-	-	-	-	-	-	-	-	-	-	
Commercial Hard Debt Service	-	-	-	-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE	13,022	27,673	40,895	13,022	27,673	40,895	13,022	27,673	40,895	13,022	27,673	
CASH FLOW (NOI minus DEBT SERVICE)												
Commercial Only Cash Flow	(33,727)	75,018	111,646	(33,727)	75,018	111,646	(33,727)	75,018	111,646	(33,727)	75,018	
Allocation of Commercial Surplus to LOPSP/LOSP (residual income)	-	-	-	-	-	-	-	-	-	-	-	
AVAILABLE CASH FLOW	33,727	75,018	111,646	33,727	75,018	111,646	33,727	75,018	111,646	33,727	75,018	
USES OF CASH FLOW BELOW (This row also shows DSCR)												
Uses that precede MOHCD Debt Service in Waterfall												
Tenant/Owner Asset Mgt Fee (amortized in new projects, see policy)	3.5%	3.5%										
Partnership Management Fee (see policy for limits)	3.5%	3.5%										
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)												
Other Payments												
Non-amortizing Loan Pmt - Lender 1												
Non-amortizing Loan Pmt - Lender 2												
Deferred Developer Fee (Enter amt. or Max Fee from row 133)												
TOTAL PAYMENTS PRECEDING MOHCD												
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)												
Does Project have a MOHCD Residual Receipt Outlay?	Yes											
Will Project Defeat Developer Fee?	No											
Residual Receipts split for all years - Lender/Owner	67% / 33%											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
MOHCD Residual Receipts Amount Due	77.50%											
Proposed MOHCD Residual Receipts Amount to Loan Repayment												
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease												
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
Residual Receipts Amount Due	22.44%											
Lender 4 Residual Receipts Due	0.00%											
Lender 5 Residual Receipts Due	0.00%											
Total Non-MOHCD Residual Receipts Debt Service												
REMAINDER (Should be zero unless there are distributions below)												
Owner Distributions/Incentive Management Fee												
Other Distributions/Use												
Final Balance (Should be zero)												
REPLACEMENT RESERVE - RUNNING BALANCE												
Replacement Reserve Starting Balance												
Replacement Reserve Deposits												
Replacement Reserve Withdrawals (debtly tied to CNA)												
Replacement Reserve Interest												
RR Running Balance												
RR Balance/Net												
OPERATING RESERVE - RUNNING BALANCE												
Operating Reserve Starting Balance												
Operating Reserve Deposits												
Operating Reserve Withdrawals												
Operating Reserve Interest												
OR Running Balance												
OR Balance as a % of Prior Yr Op Exp = Debt Service												
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE												
Other Reserve 1 Starting Balance												
Other Reserve 1 Deposits												
Other Reserve 1 Withdrawals												
Other Reserve 1 Interest												
Other Required Reserve 1 Running Balance												

