

File No. 240374

Committee Item No. 8

Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date May 1, 2024

Board of Supervisors Meeting Date May 7, 2024

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input checked="" 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 checked="" type="checkbox"/> | <input checked="" 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 |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
- Draft Loan Agreement
 - Draft Grant Agreement 8/9/2023
 - Draft Deed of Trust
 - Draft Declaration of Restrictions
 - Draft Secured Promissory Note
 - Draft Option and Right of Refusal Agreement
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>LOSP Evaluation</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PLN SB-35 Notice of Final Approval 8/9/2023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PLN General Plan Referral 3/7/2024</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MOHCD Presentation 5/1/2024</u> |
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Completed by: Brent Jalipa Date April 25, 2024

Completed by: Brent Jalipa Date May 2, 2024

1 [100% Permanent Supportive Housing - 1633 Valencia Street - Mercy Housing California 108,
2 L.P. - Loan Not to Exceed \$41,036,048 - Grant Not to Exceed \$80,785,406]

3 **Resolution approving and authorizing the Mayor and the Director of the Mayor's Office**
4 **of Housing and Community Development ("MOHCD") to execute agreements with**
5 **Mercy Housing California 108, L.P. relating to 1) a loan in an amount not to exceed**
6 **\$41,036,048 for a minimum term of 55 years to provide permanent financing for a 146-**
7 **unit (including one manager's unit) permanent supportive housing development, plus**
8 **resident common areas and supportive services space, on real property located at**
9 **1633 Valencia Street (the "Project"), and 2) a grant in an amount not to exceed**
10 **\$80,785,406 for a 19 year term to provide Local Operating Subsidy Program funds to**
11 **subsidize operations and debt service for the Project; 3) adopting findings that the**
12 **Project and proposed transactions are consistent with the General Plan, and the eight**
13 **priority policies of Planning Code, Section 101.1; and 4) authorizing the Director of**
14 **MOHCD and/or the Director of Property, or their designees, to make certain**
15 **modifications to the loan and grant documents and take certain actions in furtherance**
16 **of this Resolution, as defined herein.**

17
18 WHEREAS, The mission of the Department of Homelessness and Supportive Housing
19 ("HSH") is to prevent homelessness when possible and to make homelessness a rare, brief,
20 and one-time experience in San Francisco through the provision of coordinated,
21 compassionate, and high-quality services; and

22 WHEREAS, Permanent supportive housing is the most effective evidence-based
23 solution to ending chronic homelessness and also prevents new incidents of homelessness
24 among highly vulnerable people with long experiences of homelessness; and

1 WHEREAS, The City and County of San Francisco, acting through the Mayor’s Office
2 of Housing and Community Development (“MOHCD”), administers a variety of housing
3 programs financing the development of new affordable housing and rehabilitation of single-
4 and multifamily housing for low- and moderate-income households and resources for
5 homeowners in San Francisco; and

6 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
7 for the purpose of financing 100% affordable housing within the City and grant agreements for
8 the purpose of subsidizing affordable housing for extremely low tenants and/or formerly
9 homeless households; and

10 WHEREAS, HSH is authorized under Administrative Code, Chapter 21B to waive
11 competitive bidding requirements for “Projects Addressing Homelessness” to bring new
12 permanent supportive housing units online quickly; and

13 WHEREAS, Mercy Housing California was selected under HSH’s Chapter 21B
14 emergency procurement waiver authorization to bring new permanent supportive housing
15 units online quickly at reduced cost using philanthropic below market rate financing and
16 innovative financing and construction methods without City capital financing during the
17 predevelopment and construction phase; and

18 WHEREAS, Mercy Housing California established Mercy Housing California 108, L.P.,
19 a California limited partnership (the “Borrower”), as an affiliate to acquire and develop the real
20 property located at 1633 Valencia Street, San Francisco (the “Property”) as a 146-unit
21 (including one manager’s unit) permanent supportive housing development affordable to low-
22 income households and targeted to serve seniors age 55 and older who are homeless or at
23 imminent risk of homelessness, plus resident common areas and supportive services space
24 (the “Project”); and

1 WHEREAS, Borrower has secured an allocation of tax-exempt bonds and low-income
2 housing tax credits for construction of the Project, and a commitment of construction financing
3 that will not require City funding during the predevelopment and construction phases of the
4 Project; and

5 WHEREAS, On April 5, 2024, the Citywide Affordable Housing Loan Committee
6 recommended approval to the Mayor of 1) a loan in an amount not to exceed \$41,036,048 for
7 a minimum term of 55 years to provide permanent financing after completion of the Project
8 (the “Loan”), and 2) a grant in an amount not to exceed \$80,785,406 for a 19 year term to
9 provide Local Operating Subsidy Program funds to subsidize operations and debt service for
10 the Project (the “Grant”); and

11 WHEREAS, MOHCD desires to provide the Loan to the Borrower pursuant to a Loan
12 Agreement, Secured Promissory Note, Declaration of Restrictions and Affordable Housing
13 Covenants, Deed of Trust, Option and Right of First Refusal Agreement, and any other
14 necessary ancillary documents (collectively, the “Loan Documents”), in substantially the forms
15 on file with the Clerk of the Board in File No. 240374, and in such final forms as approved by
16 the Director of MOHCD and the City Attorney; and

17 WHEREAS, The material terms of the Loan Documents include the following: (i) a loan
18 term of 55 years from the conversion date, an interest rate of one percent (1%), and annual
19 repayment through residual receipts, if any, from the Project; (ii) the Project will be restricted
20 for life of the Project as 100% permanent supportive housing affordable to extremely low-
21 income households and targeted to serve seniors age 55 and older who are homeless or at
22 imminent risk of homelessness during the period in which the City’s Local Operating Subsidy
23 program is in operation and the City provides such subsidy to the Project; (iii) the Loan will be
24 secured by a deed of trust recorded against the Property; and (iv) the City will have a
25 purchase option and right of first refusal to acquire the Project in certain circumstances; and

1 WHEREAS, MOHCD desires to provide the Grant to the Borrower for the Project
2 pursuant to a Grant Agreement and any other necessary ancillary documents (collectively, the
3 “Grant Documents”), in substantially the forms on file with the Clerk of the Board in File
4 No. 240374, and in such final forms as approved by the Director of MOHCD and the City
5 Attorney; and

6 WHEREAS, On August 9, 2023, by Notice of Final Approval of an SB 35 Project, the
7 Planning Department by case No. 2022-012441PRJ determined that the development of the
8 Project met all the standards of the Planning Code and would be eligible for ministerial
9 approval under California Government Code, Section 65913.4 (Senate Bills 35 and 765),
10 California Public Resources Code, Section 21080, and the CEQA Guidelines, Section
11 15002(i)(1), 15268 and 15369, and would therefore not be subject to the California
12 Environmental Quality Act (“CEQA”); a copy of the Planning Department’s Notice of Final
13 Approval of an SB 35 Project is on file with the Clerk of the Board of Supervisors in File
14 No. 240374, and is incorporated herein by reference; and

15 WHEREAS, The Planning Department, through the General Plan Referral letter dated
16 March 7, 2024, determined that the Project is consistent with the General Plan, and the eight
17 priority policies of Planning Code, Section 101.1; which letter is on file with the Clerk of the
18 Board of Supervisors in File No. 240374, and incorporated herein by this reference; now,
19 therefore, be it

20 RESOLVED, The Board of Supervisors hereby affirms the Planning Department’s
21 determination that the proposed Project (and associated actions necessary to effectuate the
22 Project) is consistent with the General Plan, and with the eight priority policies of Planning
23 Code, Section 101.1, for the same reasons as set forth in the General Plan Referral letter, and
24 hereby incorporates such findings by reference as though fully set forth in this Resolution;
25 and, be it

1 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
2 Documents and the Grant Documents substantially in the forms on file, and authorizes the
3 Mayor and the Director of MOHCD or the Director's designee to execute and deliver the Loan
4 Documents, Grant Documents, and any such other documents that are necessary or
5 advisable to complete the transaction contemplated by the Loan Documents and the Grant
6 Documents and to effectuate the purpose and intent of this Resolution; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
8 MOHCD, in consultation with the City Attorney, to enter into any additions, amendments, or
9 other modifications to the Loan Documents, Grant Documents, and any other documents or
10 instruments necessary in connection therewith (including, without limitation, any of all of the
11 exhibits and ancillary agreements), that the Director of MOHCD determines are in the best
12 interests of the City, do not materially decrease the benefits to the City with respect to the
13 Property, do not materially increase the obligations or liabilities of the City, and are necessary
14 or advisable to complete the transaction contemplated in the Loan Documents and Grant
15 Documents, and that effectuate the purpose and intent of this Resolution, such determination
16 to be conclusively evidenced by the execution and delivery by the Director of MOHCD of any
17 such additions, amendments, or other modifications; and, be it

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

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

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

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Item 8 File 24-0374	Department: Mayor’s Office of Housing and Community Development
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a loan agreement with an affiliate of Mercy Housing California, in an amount not to exceed \$41,036,048 for a minimum term of 55 years to provide permanent financing for the 1633 Valencia Street project; and a grant agreement under the Local Operating Subsidy Program (LOSP) in an amount not to exceed \$80,785,406 for a term of 19 years to subsidize operations and debt service for the project.

Key Points

- The proposed affordable housing project on 1633 Valencia Street will be a six-story building, providing 145 permanent supportive housing units for seniors aged 55 and older and one manager’s unit for a total of 146 housing units.
- The Department of Homelessness and Supportive Housing (HSH) selected Mercy Housing, and the San Francisco Housing Accelerator Fund (HAF) to develop the project under Administrative Code Chapter 21B, which allows procurement of homeless service providers without a competitive solicitation. The HAF is financing the project through construction, which results in cost savings for the project.
- Under the proposed LOSP grant agreement, the LOSP subsidy will include an amount for operations and debt service of \$1,158,969 per year to repay principal and interest on the senior HAF loan. This is a new use of LOSP funding.

Fiscal Impact

- Total development costs are \$84.6 million (\$579,490 per unit). The City’s loan for development costs is \$41.0 million (\$281,069 per unit). Including the present value of the City’s debt service payments on the private loan (approximately \$13.3 million), the total City subsidy for development is \$54.3 million (approximately \$372,000 per unit).
- The source of funds for the City loan is 2020 Health and Recovery General Obligation Bond funds. The source of funds for the LOSP subsidy is the General Fund.

Policy Consideration

- Because approval of the proposed resolution commits the City to annual General Fund appropriations of \$1,158,969 to fund debt service of the project for 18 years, and the City will not own the land of the project, approval of the proposed resolution is a policy matter for the Board of Supervisors.

Recommendation

- Approval of the proposed resolution is a policy matter for the Board of Supervisors.

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.

Administrative Code Chapter 120 delegates authority to the MOHCD Director to execute grant agreements under the Local Operating Subsidy Program, subject to annual appropriation of the Board of Supervisors.

BACKGROUND

1633 Valencia Street Project

The proposed affordable housing project on 1633 Valencia Street will be a six-story building, providing 145 permanent supportive housing units for seniors aged 55 and older and one manager’s unit for a total of 146 housing units. The permanent supportive housing units will be subsidized by the Local Operating Subsidy Program. Construction is anticipated to begin in May 2024 and to be completed by December 2025. Potential tenants would be referred by the Department of Homelessness and Supportive Housing’s Coordinating Entry process, which prioritizes individuals for housing based on vulnerability, length of homelessness and barriers to housing.

The project is closely modeled after the Tahanan (833 Bryant) project, using the same floorplate, design, and development team. The Tahanan project was financed by the Homes for the Homeless Fund, a collaboration between the Tipping Point Community and the San Francisco Housing Accelerator Fund (HAF) to build permanent supportive housing in under three years and for less than \$400,000 per unit. The HAF is similarly financing predevelopment and construction for 1633 Valencia Street, though through a different funding source, and deferring City investment in the project until permanent financing conversion instead of at construction loan close. Unlike the Tahanan project, the 1633 Valencia project uses a design build approach rather than modular construction.

Site and Sponsor Selection

The HAF identified the site at 1633 Valencia Street as a development opportunity to replicate the Tahanan project model and selected Mercy Housing California, the developer of the Tahanan project, to develop the project. The Department of Homelessness and Supportive Housing (HSH) in turn selected the HAF and Mercy Housing California to develop the project under Chapter 21B of the Administrative Code, which allows procurement of homeless services without a competitive solicitation.

The site was created by subdividing a larger parcel of land (3435 Cesar Chavez Street), the other portion of which is being developed by Sequoia Living¹ into affordable senior housing. Under a January 2024 amended Purchase and Sale Agreement, Mercy Housing California 108, L.P., an affiliate of Mercy Housing California, will acquire the 1633 Valencia Street site from Sequoia Living at construction financing closing, which is anticipated to occur in May 2024.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve: (a) a loan agreement with Mercy Housing California 108, L.P., an affiliate of Mercy Housing California, in an amount not to exceed \$41,036,048 for a minimum term of 55 years to provide permanent financing for the 1633 Valencia Street affordable housing project; and (b) a grant agreement under the Local Operating Subsidy Program in an amount not to exceed \$80,785,406 for a term of 19 years to subsidize operations and debt service for the project. The resolution would also adopt findings that the project is consistent with the General Plan and eight priority policies of the Planning Code and authorize the MOHCD Director to make changes to the agreements.

Loan Agreement

Under the proposed loan agreement, the total loan amount would not exceed \$41,036,048. Simple interest would accrue at a rate of one percent per year, which is lower than the standard three percent interest rates in MOHCD’s Underwriting Guidelines otherwise the project would not be financially feasible for the tax credit investor.² The project sponsor would make annual payments in an amount equal to the Residual Receipts. However, the project is not expected to generate residual receipts as discussed below. The unpaid principal balance of the loan and accrued interest is repaid to the City 55 years after the permanent financing conversion date.

Bridge Loan

Under the proposed loan agreement, \$2 million of the funding provided by the City is a bridge loan, pending receipt of expected loan funds from the Federal Home Loan Bank Affordable Housing Loan Program (AHP). The sponsors will apply for an AHP loan in Spring 2025 according to the MOHCD loan evaluation.

Loan Documents

The proposed resolution also approves the following associated loan documents:

¹ Sequoia Living (formerly Northern California Presbyterian Homes and Services) is a non-profit provider of senior living.

² According to MOHCD, if the City’s loan had the standard three percent interest rate, the tax credit investor’s tax losses would exceed their equity contribution, which would trigger a capital gains tax when they exit the project.

- Declaration of Restrictions, which requires the Project Sponsor to maintain the housing affordability levels defined in the loan agreement for the life of the project, even after the loan is paid in full or otherwise satisfied;
- The promissory note for the loan; and
- The Deed of Trust between Mercy Housing California 108, L.P. and Old Republic Title Company, on behalf of the City as lender.
- City Option and Right of First Refusal to acquire the land and the improvements (which will be owned by the project sponsor) in the event of default or disposition of the property after the tax credit compliance period. The purchase price would be net of outstanding City loan.

Unit Mix and Income Levels

The Loan Agreement and the Declaration of Restrictions outlines the maximum unit levels by unit size and rent requirements for the Project. The unit mix by maximum income level is shown in Exhibit 1 below. Of the 146 units, 145 units must be rented to seniors who are 55 years old or older. In addition, 145 units must be rented to homeless households or those at risk of homelessness as long as the City provides rental subsidies to the project through the Local Operating Subsidy Program (LOSP). Rents may not exceed 30 percent of the maximum income level for the unit. Affordability restrictions are in place for the life of the project.

Exhibit 1: Unit Mix and Maximum Income Level for 1633 Valencia

Unit Size	Maximum Income Level	Number of Units
Studio	50% of AMI	145
Two-Bedroom	Unrestricted (Manager’s Unit)	1
Total		146

Source: Draft Declaration of Restrictions

LOSP Grant Agreement

Under the proposed LOSP grant agreement, the LOSP subsidy will include an amount for operations, reflecting the projected annual shortfall for the project, and a “Senior Loan Repayment amount” of \$1,158,969 per year to repay principal and interest on the senior HAF loan. Tenant rents will be equal to 50 percent of the tenant’s household income and may not exceed 30 percent of 50 percent of area median income. Although most LOSP grant agreements have 15-year terms, the term of the proposed agreement is approximately 19 years to align with the term of the HAF loan.

Administrative Code Chapter 120 delegates authority to the MOHCD Director to execute grant agreements under the Local Operating Subsidy Program, subject to annual appropriation of the Board of Supervisors. The proposed grant agreement requires Board of Supervisors’ approval to allow a portion of the LOSP subsidy to repay debt on the private loan, which does not comply

with LOSP guidelines. In addition, the project's lenders and investors require that the City commit to pay debt service on the loan in order to ensure fiscal feasibility of the project and to close on the construction loan according to MOHCD staff.

LOSP funding is subject to annual appropriation approval by the Board of Supervisors, consistent with other LOSP grant agreements. Article 2.7 of the proposed grant agreement requires that the City fund the Senior Loan Repayment amount in each year of the grant agreement. While the City maintains the right to partially terminate the agreement and remove operations funding, the agreement prioritizes the obligation to fund Senior Loan Repayment for project feasibility.

Sponsor Performance

According to the MOHCD loan evaluation, there are no outstanding performance issues with Mercy Housing.

FISCAL IMPACT

Total Development Costs

The total development costs for the Project are \$84.6 million as shown in Exhibit 2 below. Of the approximately \$84.6 million in sources for the Project, \$41.0 million (49%) are City funds and \$43.6 million (51%) are private funds (which benefit from tax credits awarded to the project). If the Project receives an AHP loan, the City loan will be reduced to \$39.0 million (46%).

Exhibit 2: Total Development Costs

Sources and Uses	Amount
<u>Sources</u>	
City Loan	\$41,036,048
SFHAF Permanent Loan	16,000,000
Tax Credit Equity	27,569,430
Sponsor Contribution	100
Total Sources	\$84,605,578
<u>Uses</u>	
Acquisition	5,630,433
Hard Costs (incl. 5.0% contingency)	56,841,842
Soft Costs (incl. 5.2% contingency)	17,025,471
Developer Fee	2,500,000
Reserves	2,607,832
Total Uses	\$84,605,578

Source: MOHCD

LOSP Subsidy for Operations and Debt Service

The LOSP subsidy amounts under the proposed grant agreement are the difference between the rent paid by individual tenants, which is capped at a fixed percentage of a tenant’s income, and the estimated cost to operate the facilities. The projected subsidy funding schedules are specified in Exhibit A of the proposed grant agreement. The LOSP subsidy is contingent on the annual General Fund appropriation to HSH, under work orders with MOHCD, by the Board of Supervisors. The proposed grant agreement will require that the City pay the LOSP subsidy for debt service in each year of the agreement, starting in 2027.

Over the 19-year term of the agreement, the LOSP subsidy for debt service will be \$20,861,442, and the LOSP subsidy for operations is estimated to be \$59,923,964, as shown in Exhibit 3 below. The total LOSP subsidy is estimated to be \$80,785,406, which reflects the not to exceed amount of the proposed resolution for the grant agreement.

Exhibit 3: Annual LOSP Subsidy and Not to Exceed Amount

Calendar Year	LOSP A Operations	LOSP B Debt Service	Total LOSP
2026	2,235,309		2,235,309
2027	2,317,201	1,158,969	3,476,170
2028	2,403,841	1,158,969	3,562,810
2029	2,493,604	1,158,969	3,652,573
2030	2,586,604	1,158,969	3,745,573
2031	2,682,953	1,158,969	3,841,922
2032	2,781,925	1,158,969	3,940,894
2033	2,885,304	1,158,969	4,044,273
2034	2,992,399	1,158,969	4,151,368
2035	3,103,341	1,158,969	4,262,310
2036	3,218,264	1,158,969	4,377,233
2037	3,337,310	1,158,969	4,496,279
2038	3,459,644	1,158,969	4,618,613
2039	3,587,345	1,158,969	4,746,314
2040	3,719,618	1,158,969	4,878,587
2041	3,813,484	1,158,969	4,972,453
2042	3,954,322	1,158,969	5,113,291
2043	4,100,200	1,158,969	5,259,169
2044	4,251,296	1,158,969	5,410,265
Total	59,923,964	20,861,442	80,785,406

Source: Proposed LOSP Grant Agreement Exhibit A

City Subsidy per Housing Unit

Total development costs are \$84.6 million, \$579,490 per unit, or \$1,469 per square foot. The City’s total subsidy for the housing development costs is \$41.0 million, or \$281,069 per unit, as

shown in Exhibit 3 below. If we include the present value of the City’s payment of debt service on the private loan (approximately \$13.3 million), the total City subsidy for development of the project is \$54.3 million, or approximately \$372,000 per unit.

Exhibit 3: City Subsidy for Affordable Housing Units

Number of Units	146
Total residential area (sq. ft.)	57,594
Development Cost	\$84,605,578
Total City Subsidy	\$41,036,048
Development cost per unit	\$579,490
City Subsidy per unit	\$281,069
City Subsidy per sq. ft.	\$713

Source: MOHCD

According to the MOHCD loan evaluation the construction cost per unit for the proposed project (\$403,026) is 30 percent lower than that of comparable projects (\$572,000). However, the construction cost per square foot (\$855) is 18 percent greater than that of comparable projects due to the small size of the units. However, the report notes that construction costs per square foot are 13 percent lower than a recently completed project (180 Jones at \$979 per square foot) that also has small units. Cost savings compared to 180 Jones are attributed to the efficient design, shorter development timeline, and design-build process.

Operating Budget

According to the 20-year cash flow analysis for the project, the project will have sufficient revenues to cover operating expenses, reserves, management fees, and debt service on the HAF loan, which will be covered by City payments under the LOSP grant agreement. Project revenues consist of tenant rents and subsidies from LOSP for both operating costs and debt service. The project is not expected to generate any residual receipts (i.e. net income after operating expenses) to repay the City loan.

Funding Sources for City Loan and LOSP

The source of funds for the City loan is 2020 Health and Recovery General Obligation Bond funds, administered by the Department of Homelessness and Supportive Housing. According to the MOHCD loan evaluation, use of this funding source for the proposed loan is subject to approval by the City Attorney and outside bond counsel that the GO bonds may be used for loans. According to MOHCD staff, the City Attorney’s Office believes the proposed loan is an appropriate use of 2020 Health and Recovery General Obligation Bond proceeds.

The source of funds for the LOSP subsidy is the General Fund.

POLICY CONSIDERATION

HAF-Funded Predevelopment and Construction to Reduce Requirements and Costs

It is MOHCD’s general practice to provide funding for new affordable housing projects for predevelopment and to provide permanent financing at construction loan close to help finance construction. For the 1633 Valencia project, the City is providing funding for the project at permanent financing conversion, which allows the project to be developed at reduced cost. Because development of the project through construction is being funded privately (through the HAF and tax credits), the developer is subject to fewer regulations compared to what is required for other affordable housing projects that receive funding from the City prior to construction and is not subject to the same accessibility standards³ or procurement requirements. While the project must comply with First source Hiring and prevailing wage requirements, the project is not subject to local business enterprise contracting requirements, public art requirements, and other requirements. While these requirements advance policy goals, they add cost to affordable housing development.

The Tahanan project, which used a similar model, cost approximately \$377,000 per unit and was developed in three years and one month according to a December 2022 Evaluation of the Homes for the Homeless Fund by the Urban Institute. The estimated costs for the proposed 1633 Valencia project are \$579,490 per unit. The MOHCD loan evaluation attributes the higher cost of the proposed project to construction cost escalation and the use of on-site construction rather than modular construction, which was used for the Tahanan project.

HAF Funding for the Project

The financing structure is possible due to significant funding from the HAF for predevelopment and construction. The HAF provided or will provide the following loans:

- A predevelopment loan for up to \$4,926,022, with a three percent interest rate and origination fee of 0.45 percent through construction loan close
- A below-market rate construction loan of up to \$18,815,937, with a 29-month term and a 4.9 percent interest rate
- A permanent loan for up to \$16.0 million, with a 20-year term and a three percent interest rate (to be repaid by the proposed LOSP subsidy)

The HAF is able to provide significant funding to the project due to private and/or philanthropic funding received for projects that can be developed more quickly and at lower costs than typical affordable housing projects. According to the MOHCD loan evaluation, the HAF is securing \$50 million in private funding for a new “innovation-focused fund”, with the 1633 Valencia project as the first project to receive funding. For now, the HAF is providing funding for the 1633 Valencia

³ According to the MOHCD loan evaluation, 22 units (15%) will meet San Francisco Building Code Chapter 11B accessibility standards, which apply to public buildings, and the remaining 124 units (85%) will meet Building chapter 11A adaptability standards, which apply to private construction of housing.

project itself while continuing to fundraise from philanthropic and corporate partners. None of the fundraising has closed and negotiations are subject to non-disclosure agreements.

If the City were to provide a larger permanent loan instead of the HAF providing a loan and the City paying debt service, there would be interest cost savings of approximately \$4.9 million to the project. However, the City would need to provide additional funding at permanent conversion, and according to MOHCD staff, there is not sufficient funding from the proposed funding source (2020 Health and Recovery GO Bonds).

Developer to Own Land

The City subsidy per unit for 1633 Valencia (\$372,000 per unit including the present value of debt service payments) is greater than comparable projects (approximately \$250,00 per unit) because the City is funding a higher proportion of development costs compared to other projects. However, the City will not own the land for 1633 Valencia, which is MOHCD's practice for new development projects.⁴ The project sponsor (Mercy) will own the land and the improvements, and the City will ensure long-term affordability of the project through a Declaration of Restrictions, the City Option to Purchase, and Right of First Refusal. According to MOHCD staff, this structure will enable the project to be developed at reduced cost as ground leasing the land to the project sponsor prior to permanent loan conversion would require that the project comply with City requirements described above, including local business enterprise and public art requirements.

Annual General Fund Appropriation for Debt Service

Because approval of the proposed resolution commits the City to annual General Fund appropriations of \$1,158,969 to fund the project's debt service for 18 years, and the City will not own the project's land, approval of the proposed resolution is a policy matter for the Board of Supervisors.

RECOMMENDATION

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

⁴ It is MOHCD's general practice to own the land for new affordable housing projects and enter into a ground lease with the project sponsor for up to 99 years to ensure the affordability of the project over the term of the ground lease.

**LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
2020 HEALTH & RECOVERY GENERAL OBLIGATION BOND)**

By and Between

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

and

MERCY HOUSING CALIFORNIA 108, L.P.,
a California limited partnership

for

**1633 VALENCIA STREET
1633 Valencia Street, San Francisco, CA**

[\$41,036,048]
2020 HEALTH & RECOVERY GENERAL OBLIGATION BOND

Dated as of _____, 2024

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 DEFINITIONS	2
1.1 Defined Terms	2
1.2 Interpretation	11
ARTICLE 2 FUNDING	12
2.1 Funding Amount	12
2.2 Use of Funds	12
2.3 Accounts; Interest	12
2.4 Records	12
2.5 Conditions to Additional Financing	12
ARTICLE 3 TERMS	12
3.1 Maturity Date	12
3.2 Compliance Term; Declaration of Restrictions	13
3.3 Interest	13
3.4 Default Interest Rate	13
3.5 Repayment of Principal and Interest	13
3.6 Changes in Funding Streams	13
3.7 Additional City Approvals	13
ARTICLE 4 CLOSING; DISBURSEMENTS	14
4.1 Generally	14
4.2 Closing	14
4.4 Conditions Precedent to Closing	14
4.5 Disbursement of Funds	17
ARTICLE 6 MARKETING	17
6.1 Marketing and Tenant Selection Plan	17
6.2 Affirmative Marketing Elements	18
6.3 Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements	18
6.4 Marketing Records	19
ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS	19
7.1 Term of Leasing Restrictions	19

7.2	Borrower's Covenant	19
7.3	Rent Restrictions	20
7.4	Certification	21
7.5	Form of Lease	21
7.6	Nondiscrimination	21
7.7	Security Deposits	21
	ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT	22
8.1	Borrower's Responsibilities	22
8.2	Contracting With Management Agent	22
8.3	Borrower Management	22
	ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS	23
9.1	Approvals	23
9.2	Borrower Compliance	23
	ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS	24
10.1	Generally	24
10.2	Monthly Reporting	
10.3	Annual Reporting	24
10.4	Capital Needs Assessment	24
10.5	Project Completion Report	
10.6	Response to Inquiries	24
10.7	Delivery of Records	25
10.8	Access to the Project and Other Project Books and Records	25
10.9	Records Retention	25
	ARTICLE 11 USE OF INCOME FROM OPERATIONS	25
11.1	Project Operating Account	25
	ARTICLE 12 REQUIRED RESERVES	26
12.1	Replacement Reserve Account	26
12.2	Operating Reserve Account	26
12.5	Other Reserve Requirements	27
	ARTICLE 13 DISTRIBUTIONS	27
13.1	Definition	27
13.2	Conditions to Distributions	27
13.3	Prohibited Distributions	27

13.4	Borrower's Use of Residual Receipts for Development	28
	ARTICLE 14 SYNDICATION PROCEEDS	28
14.1	Distribution and Use	28
	ARTICLE 15 DEVELOPER FEES	28
15.1	Amount	28
	ARTICLE 16 TRANSFERS	28
16.1	Permitted Transfers/Consent	28
	ARTICLE 17 INSURANCE AND BONDS; INDEMNITY	29
17.1	Borrower's Insurance	29
17.2	Borrower's Indemnity Obligations	29
17.4	No Limitation	30
	ARTICLE 18 HAZARDOUS SUBSTANCES	30
18.1	Borrower's Representations	30
18.2	Covenant	31
18.3	Survival	31
	ARTICLE 19 DEFAULT	32
19.1	Event of Default	32
19.2	Remedies	34
19.3	Force Majeure	35
	ARTICLE 20 REPRESENTATIONS AND WARRANTIES	35
20.1	Borrower Representations and Warranties	35
	ARTICLE 21 NOTICES	36
21.1	Written Notice	36
21.2	Required Notices	36
	ARTICLE 22 GENERAL PROVISIONS	37
22.1	Subordination	37
22.2	No Third Party Beneficiaries	37
22.3	No Claims by Third Parties	37
22.4	Entire Agreement	37
22.5	City Obligations	37
22.6	Borrower Solely Responsible	37
22.7	No Inconsistent Agreements	38
22.8	Inconsistencies in City Documents	38

22.9	Governing Law; Venue	38
22.10	Joint and Several Liability	38
22.11	Successors	38
22.12	Reserved	38
22.13	Severability	38
22.14	Time	39
22.15	Further Assurances	39
22.16	Binding Covenants	39
22.17	Consent	39
22.18	Counterparts	39
22.19	Borrower's Personnel	39
22.20	Borrower's Board of Directors	39
22.21	Exhibits	39

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EXHIBITS

A	Schedules of Income and Rent Restrictions
B-1	Table of Sources and Uses of Funds
B-2	Annual Operating Budget
B-3	20-Year Cash Flow Proforma
C	Form of Tenant Income Certification
D	Reserved
E	Governmental Requirements
F	Lobbying/Debarment Certification Form
G	Form of Annual Monitoring Report
H	Tenant Selection Plan Policy
I	MOHCD Tenant Screening Criteria Policy
J	Developer Fee Policy
K	Hold Harmless Policy
L	Insurance Requirements
M	Reserved
N	Reserved
O	Reserved
P	MOHCD Residual Receipts Policy

LOAN AGREEMENT
(City and County of San Francisco
(2020 Health & Recovery General Obligation Bond)
(1633 Valencia Street)

THIS LOAN AGREEMENT ("Agreement") is entered into as of [_____], 2024 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **MERCY HOUSING CALIFORNIA 108, L.P.**, a California limited partnership ("Borrower").

RECITALS

A. On November 3, 2020, the voters of the City and County of San Francisco approved Proposition A (Ordinance 116-20), which provided for the issuance of up to \$487.5 million in general obligation bonds to finance the acquisition or improvement of real property, including facilities to house and/or deliver services for persons experiencing mental health challenges, substance use disorder, and/or homelessness; parks, open space, and recreation facilities, including green and climate resilient infrastructure; and streets, curb ramps, street structures and plazas (the "2020 Health & Recovery GO Bond"). To the extent permitted by law, the City intends to reimburse with proceeds of the 2020 Health & Recovery GO Bond amounts disbursed under this Agreement to Borrower for the development and construction of permanent supportive housing. The funds provided under this Agreement will be referred to herein as the "Funds."