10th and Mission

	Total # Units:		Non-LOSP		Year 17			Year 18			Year 19			Year 20			
	136	44	68.00%		2024			2025			2026			2027			
			32.00%	36.00%	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
INCOME																	
Residential - Tenant Rents			2.5%	2.5%	191,137	1,891,243	2,082,375	195,071	1,838,524	2,134,435	200,802	1,896,987	2,187,798	205,629	2,036,602	2,247,481	
Residential - Tenant Assistance Payments (Non-LOSP)			n/a	2.5%	191,137	188,456	186,436	191,067	181,087	181,087	195,823	185,831	192,291	185,831	192,291	200,739	
Residential - LOSP Tenant Assistance Payments			n/a	n/a	(82,028)	(82,028)	(82,028)	(81,433)	(81,433)	(81,433)	(81,629)	(81,629)	(81,629)	(81,629)	(81,629)		
Commercial Space			n/a	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income			2.5%	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Supportive Services Income			2.5%	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Landlord and Vendor			2.5%	2.5%	16,797	35,695	52,492	17,217	35,587	53,804	17,648	37,022	55,150	18,089	38,479	56,528	
Tenant Charges			2.5%	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Income (opposed to operating account)			n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income					1,078,958	2,113,344	3,302,864	1,064,561	2,168,178	3,384,289	1,100,385	2,230,332	3,488,355	1,137,472	2,275,840	3,585,141	
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	(6,557)	(64,562)	(104,119)	(6,798)	(66,520)	(109,725)	(10,049)	(97,349)	(150,291)	(101,291)	(101,633)	(112,125)	
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME					1,072,401	2,048,782	3,198,745	1,057,763	2,101,658	3,274,564	1,090,336	2,132,983	3,338,064	1,036,181	2,174,207	3,473,016	
OPERATING EXPENSES																	
Management																	
Management Fee	3.5%	3.5%	1st Year to be net according to HUD		66,106	149,475	208,590	68,412	145,391	213,810	70,814	150,450	221,294	73,291	155,747	229,039	
Asset Management Fee	3.5%	3.5%	per MOHCD policy		11,342	24,101	35,443	11,739	24,845	36,850	12,149	25,818	37,967	12,575	26,721	35,296	
Sub-total Management Expenses					77,447	164,576	244,033	80,151	170,236	250,660	82,963	176,267	259,261	85,867	182,468	264,335	
Salaries/Benefits																	
Office Salaries	3.5%	3.5%			131,348	181,385	313,733	135,945	187,734	325,679	140,703	184,304	335,037	145,618	201,105	346,733	
Management's Salary	3.5%	3.5%			79,317	162,591	238,105	79,197	168,292	247,473	81,893	174,172	256,135	84,612	180,268	265,009	
Health Insurance and Other Benefits	3.5%	3.5%			79,193	88,824	187,137	72,850	100,327	172,677	75,193	102,636	176,211	77,425	107,472	185,729	
Other Salaries/Benefits	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%	3.5%			278,055	440,910	718,965	287,791	456,342	744,129	297,859	473,214	770,173	308,284	488,645	757,129	
Sub-total Salaries/Benefits					666,913	1,073,706	1,858,940	675,993	1,062,753	1,817,280	705,848	1,164,326	1,917,566	716,942	1,177,918	2,054,600	
Administration																	
Advertising and Marketing	3.5%	3.5%			1,226	2,606	5,832	1,269	2,667	3,966	1,314	2,797	4,105	1,360	2,889	4,249	
Office Expenses	3.5%	3.5%			28,819	61,557	90,472	29,664	63,675	93,950	31,013	65,008	97,018	32,000	68,270	100,306	
Office Rent	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%			11,105	11,105	20,700	11,497	11,497	20,996	11,895	11,895	23,781	12,312	12,312	24,674	
Audit Expense	3.5%	3.5%			3,649	7,003	17,650	3,849	7,423	18,270	4,051	7,858	18,669	4,263	8,308	19,271	
Bookkeeping/Accounting Services	3.5%	3.5%			8,603	18,781	26,884	8,904	19,021	27,825	9,215	19,553	28,726	9,529	20,056	29,605	
Bad Debts	3.5%	3.5%			3,854	3,854	11,716	6,063	6,063	12,120	6,275	12,550	6,495	6,495	12,985		
Miscellaneous	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Administration Expenses					61,391	111,374	172,765	63,640	115,272	178,812	65,764	118,306	185,070	68,066	122,402	191,548	
Utilities																	
Electricity	3.5%	3.5%			22,302	38,709	85,921	23,351	40,246	90,246	24,397	41,998	94,998	25,446	43,747	94,909	
Water	3.5%	3.5%			49,113	97,992	148,102	49,727	101,419	148,145	49,397	100,969	154,306	51,128	102,643	159,769	
Gas	3.5%	3.5%			31,764	67,498	99,282	32,876	69,881	102,736	34,026	72,308	106,332	35,217	74,438	110,063	
Sewer	3.5%	3.5%			79,676	151,173	230,644	73,147	155,432	238,574	75,703	160,879	248,373	78,283	166,449	244,653	
Sub-total Utilities					172,855	377,372	654,910	176,901	368,966	686,965	185,473	406,290	488,967	194,817	421,617	609,984	
Taxes and Licenses																	
Real Estate Taxes	3.5%	3.5%			10,456	22,254	32,982	10,624	22,072	33,326	11,203	23,807	35,010	11,595	25,640	36,235	
Property Taxes	3.5%	3.5%			6,570	14,109	20,748	6,873	14,603	21,474	7,112	15,114	22,226	7,463	15,643	23,004	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			3,424	5,891	9,254	3,547	5,821	8,526	3,688	6,885	10,174	3,642	6,354	10,027	
Sub-total Taxes and Licenses					20,450	42,254	62,984	20,944	42,500	63,326	21,999	45,816	67,410	22,700	47,637	69,266	
Insurance																	
Property and Liability Insurance	3.5%	3.5%			60,043	127,587	187,835	62,143	130,559	184,307	64,320	136,680	200,959	66,571	141,463	208,054	
Fidelity Bond Insurance	3.5%	3.5%			19,250	39,408	47,856	19,784	37,340	49,324	19,338	37,714	49,590	19,808	38,979	52,637	
Workers Compensation	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Insurance					79,293	166,995	235,691	77,927	167,899	233,631	83,658	174,394	250,549	86,379	177,392	260,691	
Maintenance & Repair																	
Fixed	3.5%	3.5%			89,382	209,061	307,443	101,825	216,738	319,203	105,389	229,951	329,340	109,077	231,986	340,867	
Supplies	3.5%	3.5%			12,029	25,560	37,588	12,449	26,254	38,903	12,885	27,380	40,265	13,326	28,318	41,674	
Contractors	3.5%	3.5%			40,566	200,235	256,211	47,814	207,654	265,867	101,217	215,720	318,366	104,289	222,456	327,425	
Garbage and Trash Removal	3.5%	3.5%			31,764	67,498	101,188	45,112	93,738	137,940	45,636	97,018	142,614	47,254	100,614	147,668	
Security Patrol/Contract	3.5%	3.5%			49,037	49,037	98,074	50,746	101,481	50,746	50,746	101,481	50,746	50,746	101,481		
HVAC Repairs and Maintenance	3.5%	3.5%			13,672	29,054	42,736	14,191	30,078	44,221	14,646	31,123	45,768	15,199	32,272	47,371	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses					310,326	684,096	914,334	321,596	625,240	846,336	323,334	647,172	979,457	340,866	689,772	1,013,738	
Supportive Services	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Expenses																	
TOTAL OPERATING EXPENSES					1,013,900	2,076,531	3,093,830	1,049,480	2,143,000	3,202,114	1,086,201	2,218,005	3,314,188	1,124,218	2,295,635	3,430,105	
Reserves/Ground Lease Base Rent/Bond Fees																	
Ground Lease Base Rent					6,400	13,600											