B. Borrower owns a fee interest in the real property located at 1633 Valencia Street, San Francisco, California (the "Site"). Borrower desires to use the Funds to repay construction financing that supported the construction of a 146-unit (including one manager's unit) permanent supportive housing development affordable to low-income households and targeted to serve seniors age 55 and older who are Homeless, plus resident common areas and supportive services space, which will collectively be known as 1633 Valencia Street (the "Project"). The maximum income and rent requirements set forth in **Exhibit A** will remain in effect even if the Local Operating Subsidy is no longer available to the Project, as further described in **Exhibit A**.

C. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make a loan of Funds to Borrower (the "Loan") in the amount of up to [Forty One Million Thirty Six Thousand Forty Eight and No/100 Dollars (\$41,036,048.00)] (the "Funding Amount") under this Agreement to fund certain costs related to the Project.

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

1. A Construction Loan made by The San Francisco Housing Accelerator Fund, a California nonprofit public benefit corporation ("SFHAF") in the amount of [Eighteen

Million Eight Hundred Fifteen Thousand Nine Hundred Thirty Seven and No/100 Dollars (\$18,815,937)] (“HAF Construction Loan”);

2. A Construction and Permanent Loan in the amount Sixteen Million and No/Dollars (\$16,000,000) originally made by SFHAF and assigned to Senior Lender (the "Senior Loan");

3. a senior tax exempt construction loan from Zions Bancorporation, N.A. dba California Bank & Trust to Borrower in the amount of [Forty Two Million Six Hundred Thirty Four Thousand Seven Hundred Sixty Six and No/100 Dollars (\$42,634,766)];

4. federal low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Preliminary Reservation of Low Income Housing Tax Credits dated [_____]; and

5. an equity contribution from Borrower’s general partner in the amount of One Hundred and No/100 Dollars (\$100.00).

E. On [_____], 2024, the City’s Board of Supervisors and the Mayor approved this Agreement by Resolution No. [_____] for the purpose of developing the Project.

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

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

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

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

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

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

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

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

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

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

"Borrower" means Mercy Housing California 108, L.P., a California limited partnership, whose general partner is Mercy Housing California 108 LLC, and its authorized successors and assigns.

“Cash Out Policy” means the MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, And Refinancing Policy dated June 19, 2020, as it may be amended from time to time.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement.

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

"City Documents" means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions, the Developer Fee Agreement, the Purchase Option and Right of First Refusal Agreement, the LOSP Agreement, and any other documents executed or, delivered in connection with this Agreement.

“Purchase Option and Right of First Refusal Agreement” means that option and right of first refusal agreement entered into by borrower and City on or about date hereof.

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

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

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

"Completion Date" means the date Borrower has completed construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion.

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

“Conversion Date” means the date on which construction financing for the Project is either repaid, using the Loan funds, or converted into permanent financing and the Deed of Trust and Declaration of Restrictions have been recorded in the Official Records.

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

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

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

"Developer" means Mercy Housing California, a California nonprofit public benefit corporation, and its authorized successors and assigns.

“Developer Fee Policy” means the MOHCD Policy on Development Fees for Tax Credit Projects dated October 16, 2020, as amended from time to time, attached hereto as **Exhibit J**.

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

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

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

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

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

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

"Environmental Laws" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 ("NEPA") (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

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

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

"Excess Proceeds" means Development Proceeds remaining after payment of Development Expenses. For the purposes of determining Excess Proceeds, no allowed Project Expenses may be included in Development Expenses.

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

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

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

"General Partner" means Mercy Housing California 108 LLC, a California limited liability company.

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency,

authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

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

"HCD" means the California Department of Housing and Community Development.

"Hold Harmless Policy" means the Hold Harmless Policy for MOHCD's Income Limits & Maximum Rents dated May 3, 2019, as amended from time to time, attached hereto as **Exhibit K**.

"Homeless" means an individual or a family who lacks a fixed, regular, and adequate nighttime residence and who has a primary nighttime residence in one or more of the following categories: (a) Anyone staying in a mission or homeless or domestic violence shelter, i.e., a supervised public or private facility that provides temporary living accommodations; (b) Anyone displaced from housing due to a disaster situation; (c) Anyone staying outdoors; for example, street, sidewalk, doorway, park, freeway underpass; (d) Anyone staying in a car, van, bus, truck, RV, or similar vehicle; (e) Anyone staying in an enclosure or structure that is not authorized or fit for human habitation by building or housing codes, including abandoned buildings ("squats") or sub-standard apartments and dwellings; (f) Anyone staying with friends and/or extended family members (excluding parents and children) because they are otherwise unable to obtain housing; (g) Any family with children staying in a Single Room Occupancy (SRO) hotel room (whether or not they have tenancy rights); (h) Anyone staying in temporary housing for less than 6 months where the accommodations provided to the person are substandard or inadequate (for example, in a garage a very small room, or an overly crowded space); (i) Anyone staying in a Single Room Occupancy (SRO) hotel room without tenancy rights; (j) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who is now incarcerated, hospitalized, or living in a treatment program, half-way house, transitional housing; or (k) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who has obtained and resided in supportive housing or permanent housing for less than 30 days.

"Homeless Household" means a household that meets the referring agency's definition of Homeless Household for initial occupancy and upon available vacancies thereafter, as per the LOSP Agreement.

“HSH” means the San Francisco Department of Homelessness and Supportive Housing, or other successor agency.

"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.

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

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

"Indemnitee" means, individually or collectively, (i) City, including MOHCD and all commissions, departments, agencies and other subdivisions of City; (ii) City's elected officials, directors, officers, employees, agents, successors and assigns; and (iii) all persons or entities acting on behalf of any of the foregoing.

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

“Life of the Project” means the period of time in which the Project continues to operate as a multi-family apartment project substantially similar to its current condition in terms of square footage and number of units, and in the event the Project is substantially damaged or destroyed by fire, the elements, an act of any public authority or other casualty, and is subsequently replaced by a multi-family residential project substantially similar to its current condition in terms of square footage and number of units, the life of such replacement project will be deemed to be a continuation of the life of the Project.

“Limited Partner” means [NEF Assignment Corporation, an Illinois not-for-profit corporation], and its permitted successors and assigns.

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

“Local Operating Subsidy” means an operating subsidy provided by the City to Borrower for the operation of the Project, the amount of which is sufficient to permit Borrower to operate the Project in accordance with the terms of this Agreement with Qualified Tenants at income levels specified by MOHCD in writing which are below those set forth in **Exhibit A**.

"Local Operating Subsidy Program" or “LOSP” means the program administered by MOHCD that regulates the distribution of Local Operating Subsidy.

“LOSP Agreement” means the grant agreement between City and Borrower governing the distribution of LOSP funds for the Project.

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

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

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

"Median Income" means median income as published annually by MOHCD for the City and County of San Francisco, adjusted solely for household size, and derived in part from the income limits and area median income determined by HUD for the San Francisco area, but not adjusted for a high housing cost area (also referred to as unadjusted median income).

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

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

"Note" means the promissory note executed by Borrower in favor of the City in the original principal amount of the Funding Amount, in form and substance acceptable to the City.

"Official Records" means the official records of San Francisco County.

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

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

"Partnership Agreement" means the Amended and Restated Limited Partnership Agreement of the Borrower dated as of [_____], 2024, as amended from time to time.

"Partnership Fees" means annual partnership management fees in the amount of \$25,999, escalating 3.5% per year, and annual investor services fees in the amount of \$5,000, as each is shown in the Annual Operating Budget approved by the City.

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

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

approves in writing in its escrow instructions, including, but not limited to the deed of trust securing the Senior Loan.

“Preferences and Lottery Manual” means MOHCD’s Marketing, Housing Preferences and Lottery Procedures Manual dated October 19, 2020, as amended from time to time.

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

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

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (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 or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) annual monitoring fees and all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement or the Partnership Agreement; (f) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; and (g) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account). Partnership Fees are not Project Expenses.

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including, but not limited to, the following: (a) rents, fees, charges, and deposits (other than tenant’s refundable security deposits); (b) Section 8 or other rental subsidy payments received for the Project, supportive services funding (if applicable); (c) price index adjustments and any other rental adjustments to leases or rental agreements; (d) proceeds from vending and laundry room machines; (e) the proceeds of business interruption or similar insurance; (f) any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established; (g) reimbursements and other charges paid to Borrower in connection with the Project; and (h) other consideration actually received from the operation of the Project, including non-residential uses of the Site. Project Income does not include interest accruing on any portion of the Funding Amount or tenant’s refundable security deposits.

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

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

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

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

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

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

"Residual Receipts Policy" means the Mayor's Office of Housing and Community Development Residual Receipts Policy effective April 1, 2016, as amended from time to time, attached hereto as **Exhibit P**.

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

"Senior Lender" means Bay Area Housing Innovation Fund, LLC, a California limited liability company, and its permitted successors or assigns, the holder of the Senior Loan.

"Senior Lien" has the meaning set forth in **Section 22.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" means the real property described in **Recital C** of this Agreement.

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

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

"TCAC" means the California Tax Credit Allocation Committee.

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

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

"Title Policy" means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

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

"Unit" means a residential rental unit within the Project.

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

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

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

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

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

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance repayment of construction financing utilized to construct a 146-unit (including one manager's 2-BR unit) permanent supportive housing development affordable to low-income households and targeted to serve seniors age 55 and older who are Homeless, plus a ground floor community room, laundry room, offices for property management, bike room, and a supportive services suite area with case management and resident services offices. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to the Agreement Date. Notwithstanding the foregoing, City will not approve any expenditure of Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the 2020 Health and Recovery General Obligation Bond.

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

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

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

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

3.1 Maturity Date. Borrower will repay all amounts owing under the City Documents on the date that is the fifty fifth (55th) anniversary of the Conversion Date (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower will comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and continuing for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before the end of the Compliance Term.

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of one percent (1%) per annum, as provided in the Note.

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

3.5 Repayment of Principal and Interest. Except as set forth in Sections 3.5.1 and 3.5.2 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note. Except as set forth in the Note, no prepayment of the Loan will be permitted without the prior written consent of the City in its sole and absolute discretion.

3.5.1 Notification and Repayment of Excess Proceeds. Borrower will notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its Limited Partner or other financing sources. Borrower will repay all Excess Proceeds to the City no later than sixty (60) days after receipt of such notification, unless the City has elected to waive such payment. The City will use such Excess Proceeds to reduce the balance of the Loan.

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

3.7 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement will be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way

modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property will require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

3.8 Reserved.

ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan only upon satisfaction of all conditions precedent in this Section as follows:

(a) Borrower will 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: (1) this Agreement; (2) the Note; (3) the Deed of Trust; (4) the Declaration of Restrictions; (5) the Developer Fee Agreement; (6) the Authorizing Resolutions; (7) the Opinion; (8) LOSP Agreement; (9) the Purchase Option and Right of First Refusal Agreement; and any other documents reasonably requested by the City.

(b) Reserved.

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

(d) Borrower has completed construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; and

(e) A certificate, satisfactory to MOHCD, from either the Borrower's architect or engineer, stating that (1) the Project has been constructed substantially in accordance with the Plans and Specifications and is free from defects in materials and workmanship, and (2) the construction of the Project and the intended operation of the Project are in substantial compliance with the applicable zoning, environmental, preservation and all other applicable laws, ordinances, rules, regulations, restrictions and governmental requirements.

(f) Borrower has achieved occupancy of [ninety five percent (95%)] of the Units by no later than [thirty (30)] days prior to the Conversion Date.

(g) Borrower will have used best efforts to secure non-City operating or rent subsidies to supplement or replace the operating portion of the LOSP grant. If Borrower is unsuccessful, Borrower must provide evidence of infeasibility of other options to MOHCD.

(h) Borrower must have submitted an application for an AHP loan for permanent financing of the Project to the Federal Home Loan Bank of San Francisco in 2025. If Borrower's submitted application for the AHP loan is subsequently denied, Borrower will apply again in 2026. If the Borrower submits an application in 2026, this condition shall be deemed satisfied, provided MOHCD reviews and approves Borrower's application assumptions. If awarded AHP funds, and subject to any requirements of the San Francisco Federal Home Loan Bank Affordable Housing Program, Borrower will use the AHP loan amount to repay the SFHAF Construction Loan. Borrower must submit to MOHCD a preliminary AHP application with a self-score prior to submission to Federal Home Loan Bank. Failure to receive an AHP award will not be deemed a failure to satisfy this condition precedent, provided that Borrower otherwise complies with this subsection (h).

(i) Borrower will have used best efforts to lower Project Expenses.

(j) Borrower will have submitted a final services plan and budget for HSH and MOHCD final approval by no later than April 1, 2025, and prior to executing the HSH services contract.

(k) The Borrower will have provided MOHCD with an updated budget in MOHCD format and satisfactory to MOHCD that meets the requirements of MOHCD and the LOSP Policies & Procedures underwriting guidelines including, but not limited to, the following:

(1) Budgets must assume no more than 2.5% annual growth in operating income and no less than 3.5% annual growth in operating expenses.

(2) Residential Vacancy Loss assumption of 5% based on residential rent.

(l) All escrows, reserves and accounts for the Project required as of such date to be funded shall be fully funded in their required amounts, as evidenced by bank statements, or shall be fully funded concurrent with the Loan closing.

(m) Reserved.

(n) Borrower will have delivered a Draft Cost Certification that is being submitted as part of the TCAC Placed in Service Package and IRS Tax Form 8609 Request.

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

(p) Borrower will have delivered to the City: (i) Borrower's Charter Documents; (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection; and (iii) the Opinion. The Charter Documents will be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Conversion Date.

(q) Borrower will have delivered to the City evidence of all insurance policies and endorsements required under **Exhibit L** of this Agreement and, if requested by the City, copies of such policies.

(r) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the Conversion Date.

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

(t) Reserved.

(u) The Escrow Agent will have received and is prepared to record the Declaration of Restrictions and Deed of Trust as valid liens in the Official Records, subject only to the Permitted Exceptions.

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

(w) Zions Bancorporation, N.A. dba California Bank & Trust and HAF will have delivered to MOHCD estoppel certificates that state that no event of default of which it has given written notice remains uncured (or has not otherwise been waived).

(x) Borrower will have received the first, second, third, and fourth capital contributions from the Limited Partner (provided that the fourth capital contribution may be funded concurrent with the Loan closing).

(y) Senior Lender will have executed a subordination agreement in form and substance acceptable to the City, that provides that: (i) Senior Lender subordinates the Senior Lender's deed of trust to the Declaration of Restrictions; and (ii) the City subordinates the Deed of Trust, and the City's rights under that certain option agreement and the memorandum of option to the Senior Lender's deed of trust.

4.5 Disbursement of Funds. Following satisfaction of the Disbursement conditions in **Section 4.3**, the City will deliver the Funding Amount, to the Escrow Agent. Following satisfaction of the Closing conditions in **Section 4.4**, the City will authorize the Escrow Agent to release the Funds in escrow in accordance with the City's escrow instructions.

ARTICLE 5 RESERVED

ARTICLE 6 MARKETING.

Borrower will use access points and accept referrals from HSH, or its successor agencies, or as otherwise approved by HSH, and will comply with the tenant selection criteria approved by the City for all Units during the term of the LOSP Agreement. The below Article 6 provisions shall not apply for so long as the LOSP Agreement is in place, provided, however, that if applicable, Borrower will comply with the requirements below in the event the LOSP Agreement is terminated.

6.1 Marketing and Tenant Selection Plan. No later than sixty (60) days after written request from MOHCD, Borrower will deliver to the City for the City's review and approval an affirmative management and Tenant selection procedure for ongoing renting of the Units based on MOHCD's then-current form (the "Marketing and Tenant Selection Plan") all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower will obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower will market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan will address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan will include as many of the following elements as are appropriate to the Project, as determined by the City:

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

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

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

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

(e) Notices to SFHA.

(f) Notices to MOHCD

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

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

(i) Borrower will use access points and accept referrals from HSH, or its successor agencies.

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

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

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

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

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

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

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

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, One Hundred Forty Five (145) Units will be rented to Tenants who are Homeless and who are seniors 55 years of age or older, during the period in which the City's Local Operating Subsidy Program is in operation and the City provides the Local Operating Subsidy to the Project.

(b) A Tenant who is a Qualified Tenant at initial occupancy will not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit will be rented only to Qualified Tenants as provided in this **Article 7**.

7.3 Rent Restrictions.

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

(b) Subject to the Hold Harmless Policy, rents for all Units may be increased once annually up to the maximum monthly rent by unit type as published by MOHCD.

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

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

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

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

7.4 Certification.

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

(b) Borrower will require each Qualified Tenant in the Project to recertify to Borrower on an annual basis the Qualified Tenant's household income and in accordance with applicable tax credit requirements.

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

7.5 Form of Lease. The form of lease for Tenants will provide for termination of the lease and consent to immediate eviction for failure to: (i) qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification, or (ii) submit to Borrower an annual recertification of income. The initial term of the lease will be for a period of not less than one (1) year. Borrower will not terminate the tenancy or refuse to renew any lease of a Unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Laws or other good cause. Any termination or refusal to renew the lease for a Unit will be preceded by not less than thirty (30) days' written notice to the Tenant specifying the grounds for the action.

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

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

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

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

8.2 Contracting With Management Agent.

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

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

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

8.4 Damage and Destruction.

(a) If the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Borrower under this Agreement, Borrower will promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof before such damage or destruction.. All proceeds of any policy of insurance required to be maintained by Borrower under this

Agreement will, subject to any applicable rights of Senior Lender, be used by Borrower for that purpose and Borrower will make up from its own funds or obtain additional financing as reasonably approved by the City any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost.

(b) If (i) more than 50% of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost to complete the restoration is not covered by insurance required to be carried under this Agreement; and (ii) in the reasonable opinion of Borrower, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Borrower any feasible source of third party financing for restoration reasonably acceptable to Borrower; then all insurance proceeds and damages payable by reason of the casualty will be divided among City, Borrower, and secured lenders in accordance with the provisions of **Section 8.4(c)**. If it appears that the provisions of this **Section 8.4(b)** may apply to a particular event of damage or destruction, Borrower will notify the City promptly and not consent to any settlement or adjustment of an insurance award without the City's written approval, which approval will not be unreasonably withheld or delayed.

(c) If Borrower elects not to complete the restoration of the Improvements as provided in **Section 8.4(b)**, then the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Borrower hereunder will be as follows: First to the Senior Lender and then the City and any other secured lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective mortgages and applicable Law; and Second, the remainder to Borrower.

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

9.2 Borrower Compliance. Borrower will comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

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

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

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

10.2 reserved

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

10.4 Capital Needs Assessment. In accordance with the CNA Policy, Borrower will deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval.

10.5 reserved

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

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

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

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

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

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

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

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

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

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

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

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

(b) Monthly deposits will equal the lesser of: (i) 1/12th of 0.6% of Replacement Cost; or (ii) 1/12th of the following amount: \$[87,600].

After the Project's first five (5) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA.

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

12.2 Operating Reserve Account.

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

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

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds

(including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

12.3 Lease-Up and Stabilization Reserve. Commencing no later than the Conversion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing lease-up and stabilization reserve depository account (the "Stabilization Reserve Account") in the amount of [Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000)]. Borrower may withdraw funds from the Stabilization Reserve Account solely to pay for nonpayment of rent, legal, additional management and maintenance staffing, overtime staffing and site security, repair damages and insurance deductibles during lease-up and the initial three-year stabilization period after lease-up. Any remainder of this reserve not utilized by December 31, 2028 will go to proportionally offset the operations funding amount provided under the LOSP agreement that will be disbursed in January 2029. The City may review the adequacy of deposits to the Stabilization Reserve Account periodically and require adjustments as it deems necessary, subject to availability of funds. Borrower will report on utilization of this reserve in the Project's submittal of Annual Monitoring Reports.

ARTICLE 13 DISTRIBUTIONS.

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

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-2 includes projections of annual Distributions. Exhibit B-2 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that Borrower is not in default under this Agreement or any other agreement entered into with the City and County of San Francisco or the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

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

(a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or

(b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or

(c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

(d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or

(e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or

(f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

ARTICLE 14 SYNDICATION PROCEEDS.

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

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees to the Developer in an amount not to exceed [Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00)] for developing the Project ("Developer Fees"), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement between the City and Developer.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower will not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership

interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion, or any foreclosure, or deed in lieu of foreclosure, by the Senior Lender; (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 or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership 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; (f) 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 where such agreement has been previously approved in writing by the City; or (g) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner approved in advance by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower will procure and keep in effect, and cause its contractors and subcontractors to obtain and maintain at all times during any work or construction activities on the Property, the insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower will indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, until the expiration of the Compliance

Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (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 17.2**, 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 Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower will answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The Indemnitee will give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnitee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnitee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnitee and Borrower. An Indemnitee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower will seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnitee shares in liability with respect thereto.

17.4 No Limitation. Borrower's obligations under **Section 17.2** are not limited by the insurance requirements under this Agreement.

17.5 Survival. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Updated

Phase I Environmental Site Assessment dated April __, 2024, by Langan Engineering and Environmental Services, Inc., Updated Phase I Environmental Site Assessment dated July 6, 2022 by Langan Engineering and Environmental Services, Inc., Phase II Environmental Site Assessment dated May 10, 2021 by Langan Engineering and Environmental Services, Inc., or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

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

18.3 Survival. Borrower and City agree that this Article 18 is intended as City's written request for information (and Borrower's response) concerning the environmental condition of the Site as security as required by California Code of Civil Procedure § 726.5; and each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the Site as security is intended by City and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure § 736, and as such it is expressly understood that Borrower's duty to indemnify City hereunder will survive: (a) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof, (b) the release and reconveyance or cancellation of the Deed of Trust; and (c) the satisfaction of all of Borrower's obligation under the City Documents.

ARTICLE 19 DEFAULT.

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

(a) Borrower fails to make any payment required under this Agreement within ten (10) days after the date when due; or

(b) Any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(c) Borrower fails to perform or observe any other term, covenant or agreement contained in any City Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

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

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

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

substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

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

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

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

(j) Either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, subject only to Permitted Exceptions; or

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project, provided that, if the Borrower provides an alternate funding source to cover a loss of funding or rental subsidy that is reasonably satisfactory to the City, a material adverse impact shall not be deemed to have occurred; or

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

(n) reserved; or

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

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

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

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

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

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

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

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

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

(g) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance

of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls, including, but not limited to, government health orders related to a pandemic or epidemic; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

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

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the City, the Department of Industrial Relations, or any Governmental Agency, nor has Borrower, any of its principals or its general contractor, if applicable, been suspended, disciplined or prohibited from contracting with the City or any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily

excluded from receiving the Funds on the Agreement Date. In addition, Borrower 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 in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

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

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

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

ARTICLE 21 NOTICES.

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

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

To Borrower: Mercy Housing California 108, L.P.,
Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Attn: Director

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

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

Balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust shall be subordinated to the Senior Lender's deed of trust, and may be subordinated to other financing secured by and used for development of the Project (in each case, a "**Senior Lien**"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval. The Declaration of Restrictions will not be subordinated to any financing secured by and used for the Project.

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

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

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

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

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

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

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

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

22.9 Governing Law; Venue. This Agreement is governed by California law and the City's Charter and Municipal Code without regard to its choice of law rules. Any legal suit, action, or proceeding arising out of or relating to this Agreement shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Agreement has been brought in an inconvenient forum. The Parties also unconditionally and irrevocably waive any right to remove any such suit, action, or proceeding to Federal Court.

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

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

22.12 Reserved.

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

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

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

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

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

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

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

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

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

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification

D Reserved
E Governmental Requirements
F Lobbying/Debarment Certification Form
G Form of Annual Monitoring Report
H Tenant Selection Plan Policy
I MOHCD Tenant Screening Criteria Policy
J Developer Fee Policy
K Hold Harmless Policy
L Insurance Requirements
M Reserved
N Reserved
O Reserved
P MOHCD Residual Receipts Policy

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

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

By: _____
Daniel Adams
Director, Mayor's Office of Housing
and Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Jessica Alfaro-Cassella
Deputy City Attorney

BORROWER:

MERCY HOUSING CALIFORNIA 108, L.P., a California limited partnership

By: Mercy Housing California 108 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation, its sole member/manager

By: _____

Name: _____

Its: _____

EXHIBIT A
Schedules of Income and Rent Restrictions

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

Unit Size	No. of Units	Maximum Income Level
Studio	145	50% of Median Income
2-BR	1	Manager's Unit

One Hundred Forty Five (145) Units will be rented at all times to tenants who are seniors age 55 and older.

One Hundred Forty Five (145) Units will be made available to those who are Homeless during the period in which the City's Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP Agreement.

If the LOSP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion, provided that:

(a) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies.

(b) One hundred percent (100%) of the Units formerly under the LOSP will at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed sixty percent (60%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income, (b) less utility allowance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

(c) If the Project continues to demonstrate financial infeasibility after the rent alterations above, to the extent financially feasible as determined in City's reasonable discretion, the City will waive the average income restriction of sixty percent (60%) of Median Income for all Units, and increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided that one hundred percent (100%) of the Units will at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed eighty percent (80%) of area median income, as published by TCAC (the "TCAC Median Income"), and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of eighty percent (80%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert the TCAC Median Income and maximum rent to the corresponding published

MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. The maximum initial occupancy income level restrictions when averaged for all Units in the Project may not exceed sixty percent (60%) of TCAC Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance.

In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. The relief provided by the foregoing will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC, CTCAC, or under any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

2. Rent and Utilities. The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

Rents may be increased as permitted pursuant to Section 7.3 of the Agreement.

3. To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered, but only to the extent necessary for the Project to refinance and repay the full outstanding loan balance by the Maturity Date, as determined in City's reasonable discretion. One hundred percent (100%) of the Units must at all times be occupied by Qualified Households whose adjusted income does not exceed sixty percent (60%) of area median income as determined by TCAC, and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of area median income as determined by TCAC (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of area median income as determined by TCAC and shall be subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. In such event, Borrower will provide the City with a written request no less than one year prior to the Maturity Date, and the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

EXHIBIT B-1

Table of Sources and Uses of Funds

Application Date: 2/1/24 # Units: 146
 Project Name: 1633 Valencia # Bedrooms: 147
 Project Address: 1633 Valencia St # Beds:
 Project Sponsor: Mercy Housing California LOSP Project

SOURCES	Total Sources						Comments
		16,000,000	39,036,048	27,569,430	100	2,000,000	
		SF HAF Permanent Loan	SF Health & Recovery (HSH) Loan	Tax Credit Equity	Sponsor Contribution	AHP Bridge	

USES

ACQUISITION		5,209,464	45,230	330,240	100	5,585,034
Acquisition cost or value		5,209,464	45,230	330,240	100	5,585,034
Legal / Closing costs / Broker's Fee		10,000				10,000
Holding Costs						0
Transfer Tax		35,399				35,399
TOTAL ACQUISITION	0	5,254,863	45,230	330,240	100	5,630,433

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		1,329,321	37,139,167	3,013,162		2,000,000	43,481,650	Include FF&E
* Commercial Shell Construction							0	
* Demolition		456,786					456,786	
Environmental Remediation		196,022					196,022	
* Onsite Improvements/Landscaping		1,003,027	914,178				1,917,205	
* Offsite Improvements		739,728					739,728	
* Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking							0	
GC Bond Premium/GC Insurance/GC Taxes							0	Design-Builder contingency
GC Overhead & Profit				5,281,417			5,281,417	Includes bond/insurance/taxes
CG General Conditions				2,079,598			2,079,598	
Sub-total Construction Costs	0	3,724,884	38,053,345	10,374,177	0	2,000,000	54,152,406	
Design Contingency (remove at DD)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency		2,689,436					2,689,436	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	2,689,436	0	0	0	0	2,689,436	
TOTAL CONSTRUCTION COSTS	0	6,414,320	38,053,345	10,374,177	0	2,000,000	56,841,842	

SOFT COSTS

Architecture & Design								
Architect design fees		1,213,664					1,213,664	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)		771,000		62,719			833,719	
Architect Construction Admin				489,586			489,586	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract	0	1,984,664	0	552,305	0	0	2,536,969	
Other Third Party design consultants (not included under Architect contract)								Design-Build Engineering: \$921,000 (Intermountain Electric-\$375,000, Sullivan Plumbing-\$146,000, O'Brien Mech-\$200,000, Blackrock Concrete-\$100,000, Sit-co-\$10,000, OTIS-\$10,000, Solar-\$14,000, Site Lighting/fire protection/performance-\$51,000) + Owner contract consultants \$391,340 (Commissioning Agent-\$65,000, Permit Consultant-\$120,000, Peer Review Checklist-\$41,040, Joint-Trench Engineer-\$90,000)
Total Architecture & Design	0	2,621,661	0	1,152,348	0	0	3,774,009	
Engineering & Environmental Studies								
Survey		34,282		5,718			40,000	
Geotechnical studies		29,105	90,000	6,195			125,300	Includes Corrosive and geotech engineering in construction
Phase I & II Reports		13,000					13,000	
CEQA / Environmental Review consultants		38,783		129,667			168,450	Vapor Mat Engineering, SMP, final report, Const observation
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants				243,933			243,933	Kanyon Consulting (Tribal Monitoring)-\$175,000, Precita Eyes Mural Restoration-\$68,933
Total Engineering & Environmental Studies	0	115,170	90,000	385,513	0	0	590,683	
Financing Costs								
Construction Financing Costs								
Construction Loan Origination Fee				696,080			696,080	Tax-exempt construction loan, SFHAF Construction loan
Construction Loan Interest			72,703	5,571,173			5,643,876	Tax-exempt construction loan, SFHAF Construction loan, SFHAF perm construction loan interest
Title & Recording				75,000			75,000	
CDLAC & CDIAC fees				19,980			19,980	
Bond Issuer Fees				85,299			85,299	CalHFA App fee, Initial Fee and Monitoring Fee
Other Bond Cost of Issuance				27,000			27,000	Trustee Initial and Fees during construction
Construction Lender Expenses, Admin Fee for Loan Servicing				138,000			138,000	
Sub-total Const. Financing Costs	0	0	72,703	6,612,532	0	0	6,685,235	
Permanent Financing Costs								
Permanent Loan Origination Fee				160,000			160,000	
Credit Enhance. & Appl. Fee							0	
Title & Recording				30,000			30,000	
Sub-total Perm. Financing Costs	0	0	0	190,000	0	0	190,000	
Total Financing Costs	0	0	72,703	6,802,532	0	0	6,875,235	
Legal Costs								
Borrower Legal fees		5,000	8,500	186,500			200,000	
Land Use / CEQA Attorney fees		5,652					5,652	
Tax Credit Counsel				50,000			50,000	
Bond Counsel				75,000			75,000	
Construction Lender Counsel		5,000		75,000			80,000	CHPC
Permanent Lender Counsel				175,000			175,000	
COI Contingency				25,920			25,920	
Total Legal Costs	0	15,652	8,500	587,420	0	0	611,572	
Other Development Costs								
Appraisal		10,688		1,813			12,500	
Market Study		10,000					10,000	
Insurance				694,000			694,000	
Property Taxes							0	
Accounting / Audit				65,000			65,000	
Organizational Costs		6,641		859			7,500	
Entitlement / Permit Fees		618,677		228,613			847,290	Includes Impact Fees, BOE Fees for Soil Offhaul
Marketing / Rent-up		11,283		280,718			292,000	
Furnishings				900,000			900,000	\$2,000/unit: See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees		62,800		269,562			332,362	
TCAC App / Alloc / Monitor Fees		30,002		59,860			89,862	
Financial Consultant fees		25,000		55,000			80,000	
Construction Management fees / Owner's Rep		38,700		159,300			198,000	
Security during Construction							0	
Relocation							0	
Predevelopment Loan and LOC Interest		152,482		6,478			158,960	
Special Inspections				279,000			279,000	
Community Engagement				312,500			312,500	
Total Other Development Costs	0	966,272	0	3,312,702	0	0	4,278,974	
Soft Cost Contingency								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	332,062	16,270	546,666	0	0	894,998	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	0	4,050,817	187,473	12,787,181	0	0	17,025,471	

RESERVES

* Operating Reserves				1,857,832			1,857,832	Capitalized 6 mo
* Replacement Reserves							0	
* Tenant Improvements Reserves							0	
* Lease-up and stabilization reserve			750,000				750,000	See loan evaluation for background
* Other (specify)							0	
* Other (specify)							0	
TOTAL RESERVES	0	0	750,000	1,857,832	0	0	2,607,832	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones		280,000		500,000			780,000	
Developer Fee - Cash-out At Risk				1,720,000			1,720,000	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	0	280,000	0	2,220,000	0	0	2,500,000	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	0	16,000,000	39,036,048	27,569,430	100	2,000,000	84,605,578
Development Cost/Unit as % of TDC by Source	0.0%	18.9%	46.1%	32.6%	0.0%	2.4%	100.0%

Acquisition Cost/Unit by Source	0	35,681	310	2,262	1	0	38,254
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Construction Cost (inc Const Contingency)/Unit By Source	0	43,934	260,639	71,056	0	13,699	389,328
Construction Cost (inc Const Contingency)/SF	0.00	93.23	553.08	150.78	0.00	29.07	826.17

*Possible non-eligible GO Bond/COP Amount: 0
 City Subsidy/Unit: -

Tax Credit Equity Pricing: 0.965
 Construction Bond Amount: 42,799,116
 Construction Loan Term (in months): 28 months
 Construction Loan Interest Rate (as %): 7.08%

EXHIBIT B-2
Annual Operating Budget

Application Date: 2/1/2024
 Total # Units: 146
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

Project Name: 1633 Valencia
 Project Address: 1633 Valencia St
 Project Sponsor: Mercy Housing California

Correct errors noted in Col N!