Attachment D: LOSP Funding Schedule A

MOHCD Proforma - Exhibit A

LOSP FUNDING SCHEDULE	
Project Address:	10th and Mission
Project Start Date:	7/1/2018

Exhibit A

Calendar Year	Full Year Funding Amount	# Months to Fund	Total Disbursement for Calendar Year	Estimated Disbursement Date	FY Budgeted (for Disbursement)
CY-1 2018	\$493,792	6	\$246,896	6/1/2018	FY2018/19
CY-2 2019	\$496,130	12	\$496,130	1/1/2019	FY2018/19
CY-3 2020	\$513,339	12	\$513,339	1/1/2020	FY2019/20
CY-4 2021	\$531,193	12	\$531,193	1/1/2021	FY2020/21
CY-5 2022	\$549,715	12	\$549,715	1/1/2022	FY2021/22
CY-6 2023	\$568,931	12	\$568,931	1/1/2023	FY2022/23
CY-7 2024	\$588,865	12	\$588,865	1/1/2024	FY2023/24
CY-8 2025	\$609,544	12	\$609,544	1/1/2025	FY2024/25
CY-9 2026	\$621,742	12	\$621,742	1/1/2026	FY2025/26
CY-10 2027	\$643,692	12	\$643,692	1/1/2027	FY2026/27
CY-11 2028	\$666,461	12	\$666,461	1/1/2028	FY2027/28
CY-12 2029	\$690,079	12	\$690,079	1/1/2029	FY2028/29
CY-13 2030	\$714,577	12	\$714,577	1/1/2030	FY2029/30
CY-14 2031	\$739,987	12	\$739,987	1/1/2031	FY2030/31
CY-15 2032	\$766,343	12	\$766,343	1/1/2032	FY2031/32
CY-16 2033	\$793,678	12	\$793,678	1/1/2033	FY2032/33
Total Contract Amount:			\$9,741,171		

Introduction Form

By a Member of the Board of Supervisors or Mayor

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BOARD OF SUPERVISORS
SAN FRANCISCO

2018 MAY 15 PM 4:28
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BY [Signature]
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

[Kim]

Subject:

[Grant Agreement – Mercy Housing California XIV, L.P. - Local Operating Subsidy Program Contract - 10th & Mission Family Housing, 1390 Mission Street - Not to Exceed \$9,741,171]

The text is listed:

Resolution authorizing the Director of the Mayor’s Office of Housing and Community Development to execute a Local Operating Subsidy Program Grant Agreement with Mercy Housing California XIV, L.P., a California limited partnership, to provide operating subsidies for formerly homeless families at 10th & Mission Family Housing, 1390 Mission Street, for a term of 15-years and six-months to commence following Board approval, in an amount not to exceed \$9,741,171.

Signature of Sponsoring Supervisor: [Signature]