INCOME	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Residential - Tenant Rents	391,500	0	391,500	Links from 'New Proj - Rent & Unit Mix' Worksheet				2,682
Residential - Tenant Assistance Payments (SOS Payments)	0	0	0	Comments				-
Residential - Tenant Assistance Payments (Other Non-LOSP)	0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet				-
Residential - LOSP Tenant Assistance Payments	2,235,309	0	2,235,309	Links from 'New Proj - Rent & Unit Mix' Worksheet				15,416
Commercial Space	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
"LOSP B" Funding	0	0	0	This is "LOSP B" funding of \$1,158,969 for annual 18 year debt service; first payment due 1/1/2027 so zero for CY 2026.	0.00%	100.00%	Anne/Mike	-
Supportive Services Income	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Laundry and Vending	8,760	0	8,760	Links from 'Utilities & Other Income' Worksheet				60
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	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0					-
Gross Potential Income	2,635,569	0	2,635,569					
Vacancy Loss - Residential - Tenant Rents	(19,575)	0	(19,575)	Vacancy loss is 5% of Tenant Rents.				(134)
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0					-
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
EFFECTIVE GROSS INCOME	2,615,994	0	2,615,994	PUPA: 17,918				

OPERATING EXPENSES	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Management								
Management Fee	140,160	0	140,160	1st Year to be set according to HUD schedule.				960
Asset Management Fee	26,009	0	26,009	\$26,009 for Sponsor Asset Management Fee; \$2,500 for MOHCD asset management fee				178
Sub-total Management Expenses	166,169	0	166,169	PUPA: 1,138				
Salaries/Benefits								
Office Salaries	247,205	0	247,205	Links from 'Staffing' Worksheet				1,693
Manager's Salary	224,496	0	224,496	Links from 'Staffing' Worksheet				1,538
Health Insurance and Other Benefits	152,518	0	152,518	Health Benefits; Retirements				1,045
Other Salaries/Benefits	42,787	0	42,787	Office Salaries, Manager & Maintenance bonuses				293
Administrative Rent-Free Unit	0	0	0					-
Sub-total Salaries/Benefits	667,006	0	667,006	PUPA: 4,569				
Administration								
Advertising and Marketing	5,000	0	5,000					34
Office Expenses	31,000	0	31,000	Office supplies, postage, computer support and software, commuter checks, staff training				212
Office Rent	0	0	0					-
Legal Expense - Property	15,000	0	15,000					103
Audit Expense	11,500	0	11,500					79
Bookkeeping/Accounting Services	24,000	0	24,000					164
Bad Debts	0	0	0					-
Miscellaneous	2,200	0	2,200	Travel, Training, and Employee Recognition				15
Sub-total Administration Expenses	88,700	0	88,700	PUPA: 608				
Utilities								
Electricity	255,000	0	255,000	Based on comparable project actuals, with addition of E hot water				1,747
Water	75,000	0	75,000	Based on comparable project actuals				514
Gas	0	0	0	All Electric				-
Sewer	96,500	0	96,500	Based on comparable project actuals				661
Sub-total Utilities	426,500	0	426,500	PUPA: 2,921				
Taxes and Licenses								
Real Estate Taxes	10,000	0	10,000	100% Welfare Tax Exemption				68
Payroll Taxes	83,800	0	83,800					574
Miscellaneous Taxes, Licenses and Permits	1,500	0	1,500	Business Renewal, Loading Zone renewal				10
Sub-total Taxes and Licenses	95,300	0	95,300	PUPA: 653				
Insurance								
Property and Liability Insurance	265,000	0	265,000	Based on quote dated 3/20/24				1,815
Fidelity Bond Insurance	0	0	0					-
Worker's Compensation	15,000	0	15,000					103
Director's & Officers' Liability Insurance	0	0	0					-
Sub-total Insurance	280,000	0	280,000	PUPA: 1,918				
Maintenance & Repair								
Payroll	341,688	0	341,688	Links from 'Staffing' Worksheet				2,340
Supplies	30,000	0	30,000	Janitorial and maintenance supplies				205
Contracts	126,500	0	126,500	Window washing (25K), FA/FS (30K), Elevator (37.5K), Exterminating (7.5K), Grounds				866
Garbage and Trash Removal	68,000	0	68,000					466
Security Payroll/Contract	146,032	0	146,032	Links from 'Staffing' Worksheet				1,000
HVAC Repairs and Maintenance	20,000	0	20,000					137
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0					-
Miscellaneous Operating and Maintenance Expenses	25,000	0	25,000	Telecommunications				171
Sub-total Maintenance & Repair Expenses	757,220	0	757,220	PUPA: 5,186				
Supportive Services	0	0	0	Links from 'Staffing' Worksheet				-
Commercial Expenses	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-

TOTAL OPERATING EXPENSES	2,480,895	0	2,480,895	PUPA: 16,992				
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Reserves/Ground Lease Base Rent/Bond Fees	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Ground Lease Base Rent	0	0	0	Provide additional comments here, if needed.				-
Bond Monitoring Fee	14,000	0	14,000	Issuer Fee (\$7.5K), Trustee Fee (\$6.5K)	100.00%	0.00%	Anne/Mike	96
Replacement Reserve Deposit	87,600	0	87,600	\$600/PUPY				600
Operating Reserve Deposit	0	0	0					-
Other Required Reserve 1 Deposit	0	0	0					-
Other Required Reserve 2 Deposit	0	0	0					-
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	101,600	0	101,600	PUPA: 696				

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond)	2,582,495	0	2,582,495	PUPA: 17,688				
NET OPERATING INCOME (INCOME minus OP EXPENSES)	33,499	0	33,499	PUPA: 229				

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Hard Debt - First Lender	0	0	0	SFHAF Permanent Loan	0%	100.00%	Anne/Mike	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	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	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0				

CASH FLOW (NOI minus DEBT SERVICE)	33,499	0	33,499					
Commercial Only Cash Flow	0	0	0					-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	0	0	0					-
AVAILABLE CASH FLOW	33,499	0	33,499					

USES OF CASH FLOW BELOW (This row also shows DSCR.)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL								
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	2,500	0	2,500	MOHCD MONITORING FEE				-
Partnership Management Fee (see policy for limits)	25,999	0	25,999	Y1 - 2025 AMF = 26,009; AMF/PMF total: 52,008; PMF = 25,999; "below				3
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	0	5,000					2
Other Payments	0	0	0					1
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 (Enter amt <= Max Fee from cell I130)	0	0	0	#DIV/0!	0%	100.00%	Anne/Mike	-
TOTAL PAYMENTS PRECEDING MOHCD	33,499	0	33,499	PUPA: 229				

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS)	0	0	0					
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Residual Receipts Calculation	Yes	No	Project has MOHCD ground lease?	Yes	No
Does Project have a MOHCD Residual Receipt Obligation?					
Will Project Defer Developer Fee?					
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%				
% of Residual Receipts available for distribution to soft debt lenders if	67%				

Soft Debt Lenders with Residual Receipts Obligations	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCIL - Soft Debt Loans		0.00%
MOHCD/OCIL - Ground Lease Value or Land Acq Cost	\$5,848,928	100.00%
HCD (soft debt loan) - Lender 3		0.00%
Other Soft Debt Lender - Lender 4		0.00%
Other Soft Debt Lender - Lender 5		0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	0	MOHCD res recs to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS	0	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
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Enter order fo

Enter Total MOHCDIC

EXHIBIT B-3
20-Year Cash Flow Proforma

1633 Valencia

Total # Units:	LOSP Units		Comments	Year 1 2026			Year 2 2027			Year 3 2028		
	146	145		LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME	annual inc LOSP	% annual increase										
Residential - Tenant Rents	1.0%	2.5%		391,500	-	391,500	395,415	-	395,415	399,369	-	399,369
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		2,235,309	-	2,235,309	2,317,201	-	2,317,201	2,403,841	-	2,403,841
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	-	-	1,158,969	-	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		8,760	-	8,760	8,979	-	8,979	9,203	-	9,203
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				2,635,569	-	2,635,569	2,721,595	1,158,969	3,880,564	2,812,413	1,158,969	3,971,382
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(19,575)	-	(19,575)	(19,771)	-	(19,771)	(19,968)	-	(19,968)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				2,615,994	-	2,615,994	2,701,824	1,158,969	3,860,793	2,792,445	1,158,969	3,951,414
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	140,160	-	140,160	145,066	-	145,066	150,143	-	150,143
Asset Management Fee	3.5%	3.5%	per MOHCD policy	26,009	-	26,009	26,919	-	26,919	27,861	-	27,861
Sub-total Management Expenses				166,169	-	166,169	171,985	-	171,985	178,004	-	178,004
Salaries/Benefits												
Office Salaries	3.5%	3.5%		247,205	-	247,205	255,857	-	255,857	264,812	-	264,812
Manager's Salary	3.5%	3.5%		224,496	-	224,496	232,353	-	232,353	240,486	-	240,486
Health Insurance and Other Benefits	3.5%	3.5%		152,518	-	152,518	157,856	-	157,856	163,381	-	163,381
Other Salaries/Benefits	3.5%	3.5%		42,787	-	42,787	44,285	-	44,285	45,835	-	45,835
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				667,006	-	667,006	690,351	-	690,351	714,514	-	714,514
Administration												
Advertising and Marketing	3.5%	3.5%		5,000	-	5,000	5,175	-	5,175	5,356	-	5,356
Office Expenses	3.5%	3.5%		31,000	-	31,000	32,085	-	32,085	33,208	-	33,208
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		15,000	-	15,000	15,525	-	15,525	16,068	-	16,068
Audit Expense	3.5%	3.5%		11,500	-	11,500	11,903	-	11,903	12,319	-	12,319
Bookkeeping/Accounting Services	3.5%	3.5%		24,000	-	24,000	24,840	-	24,840	25,709	-	25,709
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		2,200	-	2,200	2,277	-	2,277	2,357	-	2,357
Sub-total Administration Expenses				88,700	-	88,700	91,805	-	91,805	95,018	-	95,018
Utilities												
Electricity	3.5%	3.5%		255,000	-	255,000	263,925	-	263,925	273,162	-	273,162
Water	3.5%	3.5%		75,000	-	75,000	77,625	-	77,625	80,342	-	80,342
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		96,500	-	96,500	99,878	-	99,878	103,373	-	103,373
Sub-total Utilities				426,500	-	426,500	441,428	-	441,428	456,877	-	456,877
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		10,000	-	10,000	10,350	-	10,350	10,712	-	10,712
Payroll Taxes	3.5%	3.5%		83,800	-	83,800	86,733	-	86,733	89,769	-	89,769
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		1,500	-	1,500	1,553	-	1,553	1,607	-	1,607
Sub-total Taxes and Licenses				95,300	-	95,300	98,636	-	98,636	102,088	-	102,088
Insurance												
Property and Liability Insurance	3.5%	3.5%		265,000	-	265,000	274,275	-	274,275	283,875	-	283,875
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		15,000	-	15,000	15,525	-	15,525	16,068	-	16,068
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				280,000	-	280,000	289,800	-	289,800	299,943	-	299,943
Maintenance & Repair												
Payroll	3.5%	3.5%		341,688	-	341,688	353,647	-	353,647	366,025	-	366,025
Supplies	3.5%	3.5%		30,000	-	30,000	31,050	-	31,050	32,137	-	32,137
Contracts	3.5%	3.5%		126,500	-	126,500	130,928	-	130,928	135,510	-	135,510
Garbage and Trash Removal	3.5%	3.5%		68,000	-	68,000	70,380	-	70,380	72,843	-	72,843
Security Payroll/Contract	3.5%	3.5%		146,032	-	146,032	151,143	-	151,143	156,433	-	156,433
HVAC Repairs and Maintenance	3.5%	3.5%		20,000	-	20,000	20,700	-	20,700	21,425	-	21,425
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		25,000	-	25,000	25,875	-	25,875	26,781	-	26,781
Sub-total Maintenance & Repair Expenses				757,220	-	757,220	783,723	-	783,723	811,153	-	811,153
Supportive Services	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				2,480,895	-	2,480,895	2,567,726	-	2,567,726	2,657,597	-	2,657,597
Reserves/Ground Lease Base Rent/Bond Fees												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				2,582,495	-	2,582,495	2,669,326	-	2,669,326	2,759,197	-	2,759,197
NET OPERATING INCOME (INCOME minus OP EXPENSES)				33,499	-	33,499	32,498	1,158,969	1,191,467	33,248	1,158,969	1,192,217
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	-	-	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	-	-	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)				33,499	-	33,499	32,498	-	32,498	33,248	-	33,248
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW				33,499	-	33,499	32,498	-	32,498	33,248	-	33,248
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)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	25,999	-	25,999	24,998	-	24,998	25,748	-	25,748
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase</									

1633 Valencia

Total # Units:	LOSP Units		Comments	Year 4 2029			Year 5 2030			Year 6 2031		
	146	145		LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME	annual inc	% annual increase										
Residential - Tenant Rents	1.0%	2.5%		403,363	-	403,363	407,396	-	407,396	411,470	-	411,470
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		2,493,604	-	2,493,604	2,586,604	-	2,586,604	2,682,953	-	2,682,953
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		9,434	-	9,434	9,669	-	9,669	9,911	-	9,911
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				2,906,401	1,158,969	4,065,370	3,003,670	1,158,969	4,162,639	3,104,335	1,158,969	4,263,304
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(20,168)	-	(20,168)	(20,370)	-	(20,370)	(20,574)	-	(20,574)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				2,886,233	1,158,969	4,045,202	2,983,300	1,158,969	4,142,269	3,083,761	1,158,969	4,242,730
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	155,398	-	155,398	160,837	-	160,837	166,466	-	166,466
Asset Management Fee	3.5%	3.5%	per MOHCD policy	28,837	-	28,837	29,846	-	29,846	30,891	-	30,891
Sub-total Management Expenses				184,235	-	184,235	190,683	-	190,683	197,357	-	197,357
Salaries/Benefits												
Office Salaries	3.5%	3.5%		274,081	-	274,081	283,673	-	283,673	293,602	-	293,602
Manager's Salary	3.5%	3.5%		248,903	-	248,903	257,614	-	257,614	266,631	-	266,631
Health Insurance and Other Benefits	3.5%	3.5%		169,099	-	169,099	175,018	-	175,018	181,144	-	181,144
Other Salaries/Benefits	3.5%	3.5%		47,439	-	47,439	49,099	-	49,099	50,818	-	50,818
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				739,521	-	739,521	765,405	-	765,405	792,194	-	792,194
Administration												
Advertising and Marketing	3.5%	3.5%		5,544	-	5,544	5,738	-	5,738	5,938	-	5,938
Office Expenses	3.5%	3.5%		34,370	-	34,370	35,573	-	35,573	36,818	-	36,818
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		16,631	-	16,631	17,213	-	17,213	17,815	-	17,815
Audit Expense	3.5%	3.5%		12,750	-	12,750	13,197	-	13,197	13,658	-	13,658
Bookkeeping/Accounting Services	3.5%	3.5%		26,609	-	26,609	27,541	-	27,541	28,504	-	28,504
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		2,439	-	2,439	2,525	-	2,525	2,613	-	2,613
Sub-total Administration Expenses				98,343	-	98,343	101,785	-	101,785	105,348	-	105,348
Utilities												
Electricity	3.5%	3.5%		282,723	-	282,723	292,618	-	292,618	302,860	-	302,860
Water	3.5%	3.5%		83,154	-	83,154	86,064	-	86,064	89,076	-	89,076
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		106,991	-	106,991	110,736	-	110,736	114,612	-	114,612
Sub-total Utilities				472,868	-	472,868	489,419	-	489,419	506,548	-	506,548
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		11,087	-	11,087	11,475	-	11,475	11,877	-	11,877
Payroll Taxes	3.5%	3.5%		92,911	-	92,911	96,162	-	96,162	99,528	-	99,528
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		1,663	-	1,663	1,721	-	1,721	1,782	-	1,782
Sub-total Taxes and Licenses				105,661	-	105,661	109,359	-	109,359	113,187	-	113,187
Insurance												
Property and Liability Insurance	3.5%	3.5%		293,810	-	293,810	304,094	-	304,094	314,737	-	314,737
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		16,631	-	16,631	17,213	-	17,213	17,815	-	17,815
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				310,441	-	310,441	321,306	-	321,306	332,552	-	332,552
Maintenance & Repair												
Payroll	3.5%	3.5%		378,836	-	378,836	392,095	-	392,095	405,818	-	405,818
Supplies	3.5%	3.5%		33,262	-	33,262	34,426	-	34,426	35,631	-	35,631
Contracts	3.5%	3.5%		140,253	-	140,253	145,162	-	145,162	150,242	-	150,242
Garbage and Trash Removal	3.5%	3.5%		75,393	-	75,393	78,032	-	78,032	80,763	-	80,763
Security Payroll/Contract	3.5%	3.5%		161,908	-	161,908	167,575	-	167,575	173,440	-	173,440
HVAC Repairs and Maintenance	3.5%	3.5%		22,174	-	22,174	22,950	-	22,950	23,754	-	23,754
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		27,718	-	27,718	28,688	-	28,688	29,692	-	29,692
Sub-total Maintenance & Repair Expenses				839,543	-	839,543	868,927	-	868,927	899,340	-	899,340
Supportive Services	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				2,750,613	-	2,750,613	2,846,884	-	2,846,884	2,946,525	-	2,946,525
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)				2,852,213	-	2,852,213	2,948,484	-	2,948,484	3,048,125	-	3,048,125
NET OPERATING INCOME (INCOME minus OP EXPENSES)				34,020	1,158,969	1,192,989	34,816	1,158,969	1,193,785	35,636	1,158,969	1,194,605
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)				34,020	-	34,020	34,816	-	34,816	35,636	-	35,636
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW				34,020	-	34,020	34,816	-	34,816	35,636	-	35,636
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)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	26,520	-	26,520	27,316	-	27,316	28,136	-	28,136
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)												

1633 Valencia

	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP %	% annual increase	Comments (related to annual inc assumptions)	Year 7 2032			Year 8 2033			Year 9 2034		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME														
Residential - Tenant Rents			1.0%	2.5%		415,585	-	415,585	419,741	-	419,741	423,938	-	423,938
Residential - SOS Payments				4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		2,781,925	-	2,781,925	2,885,304	-	2,885,304	2,992,399	-	2,992,399
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		10,159	-	10,159	10,413	-	10,413	10,673	-	10,673
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income						3,207,669	1,158,969	4,366,638	3,315,458	1,158,969	4,474,427	3,427,011	1,158,969	4,585,980
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(20,779)	-	(20,779)	(20,987)	-	(20,987)	(21,197)	-	(21,197)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						3,186,889	1,158,969	4,345,858	3,294,471	1,158,969	4,453,440	3,405,814	1,158,969	4,564,783
OPERATING EXPENSES														
Management														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	172,292	-	172,292	178,323	-	178,323	184,564	-	184,564
Asset Management Fee			3.5%	3.5%	per MOHCD policy	31,972	-	31,972	33,091	-	33,091	34,249	-	34,249
Sub-total Management Expenses						204,264	-	204,264	211,413	-	211,413	218,813	-	218,813
Salaries/Benefits														
Office Salaries			3.5%	3.5%		303,878	-	303,878	314,514	-	314,514	325,522	-	325,522
Manager's Salary			3.5%	3.5%		275,963	-	275,963	285,622	-	285,622	295,618	-	295,618
Health Insurance and Other Benefits			3.5%	3.5%		187,484	-	187,484	194,045	-	194,045	200,837	-	200,837
Other Salaries/Benefits			3.5%	3.5%		52,596	-	52,596	54,437	-	54,437	56,342	-	56,342
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						819,921	-	819,921	848,618	-	848,618	878,320	-	878,320
Administration														
Advertising and Marketing			3.5%	3.5%		6,146	-	6,146	6,361	-	6,361	6,584	-	6,584
Office Expenses			3.5%	3.5%		38,107	-	38,107	39,441	-	39,441	40,821	-	40,821
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Audit Expense			3.5%	3.5%		14,136	-	14,136	14,631	-	14,631	15,143	-	15,143
Bookkeeping/Accounting Services			3.5%	3.5%		29,502	-	29,502	30,535	-	30,535	31,603	-	31,603
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		2,704	-	2,704	2,799	-	2,799	2,897	-	2,897
Sub-total Administration Expenses						109,035	-	109,035	112,851	-	112,851	116,801	-	116,801
Utilities														
Electricity			3.5%	3.5%		313,460	-	313,460	324,431	-	324,431	335,786	-	335,786
Water			3.5%	3.5%		92,194	-	92,194	95,421	-	95,421	98,761	-	98,761
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		118,623	-	118,623	122,775	-	122,775	127,072	-	127,072
Sub-total Utilities						524,277	-	524,277	542,627	-	542,627	561,619	-	561,619
Taxes and Licenses														
Real Estate Taxes			3.5%	3.5%		12,293	-	12,293	12,723	-	12,723	13,168	-	13,168
Payroll Taxes			3.5%	3.5%		103,012	-	103,012	106,617	-	106,617	110,349	-	110,349
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		1,844	-	1,844	1,908	-	1,908	1,975	-	1,975
Sub-total Taxes and Licenses						117,148	-	117,148	121,248	-	121,248	125,492	-	125,492
Insurance														
Property and Liability Insurance			3.5%	3.5%		325,753	-	325,753	337,154	-	337,154	348,954	-	348,954
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance						344,191	-	344,191	356,238	-	356,238	368,707	-	368,707
Maintenance & Repair														
Payroll			3.5%	3.5%		420,022	-	420,022	434,723	-	434,723	449,938	-	449,938
Supplies			3.5%	3.5%		36,878	-	36,878	38,168	-	38,168	39,504	-	39,504
Contracts			3.5%	3.5%		155,501	-	155,501	160,943	-	160,943	166,576	-	166,576
Garbage and Trash Removal			3.5%	3.5%		83,589	-	83,589	86,515	-	86,515	89,543	-	89,543
Security Payroll/Contract			3.5%	3.5%		179,511	-	179,511	185,793	-	185,793	192,296	-	192,296
HVAC Repairs and Maintenance			3.5%	3.5%		24,585	-	24,585	25,446	-	25,446	26,336	-	26,336
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		30,731	-	30,731	31,807	-	31,807	32,920	-	32,920
Sub-total Maintenance & Repair Expenses						930,817	-	930,817	963,395	-	963,395	997,114	-	997,114
Supportive Services			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses						-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES						3,049,653	-	3,049,653	3,156,391	-	3,156,391	3,266,865	-	3,266,865
Reserves/Ground Lease Base Rent/Bond Fees														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent						-	-	-	-	-	-	-	-	-
Bond Monitoring Fee						14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit						87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						3,151,253	-	3,151,253	3,257,991	-	3,257,991	3,368,465	-	3,368,465
NET OPERATING INCOME (INCOME minus OP EXPENSES)						35,636	1,158,969	1,194,605	36,480	1,158,969	1,195,449	37,349	1,158,969	1,196,318
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% 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						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)						35,636	-	35,636	36,480	-	36,480	37,349	-	37,349
Commercial Only Cash Flow						-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW						35,636	-	35,636	36,480	-	36,480	37,349	-	37,349
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)			3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)			3.5%	3.5%	per MOHCD policy</									

1633 Valencia

INCOME	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 10 2035			Year 11 2036			Year 12 2037		
				LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
				100.00%								
Residential - Tenant Rents	1.0%	2.5%		428,178	-	428,178	432,460	-	432,460	436,784	-	436,784
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		3,103,341	-	3,103,341	3,218,264	-	3,218,264	3,337,310	-	3,337,310
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		10,940	-	10,940	11,214	-	11,214	11,494	-	11,494
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				3,542,459	1,158,969	4,701,428	3,661,937	1,158,969	4,820,906	3,785,588	1,158,969	4,944,557
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(21,409)	-	(21,409)	(21,623)	-	(21,623)	(21,839)	-	(21,839)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				3,521,050	1,158,969	4,680,019	3,640,314	1,158,969	4,799,283	3,763,749	1,158,969	4,922,718
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	191,024	-	191,024	197,710	-	197,710	204,629	-	204,629
Asset Management Fee	3.5%	3.5%	per MOHCD policy	35,448	-	35,448	36,688	-	36,688	37,972	-	37,972
Sub-total Management Expenses				226,471	-	226,471	234,398	-	234,398	242,602	-	242,602
Salaries/Benefits												
Office Salaries	3.5%	3.5%		336,915	-	336,915	348,707	-	348,707	360,912	-	360,912
Manager's Salary	3.5%	3.5%		305,965	-	305,965	316,674	-	316,674	327,757	-	327,757
Health Insurance and Other Benefits	3.5%	3.5%		207,866	-	207,866	215,142	-	215,142	222,672	-	222,672
Other Salaries/Benefits	3.5%	3.5%		58,314	-	58,314	60,355	-	60,355	62,468	-	62,468
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				909,061	-	909,061	940,878	-	940,878	973,809	-	973,809
Administration												
Advertising and Marketing	3.5%	3.5%		6,814	-	6,814	7,053	-	7,053	7,300	-	7,300
Office Expenses	3.5%	3.5%		42,250	-	42,250	43,729	-	43,729	45,259	-	45,259
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Audit Expense	3.5%	3.5%		15,673	-	15,673	16,222	-	16,222	16,790	-	16,790
Bookkeeping/Accounting Services	3.5%	3.5%		32,710	-	32,710	33,854	-	33,854	35,039	-	35,039
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		2,998	-	2,998	3,103	-	3,103	3,212	-	3,212
Sub-total Administration Expenses				120,889	-	120,889	125,120	-	125,120	129,499	-	129,499
Utilities												
Electricity	3.5%	3.5%		347,539	-	347,539	359,703	-	359,703	372,292	-	372,292
Water	3.5%	3.5%		102,217	-	102,217	105,795	-	105,795	109,498	-	109,498
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		131,520	-	131,520	136,123	-	136,123	140,887	-	140,887
Sub-total Utilities				581,276	-	581,276	601,620	-	601,620	622,677	-	622,677
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		13,629	-	13,629	14,106	-	14,106	14,600	-	14,600
Payroll Taxes	3.5%	3.5%		114,211	-	114,211	118,208	-	118,208	122,345	-	122,345
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		2,044	-	2,044	2,116	-	2,116	2,190	-	2,190
Sub-total Taxes and Licenses				129,884	-	129,884	134,430	-	134,430	139,135	-	139,135
Insurance												
Property and Liability Insurance	3.5%	3.5%		361,168	-	361,168	373,809	-	373,809	386,892	-	386,892
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				381,611	-	381,611	394,968	-	394,968	408,792	-	408,792
Maintenance & Repair												
Payroll	3.5%	3.5%		465,686	-	465,686	481,985	-	481,985	498,654	-	498,654
Supplies	3.5%	3.5%		40,887	-	40,887	42,318	-	42,318	43,799	-	43,799
Contracts	3.5%	3.5%		172,407	-	172,407	178,441	-	178,441	184,686	-	184,686
Garbage and Trash Removal	3.5%	3.5%		92,677	-	92,677	95,921	-	95,921	99,278	-	99,278
Security Payroll/Contract	3.5%	3.5%		199,027	-	199,027	205,993	-	205,993	213,202	-	213,202
HVAC Repairs and Maintenance	3.5%	3.5%		27,258	-	27,258	28,212	-	28,212	29,199	-	29,199
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		34,072	-	34,072	35,265	-	35,265	36,499	-	36,499
Sub-total Maintenance & Repair Expenses				1,032,013	-	1,032,013	1,068,134	-	1,068,134	1,105,518	-	1,105,518
Supportive Services	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				3,381,205	-	3,381,205	3,499,547	-	3,499,547	3,622,032	-	3,622,032
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				3,482,805	-	3,482,805	3,601,147	-	3,601,147	3,723,632	-	3,723,632
NET OPERATING INCOME (INCOME minus OP EXPENSES)				38,245	1,158,969	1,197,214	39,167	1,158,969	1,198,136	40,117	1,158,969	1,199,086
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)				38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW				38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
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)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	30,745	-	30,745	31,667	-	31,667	32,617	-	32,617
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000
Other Payments				-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
RES												

1633 Valencia

	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 13 2038			Year 14 2039			Year 15 2040		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME														
Residential - Tenant Rents			441,152	2.5%		441,152	-	441,152	445,564	-	445,564	450,019	-	450,019
Residential - SOS Payments			-	4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			-	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			3,459,644	n/a		3,459,644	-	3,459,644	3,587,345	-	3,587,345	3,719,618	-	3,719,618
Commercial Space			-	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			-	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			-	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			-	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			-	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			11,781	2.5%		11,781	-	11,781	12,076	-	12,076	12,378	-	12,378
Tenant Charges			-	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			-	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			-	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			-	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income			3,912,577			3,912,577	1,158,969	5,071,546	4,044,984	1,158,969	5,203,953	4,182,015	1,158,969	5,340,984
Vacancy Loss - Residential - Tenant Rents			(22,058)	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,058)	-	(22,058)	(22,278)	-	(22,278)	(22,501)	-	(22,501)
Vacancy Loss - Residential - Tenant Assistance Payments			-	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			-	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			3,890,520			3,890,520	1,158,969	5,049,489	4,022,706	1,158,969	5,181,675	4,159,514	1,158,969	5,318,483
OPERATING EXPENSES														
Management														
Management Fee			211,791	3.5%	1st Year to be set according to HUD schedule.	211,791	-	211,791	219,204	-	219,204	226,876	-	226,876
Asset Management Fee			39,301	3.5%	per MOHCD policy	39,301	-	39,301	40,677	-	40,677	42,101	-	42,101
Sub-total Management Expenses			251,093			251,093	-	251,093	259,881	-	259,881	268,977	-	268,977
Salaries/Benefits														
Office Salaries			373,544	3.5%		373,544	-	373,544	386,618	-	386,618	400,149	-	400,149
Manager's Salary			339,229	3.5%		339,229	-	339,229	351,102	-	351,102	363,390	-	363,390
Health Insurance and Other Benefits			230,465	3.5%		230,465	-	230,465	238,531	-	238,531	246,880	-	246,880
Other Salaries/Benefits			64,654	3.5%		64,654	-	64,654	66,917	-	66,917	69,259	-	69,259
Administrative Rent-Free Unit			-	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			1,007,892			1,007,892	-	1,007,892	1,043,168	-	1,043,168	1,079,679	-	1,079,679
Administration														
Advertising and Marketing			7,555	3.5%		7,555	-	7,555	7,820	-	7,820	8,093	-	8,093
Office Expenses			46,843	3.5%		46,843	-	46,843	48,483	-	48,483	50,180	-	50,180
Office Rent			-	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			22,666	3.5%		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Audit Expense			17,377	3.5%		17,377	-	17,377	17,985	-	17,985	18,615	-	18,615
Bookkeeping/Accounting Services			36,266	3.5%		36,266	-	36,266	37,535	-	37,535	38,849	-	38,849
Bad Debts			-	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3,324	3.5%		3,324	-	3,324	3,441	-	3,441	3,561	-	3,561
Sub-total Administration Expenses			134,032			134,032	-	134,032	138,723	-	138,723	143,578	-	143,578
Utilities														
Electricity			385,323	3.5%		385,323	-	385,323	398,809	-	398,809	412,767	-	412,767
Water			113,330	3.5%		113,330	-	113,330	117,297	-	117,297	121,402	-	121,402
Gas			-	3.5%		-	-	-	-	-	-	-	-	-
Sewer			145,818	3.5%		145,818	-	145,818	150,922	-	150,922	156,204	-	156,204
Sub-total Utilities			644,471			644,471	-	644,471	667,027	-	667,027	690,373	-	690,373
Taxes and Licenses														
Real Estate Taxes			15,111	3.5%		15,111	-	15,111	15,640	-	15,640	16,187	-	16,187
Payroll Taxes			126,628	3.5%		126,628	-	126,628	131,060	-	131,060	135,647	-	135,647
Miscellaneous Taxes, Licenses and Permits			2,267	3.5%		2,267	-	2,267	2,346	-	2,346	2,428	-	2,428
Sub-total Taxes and Licenses			144,005			144,005	-	144,005	149,045	-	149,045	154,262	-	154,262
Insurance														
Property and Liability Insurance			400,433	3.5%		400,433	-	400,433	414,448	-	414,448	428,954	-	428,954
Fidelity Bond Insurance			-	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			22,666	3.5%		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Director's & Officers' Liability Insurance			-	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance			423,099			423,099	-	423,099	437,908	-	437,908	453,234	-	453,234
Maintenance & Repair														
Payroll			516,314	3.5%		516,314	-	516,314	534,385	-	534,385	553,088	-	553,088
Supplies			45,332	3.5%		45,332	-	45,332	46,919	-	46,919	48,561	-	48,561
Contracts			191,150	3.5%		191,150	-	191,150	197,840	-	197,840	204,765	-	204,765
Garbage and Trash Removal			102,753	3.5%		102,753	-	102,753	106,349	-	106,349	110,071	-	110,071
Security Payroll/Contract			220,664	3.5%		220,664	-	220,664	228,388	-	228,388	236,381	-	236,381
HVAC Repairs and Maintenance			30,221	3.5%		30,221	-	30,221	31,279	-	31,279	32,374	-	32,374
Vehicle and Maintenance Equipment Operation and Repairs			-	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			37,777	3.5%		37,777	-	37,777	39,099	-	39,099	40,467	-	40,467
Sub-total Maintenance & Repair Expenses			1,144,211			1,144,211	-	1,144,211	1,184,259	-	1,184,259	1,225,708	-	1,225,708
Supportive Services			-	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses			-		from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			3,748,803			3,748,803	-	3,748,803	3,880,011	-	3,880,011	4,015,811	-	4,015,811
Reserves/Ground Lease Base Rent/Bond Fees														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent			-			-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			14,000			14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit			87,600			87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit			-			-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-			-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-			-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-		from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			101,600			101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			3,850,403			3,850,403	-	3,850,403	3,981,611	-	3,981,611	4,117,411	-	4,117,411
NET OPERATING INCOME (INCOME minus OP EXPENSES)			40,117			40,117	1,158,969	1,199,086	41,095	1,158,969	1,200,064	42,103	1,158,969	1,201,072
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender			-		Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			-		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-		from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			-			-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)			40,117			40,117	-	40,117	41,095	-	41,095	42,103	-	42,103
Commercial Only Cash Flow														
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)			-			-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW			40,117			40,117	-	40,117	41,095	-	41,095	<		

EXHIBIT C
Tenant Income Certification Form

TENANT INCOME CERTIFICATION

Initial Certification Recertification Other _____

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

PART I - DEVELOPMENT DATA

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

PART II. HOUSEHOLD COMPOSITION

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

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	Student Status (Check One)	Last 4 digits of Social Security #
1				HEAD		FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
2						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
3						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
4						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
5						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
6						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
7						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$ _____

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS: \$ _____

Enter Column (H) Total
If over \$5000 \$ _____ X

Passbook Rate
0.06%

= (J) Imputed Income

\$ _____
\$ _____

Enter the greater of the total of column I, or J: imputed income

TOTAL INCOME FROM ASSETS (K)

\$ _____

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$ _____

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

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

Unit Meets Federal Income Restriction at:
 60% 50%
 Or Federal A.I.T. at:
 80% 70% 60% 50%
 40% 30% 20%

Current Federal LIHTC Income Limit x 140%: \$ _____
 Household Income exceeds 140% at recertification:
 Yes No

Current Federal LIHTC Income Limit per Family Size (Federal Income Restriction at 60%, 50% or A.I.T. (20% - 80%)): \$ _____

If Applicable, Current Federal Bond Income Limit per Family Size: \$ _____
 Household Income as of Move-in: \$ _____

Unit Meets State Deeper Targeting Income Restriction at:
 Other _____%

Household Size at Move-in: _____

PART VI. RENT

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

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

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

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

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

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

Unit Meets Federal Rent Restriction at: 60% 50%
 Or Federal A.I.T. at: 80% 70% 60%
 50% 40% 30%
 20%
 If Applicable, Unit Meets Bond Rent Restriction at: 60% 50%
 Unit Meets State Deeper Targeting Rent Restriction at: Other: _____%

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

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?
 Yes No

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

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

Enter 1-5

PART VIII. PROGRAM TYPE

Identify the program(s) for which this household's unit will be counted toward the property's occupancy requirements.

Select one of the following.
 9% Allocated Federal Housing Tax Credit
 4% Allocated Federal Housing Tax Credit
 Tax-Exempt Bond Only (No tax credits)

Select all that apply.
 HOME (including TCAP)
 CDBG
 Other HUD, including 202, 811, and 236
 National Housing Trust Fund
 USDA Rural Housing Service, including 514, 515, and 538
 Other state or local housing programs

SIGNATURE OF OWNER/REPRESENTATIVE

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

 SIGNATURE OF OWNER/REPRESENTATIVE

 DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

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

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

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

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
 - 4a – Asian India 4e – Korean
 - 4b – Chinese 4f – Vietnamese
 - 4c – Filipino 4g – Other Asian
 - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
 - 5a – Native Hawaiian 5c – Samoan
 - 5b – Guamanian or Chamorro 5d – Other Pacific Islander

- 6 – Other
- 7 – Did not respond. **(Please initial below)**

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 41 – Asian & White, etc.

The Following Ethnicity Codes should be used:

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

Disability Status:

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

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

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

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

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

Part I - Development Data

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

Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.
Move-In Date	Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
TCAC#	Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123
BIN #	Enter the building number assigned to the building (from IRS Form 8609).
Address	Enter the physical address of the building, including street number and name, city, state, and zip code.
If applicable, CDLAC#	If project is awarded 4% bonds please enter the project number assigned to the property by CDLAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: 16-436
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
Square Footage	Enter the square footage for the entire unit.
Vacant Unit	Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

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

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

Date of Birth	Enter each household member's date of birth.
Student Status	Check FT for Full-time student, PT for Part-time student, or N/A if household member is not a student and question does not apply.
Last Four Digits of Social Security Number	For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

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

Part III - Annual Income

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

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

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

Part IV - Income from Assets

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

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

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

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

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

HOUSEHOLD CERTIFICATION AND SIGNATURES

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

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Federal LIHTC Income Limit per Unit Meets Federal Income Restriction at 60%, 50% or A.I.T (20% - 80%)	Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 60%, 50% or A.I.T (20% - 80%) set aside.
Current Bond Income Limit per Family Size	Enter the Current most restrictive Move-in Income Limit for the household size – specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, or A.I.T. (20% - 60% = 140% X 60%, 70% = 140% X 70% and 80% = 140% X 80%) as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at or Federal A.I.T. at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets State Deeper Targeting Income Restriction at	If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.
Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50%, 60% or A.I.T. (20% - 80%) set aside. This does not include state deeper targeting levels.
Maximum LIHTC Bond Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.
Unit Meets Federal Rent Restriction at or Federal A.I.T. at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Bond Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project.
Unit Meets State Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

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

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

Part VIII – Program Type

Select the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. One response from the first column must be selected.

SIGNATURE OF OWNER/REPRESENTATIVE

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

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

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

PART IX. SUPPLEMENTAL INFORMATION

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

Tenant Demographic Profile

Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.

Resident/Applicant Initials

All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

EXHIBIT D

Intentionally omitted.

EXHIBIT E
Governmental Requirements

1. Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.1. Every contract for the rehabilitation or construction of housing assisted with Funds must comply with Chapter I (commencing with Section 1720) of Part 7 of the California Labor Code (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) and contain a provision requiring: (1) the payment of not less than the Prevailing Rate of Wage to all laborers and mechanics employed in the development of any part of the housing, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with state law and San Francisco Administrative Code Section 6.22(n), (collectively, “Prevailing Wage Requirements”). The Prevailing Wage Requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units. Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements. If applicable, Borrower must include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Chapter 6.

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

3. Conflict of Interest.

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

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

(c) In the event of any violation of the conflict of interest prohibitions, Borrower agrees that the City may refuse to consider any future application for funding from Borrower or any entity related to Borrower until the violation has been corrected to the City's satisfaction, in the City's sole discretion.

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

5. Lead-Based Paint. Borrower will satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower will also comply with the

provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

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

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

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

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

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

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

(e) Incorporation of Administrative Code Provisions by Reference.

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

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

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

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

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim will be liable to the

City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

- (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;
- (b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;
- (c) conspires to defraud the City by getting a false claim allowed or paid by the City;
- (d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or
- (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

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

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable. By executing this Agreement, Borrower agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Borrower 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. Borrower acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Agreement. Borrower further acknowledges that such material breach of

the Agreement will be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

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

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

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

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

(a) Borrower will remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" will not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

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

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

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

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

(b) The requirements of Chapter 12T will only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the performance of this Agreement, will apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, will apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and will not apply when the

application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

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

(d) Borrower or Subcontractor will not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully

set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount will not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

21. Public Power. Pursuant to San Francisco Administrative Code Chapter 99, the San Francisco Public Utilities Commission ("PUC") will examine the feasibility of supplying electricity to all new City developments, particularly those that would potentially yield the highest benefit to the City, including projects occupying any portion of public land and projects funded in whole or in part by local, State, or Federal funds. If, after considering the cost of providing service to the Project, the PUC deems the Project to be beneficial to the City, Borrower will work with the PUC to prepare an assessment of the feasibility of the City providing electric service to the Project. Such assessment will include, but not be limited to, the following: (1) electric load projection and schedule; (2) evaluation of existing electric infrastructure and new infrastructure that will be needed; (3) the potential for on-site generation and load reduction through energy efficiency and demand response; (4) business structure cost analysis; and (5) financial and cost recovery period analysis. The assessment will determine whether the addition of the Project will benefit the City and its existing customers, considering the additional costs to serve the Project. Subject to required approvals and the foregoing assessment, the PUC will supply electricity to Project, to the extent consistent with its responsibility for the exclusive management, jurisdiction, and control of energy supplies and utilities of the City as provided in Section 8B.121 of the San Francisco Charter.

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 will 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 will 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.

[signature follows]

MERCY HOUSING CALIFORNIA 108, L.P., a California limited partnership

By: Mercy Housing California 108 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation, its sole member/manager

By: _____

Name: _____

Its: _____

EXHIBIT G
Form of Annual Monitoring Report

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



London N. Breed
Mayor

Eric D. Shaw
Director

October 21, 2020

Notice of Availability of 2020 Annual Monitoring Report Form
(plus reminders of Marketing Procedure and Serious Incident Protocol)

The Mayor's Office of Housing and Community Development (MOHCD) is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2020 (RY2020). The forms are now available to be downloaded from the [Asset Management page](#) of the MOHCD web site. In addition, training videos on how to complete the AMR are available. See below for more information.

IMPORTANT INFORMATION RELATED TO COVID-19

MOHCD recognizes the impact that the COVID-19 crisis is having on the organizations that we support, especially those providing essential services. It is vitally important to take measures to protect your staff, residents and clients from contracting and spreading COVID-19. We urge all affordable housing owners and managers to follow the guidelines, recommendations and orders from the U.S. [Centers for Disease Control](#), the [State of California](#) and the San Francisco [Department of Public Health](#). MOHCD is also taking action to address the needs of the projects under our purview:

- MOHCD [published a memo](#) clarifying MOHCD's current Operating Reserves requirements.
- MOHCD extended the 2020 AMR due date by one month (see below for detailed info) for projects whose business year ran from 7/1/2019 to 6/30/2020.

MOHCD is allowing project sponsors to retain a larger share of 2020 surplus cash/residual receipts than is allowed under their financing agreements with MOHCD. For more information, read the notice regarding the [COVID-19 Allowance](#). This opportunity is limited to projects whose business year ran from 7/1/2019 to 6/30/2020. The COVID-19 Allowance may not be available to some projects that are subject to MOHCD financing, regulatory or ground lease agreements that include limits on distributions of surplus cash/residual receipts. To benefit from the Allowance, owners of such projects will have to request amendments to those agreements that would remove such limits. For more information, read the ["Notice Regarding Option to Remove Caps on Distributions of Residual Receipts."](#)

If this crisis is preventing you from responding thoroughly and quickly to any request from MOHCD, please do whatever you can to let us know of your limitations and to propose alternatives. Thank you for everything that you are doing on behalf of the people your organization serves and for all of the people of San Francisco.

Deadline: For projects whose business year ended June 30, 2020, the report will be due on January 8, 2021, for the period 7/1/2019-6/30/2020, unless noted otherwise in a project-specific notice sent by MOHCD. For any projects whose 2020 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.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2020 – 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	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info	➤ 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_RY2020.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance

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

III. Audited Financial Statements

Provide financial statements for the project for Reporting Year 2020. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is posted on [MOHCD's Asset Management web page](#). If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

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

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

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

IMPORTANT: Audited financial statements are a required submittal of the Annual Monitoring Report. Do not submit the AMR until the audit has been finalized. AMRs that are submitted without an audit or with a draft audit will not be accepted.

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
- desired unit size

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

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

AMR Training – On-Demand Videos

To facilitate completion of the AMR by project sponsors, MOHCD has created training videos that provide step-by-step instructions on how to complete the Excel reporting form and how to submit the report overall. There are ten video modules that vary in length from two to 30 minutes and may be viewed on-demand from the [Asset Management page](#) of the MOHCD web site. We strongly encourage all persons who are involved in preparing the AMR to watch the videos. If you experience any technical difficulties with accessing and viewing the videos, please contact Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Marketing Procedure for Available Units and Waiting List Openings

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

Serious Incident Protocol

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

MOHCD requests that owners of projects financed by this office notify us in writing if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line
- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

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

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

Asset Management Team

MOHCD 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103

<http://sfmohcd.org> P. 415-701-5500 F. 415-701-5501

**Owner Compliance Certification and Insurance & Tax Certification Form
2020 Annual Monitoring Report
San Francisco Mayor’s Office of Housing and Community Development**

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

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2020 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

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

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

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

**Owner Compliance Certification and Insurance & Tax Certification Form
2020 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

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

**Owner Compliance Certification and Insurance & Tax Certification Form
2020 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

	True	False	
			project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.
22			The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.
23			The Waiting List that has been submitted with the 2020 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.

Property and Liability Insurance

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

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

Tax Certification

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

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

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

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

Signature: _____ Date: _____

Name: _____ Title: _____

Annual Monitoring Report - Instructions - Reporting Year 2020 - Mayor's Office of Housing & Community Development

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

Updated 12/21/2020

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.

- **NEW:** for each VACANT unit, in column D, enter the unit number, follow by "- Vac". For example, if Unit 201 was vacant, in column D, enter "201 - Vac."
- Identify manager's unit with the unit number, follow by "- Mgr". For example, if the manager occupies Unit 501, in column D, enter "501 - Mgr."
- For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.

COLUMN	DESCRIPTION
--------	-------------

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

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

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

Bed = (measurement for Group homes or transitional housing)

"**SRO**" = Single Room Occupancy unit

"**Studio**" = Studio unit

"**1BR**" = 1 Bedroom unit

- “2BR” = 2 Bedroom unit
- “3BR” = 3 Bedroom unit
- “4BR” = 4 Bedroom unit
- “5+BR” = 5 or more Bedroom unit

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

- “Accessible - Mobility” = The unit is fully-accessible for persons with mobility impairment.
- “Accessible - Communication” = The unit is fully-accessible for persons with visual and hearing impairment.
- “Mobility & Communication” = The unit is fully-accessible for persons with mobility, visual and hearing impairment.
- “Adaptable” = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.
- “Not Accessible or Adaptable” = Not Accessible or Adaptable.

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

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

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

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

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

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

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

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

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

P. **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.

Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** “HOPWA set-aside” units are required when HOPWA capital funding is used to acquire, construct or rehab a project.

R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select “None” if no rental assistance comes with the unit or none is provided to the tenant.

“RAD - PBV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.

“TPV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.

“Section 8 - Project Based” = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.

“Section 8 - Tenant Voucher” = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.

“PRAC - 202” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 202 program.

“PRAC - 811” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 811 program.

“S+C” = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.

“HOPWA” = The unit is a HOPWA-designated unit under the project funding from the Housing Opportunities for People With AIDS program. While HOPWA is not a source of tenant-based assistance, if the tenant is receiving any other form of subsidy, please report on the amount of Rental Assistance on this worksheet and note the source of the Rental Assistance in the Narrative section of the AMR.

“VASH” = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.

“LOSP” = The unit receives a subsidy through the City's Local Operating Subsidy Program.

“DAH (DPH)” = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.

“HSA Master Lease” = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.

“MHSA” = The unit receives a subsidy under CA HCD's Mental Health Services Act.

“HOME TBA” = Tenant receives assistance from a HOME-funded rental assistance program.

“Rent Supplement” = Tenant receives a supplemental rent payment from an outside agency.

“Other” = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.

- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.
- Y. **Amount of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.
- Z. **Percentage of Most Recent Rent Increase.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

3B. Demographic

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

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

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

Sexual Orientation. Provide info for the Head of Household. The 7 possible answers for Sexual Orientation 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 anyone in the household is a person that is at least 62 years of age. Enter "No" if everyone in the household is younger than 62.

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

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

3C. Summary of Reported Household Demographics

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

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

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

6. Services Funding

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

7. Supplementary Audit Information - Required by MOHCD

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

Completeness Tracker

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

Links to Relevant Policies

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

[MOHCD Forms Page at SFMOHCD.ORG](http://sfmohcd.org/documents-reports-and-forms)

<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 2020 -
Mayor's Office of Housing & Community Development**

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

PROPERTY/MARKETING INFO	
25	Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i>

What is the Unit Mix for the Property? Please include any manager's units in this tally.

	Unit Types	Number Of Units	Occupancy Standard: Minimum HH Size for this Unit Type*	Occupancy Standard: Maximum HH Size for this Unit Type*	*Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide.
26	Single Room Occupancy (SRO) Units		1		
27	Studio Units		1		
28	One-Bedroom (1BR) Units		1		
29	Two-Bedroom (2BR) Units				
30	Three-Bedroom (3BR) Units				
31	Four-Bedroom (4BR) Units				
32	Five- or More (5+BR) Bedroom Units				
33	TOTAL # Units---->	0			

34		Vacancies - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)
35	0	Evictions - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)
36		Vacant Unit Rent-Up Time - (<i>in DAYS</i>) 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. # 4 Please EXCLUDE any units that are being held vacant to support rehabilitation or other temporary relocation needs. <i>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.)</i>
37		Waiting List - How many applicants are currently on the waiting list? <i>(Please also submit a copy of the waiting list, see AMR submission instructions.)</i>
38		When was the waiting list last updated? (m/yyyy)
39		Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? <i>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.)</i> # 5
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		How many Health, Building or Housing Code Violations were issued against the property in the reporting year? (If there were no violations enter "0"). <i>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.)</i> # 2
43		# 2 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		Are there urgent Major Property Repairs needed on the property in the next two years? (Yes/No) <i>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.)</i> # 3

46		<p>If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. (Click on # 3 at left to jump to Narrative worksheet.)</p>
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Resident Services: AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"

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

POPULATION SERVED

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

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

		Target Population		Actual Population	
58		0	<i>Families</i>	0	<i>Families</i>
59		0	<i>Persons with HIV/AIDS</i>	0	<i>Persons with HIV/AIDS</i>
60		0	<i>Housing for Homeless</i>	0	<i>Housing for Homeless</i>
61		0	<i>Mentally or Physically Disabled</i>	0	<i>Mentally or Physically Disabled</i>

62		0	Senior Housing	0	Senior Housing
63		0	Substance Abuse	0	Substance Abuse
64		0	Domestic Violence Survivor	0	Domestic Violence Survivor
65		0	Veterans	0	Veterans
66		0	Formerly Incarcerated	0	Formerly Incarcerated
67		0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Remember, **SAVE YOUR WORK!**

Annual Monitoring Report - Transitional Programs - Reporting Year 2020 - Mayor's Office of Housing & Community Development

Project Address:

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

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

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

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

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

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

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

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

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

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

Annual Monitoring Report - Eviction Data - Reporting Year 2020 - 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).

Ethnicity and Race data for households that received Notices of Eviction during the reporting period:

		enter # below	enter # below
2	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
3	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
4	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
5	Demolition	Asian - Chinese	Other Black
6	Denial of Access to Unit	Asian - Filipino	North African
7	Development Agreement	Asian - Japanese	West Asian
8	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
9	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
10	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
11	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
12	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
13	Lead Remediation	Other Asian	White - European
14	Non-payment of Rent	Latino - Caribbean	Other White
15	Nuisance	Latino - Central American	Not Reported
16	Other	Latino - Mexican	0 Total (must match Total number in E29)
17	Owner Move In	Latino - South American	
18	Roommate Living in Same Unit	Other Latino	Gender data for households that received Notices of Eviction during the reporting period:
19	Substantial Rehabilitation	Sexual Orientation data for households that received Notices of Eviction during the reporting period:	
20	Unapproved Subtenant	Bisexual	Female
21	0 Total number of households who received Notices of Eviction	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E29)	0 Total (must match Total number in E29)

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).

Ethnicity and Race data for households for which Unlawful Detainers were filed during the reporting period:

		enter # below	enter # below
22	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
23	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
24	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
25	Demolition	Asian - Chinese	Other Black
26	Denial of Access to Unit	Asian - Filipino	North African
27	Development Agreement	Asian - Japanese	West Asian
28	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
29	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
30	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
31	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
32	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
33	Lead Remediation	Other Asian	White - European
34	Non-payment of Rent	Latino - Caribbean	Other White
35	Nuisance	Latino - Central American	Not Reported
36	Other	Latino - Mexican	0 Total (must match Total number in E56)
37	Owner Move In	Latino - South American	
38	Roommate Living in Same Unit	Other Latino	Gender data for households for which Unlawful Detainers were filed during the report period:
39	Substantial Rehabilitation	Sexual Orientation data for households for which Unlawful Detainers were filed during the report period:	
40	Unapproved Subtenant	Bisexual	Female
41	0 Total number of unlawful detainer actions filed	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E56)	0 Total (must match Total number in E56)

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

Ethnicity and Race data for households that were Evicted during the reporting period:

		enter # below	enter # below
42	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
43	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
44	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
45	Demolition	Asian - Chinese	Other Black
46	Denial of Access to Unit	Asian - Filipino	North African
47	Development Agreement	Asian - Japanese	West Asian
48	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
49	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
50	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
51	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
52	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
53	Lead Remediation	Other Asian	White - European
54	Non-payment of Rent	Latino - Caribbean	Other White
55	Nuisance	Latino - Central American	Not Reported
56	Other	Latino - Mexican	0 Total (must match Total number in E83)
57	Owner Move In	Latino - South American	
58	Roommate Living in Same Unit	Other Latino	Gender data for households that were Evicted during the reporting period:
59	Substantial Rehabilitation	Sexual Orientation data for households that were Evicted during the reporting period:	
60	Unapproved Subtenant	Bisexual	Female
61	0 Total number of households evicted (flows to question #35 on Worksheet 1A)	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E83)	0 Total (must match Total number in E83)

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
16	INCOME & EXPENSES				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number	Residential	Non-Residential	Total
21					
22	Rental Income				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	sub-total Gross Rental Income:		\$0.00	\$0.00	\$0.00
28	Vacancy Loss - enter amounts as negative numbers!				vacancy rate
29	Housing Units	5220		Must click & explain if Residential Vac Rate is > 15%	
30	Commercial	5240			0.00%
31	sub-total Vacancies:		\$0.00	\$0.00	\$0.00
32					
33	NET RENTAL INCOME:		\$0.00	\$0.00	\$0.00
34					
35	Other Income				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source/s- identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	sub-total Other Income Received:		\$0.00	\$0.00	\$0.00
45					
46	TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
47					
48	INCOME & EXPENSES				
49	Description of Expense Accounts	Account Number	Residential	Non-Residential	Total
50					
51	Management				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	sub-total Management Expense:		\$0.00	\$0.00	\$0.00
55	Salaries/Benefits				
56	Office Salaries	6310			
57	Manager's Salary	6330			
58	Employee Benefits: Health Insurance & Disability Insurance	6723			
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	sub-total Salary/Benefit Expense:		\$0.00	\$0.00	\$0.00
62	Administration				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	Miscellaneous Administrative Expenses (must click & explain if >\$10k)	6390			
71	sub-total Administrative Expense:		\$0.00	\$0.00	\$0.00
72	Utilities				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
76	Sewer	6453			
77	sub-total Utilities Expense:		\$0.00	\$0.00	\$0.00
78	Taxes and Licenses				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	sub-total Taxes and License Expense:		\$0.00	\$0.00	\$0.00
83	Insurance				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	sub-total Insurance Expense:		\$0.00	\$0.00	\$0.00
89	Maintenance and Repairs				
90	IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude those from this section. If you do include those expenses here, be sure to record the amounts in rows 103 (non-capital) and 210:215 below (capital).				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	<u>Miscellaneous Operating and Maintenance Expenses (must click & explain if >\$10k)</u>	6590			
99	sub-total Maintenance Repair Expense:		\$0.00	\$0.00	\$0.00
100	Supportive Services: do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6930			
101	SUB-TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
102	Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve. If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210:215 will be linked to cell F102 and netted out from operating expenses.		\$0.00		
103	Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve. Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number.				
104	TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
105		Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
106	Ground Lease Base Rent/Bond Fees/Reserves				
107	Ground Lease - Base Rent (provide Lessor name to the right)				\$0.00
108	Bond Monitoring Fee				\$0.00
109	Replacement Reserve Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			\$0.00
110	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			\$0.00
111	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				\$0.00
112	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1330)				\$0.00
113	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col ---->				\$0.00
114	Sub-total Ground Lease Base Rent/Bond Fees/Reserves		\$0.00	\$0.00	\$0.00
115					
116	TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		\$0.00	\$0.00	\$0.00
117		Acct Num	Residential	Non-Residential	Total
118	1. TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
119	2. TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
120	3. NET OPERATING INCOME:		\$0.00	\$0.00	\$0.00
121					
122	4. Debt Service (Principal and Interest)	Name of Lender / Describe Other Amt Paid	Residential	Non-Residential	Total
123	Lender1 - Principal Paid (provide lender name to the right)				
124	Interest Paid				
125	Other Amount (describe to the right)				
126	Lender2 - Principal Paid (provide lender name to the right)				
127	Interest Paid				
128	Other Amount (describe to the right)				
129	Lender3 - Principal Paid (provide lender name to the right)				

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
130	Interest Paid				
131	Other Amount (describe to the right)				
132	Lender4 - Principal Paid (provide lender name to the right)				
133	Interest Paid				
134	Other Amount (describe to the right)				
135	Total Debt Service Payments		\$0.00	\$0.00	\$0.00
136					
137	Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity)		\$0.00	\$0.00	\$0.00
138					
139	If amount for Surplus Cash above is negative: - you must provide a detailed explanation to question #8 on the Narrative worksheet - you must NOT supply data for any of the fields for Uses of Surplus Cash below		Go to ws4 Narrative question #8		
140	Surplus Cash, Total----->				\$0.00
141	Distribution of Surplus Cash/Residual Receipts - (Response Required.) In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other funders and any other agreements that govern. Please include the calculation methodology, applicable annual increases, etc. For proposed distribution amounts entered in column J, rows 143-165, select the distribution priority for each of the uses of cash flow/surplus cash in column H. If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter N/A in the box below.				
142					
143	USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)			Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
144	5. Operating Reserve Replenishments (Deposits made out of surplus cash to satisfy minimum balance requirements).				
145	6. "Below-the-line" Asset Mgt fee (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy).				
146	7a. Partnership Management fee due from this reporting period, if any (tax credit projects only; not allowed if project is beyond 15-year compliance period).				
147	7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, typically must be paid out of owner distribution, entries usually not allowed here).				
148	8a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period, if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
149	8b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, typically must be paid out of owner distribution, entries usually not allowed here)).				
150	9. Deferred Developer fee, if any				
151	10. Other payments: use question #1 on the Narrative (worksheet #4) to provide details about any fees or other payments, including ground lease residual rent payments for a non-MOHCD/OCII ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.	Go to ws4 Narrative question #1			
152	11ai. Debt Pmt to other lender1: Principal Paid (note lender name to right)				
153	11aii. Debt Pmt to other lender1: Interest Paid				
154	11bi. Debt Pmt to other lender2: Principal Paid (note lender name to right)				
155	11bii. Debt Pmt to other lender2: Interest Paid				
156	Total Payments preceding Residual Receipts Calculation:				\$0.00
157					
158	12. RESIDUAL RECEIPTS				\$0.00
159				Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
160	12a. MOHCD Residual Receipts Due for Loan Repayment				
161	12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment				
162	12c. Subtotal Residual Receipts Payments to MOHCD				\$0.00
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)				

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
164	12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right)				
165	12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right)				
166	Total Residual Receipts Payments:				\$0.00
167	DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.				
168					
169	Remaining Balance				\$0.00
170					
171	Proposed Owner Distributions (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	Proposed Other Distributions/Uses (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)				
173					
174	Final Balance: should be ZERO except when Surplus Cash (cell J140) is negative				\$0.00
175					
176	RESERVE ACCOUNT DETAILS				
177					
178	OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
179	Minimum Required Balance:				
180	Beginning Balance:				
181	Actual Annual Deposit from Operating Budget in Current Reporting Period (not editable, data entered in cash flow above, account number 1365):		\$0.00		
182	Additional Deposit (use ONLY to record deposits from the Op Budget attributable to a prior reporting period, or deposits made from an external source)				
183	Interest Earned:				
184	Annual Withdrawal Amount (enter as negative number):				
185	Ending Balance (don't edit cell -- calculated):		\$0.00		
186	Required Annual Deposit:				
187	Total Operating Expenses plus debt service (don't edit cell -- calculated)		\$0.00		
188	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell. 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.		0.000%		
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):		\$0.00		
196	Required Annual Deposit (do not edit - taken from page 1 account number 1320):		\$0.00		
197	Describe how the amount of annual deposit and the minimum required balance is determined.				
198					
199					
200	CHANGES TO REAL ESTATE ASSETS				
201	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.		Balance, 1/00/1900	Changes	Balance, 1/00/1900
202	Building & Improvements			\$0.00	
203	Offsite Improvements			\$0.00	
204	Site Improvements			\$0.00	
205	Land Improvements			\$0.00	
206	Furniture, Fixtures & Equipment			\$0.00	
207	Other			\$0.00	
208	Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
209	Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 201-207 above that shows a positive change, an entry is required in each corresponding category in rows 212-217. 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.				
210	Capital Repairs and Improvements Funded By:				
211	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Amount
212	Building & Improvements				\$0.00
213	Offsite Improvements				\$0.00
214	Site Improvements				\$0.00
215	Land Improvements				\$0.00
216	Furniture, Fixtures & Equipment				\$0.00
217	Other				\$0.00
218	Total	\$0.00	\$0.00	\$0.00	\$0.00
219	Description of Capital Repairs and Improvements				
220					
221	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.				
222	Source				Amount
223	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				\$0.00
224	Paid Directly from Replacement Reserve				
225	Other Source				
226	Explanation of Non-Capital Replacement Reserve Eligible Expenditures	Total			\$0.00
227					
228	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.	RR Withdrawal Amount-->	\$0.00	Total RR-Eligible Expenditures-->	\$0.00
229	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
230					
231					
232	FEDERAL PROGRAM INCOME REPORT				
233	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:				
234					
235	http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141				
236	Overview of Federal (HOME and CDBG) Program Income				
237					
238	CDBG PROGRAM INCOME				
239	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 2020-2024 Consolidated Plan, 2020-2021 Action Plans as follows:	AMOUNT	DESCRIPTION		
240	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
241	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
242	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
243	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2019 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
244	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
245	Total CDBG Program Income Calculation (see instructions for guidance on how to calculate)				
246	To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2020 reporting period as depicted above.				

**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2020 -
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

Gender

	# Reported Head of HH	% of Total
Female	0	
Male	0	
Genderqueer/Gender Non-binary	0	
Trans Female	0	
Trans Male	0	
Not listed	0	
Declined/Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Sexual Orientation

	# Reported Head of HH	% of Total
Bisexual	0	
Gay /Lesbian/Same-Gender Loving	0	
Questioning /Unsure	0	
Straight/Heterosexual	0	
Not listed	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Target and Actual Population Served

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

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

4. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

5. Affirmative Marketing

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

6. Vacancy Rate ----->

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."

Misc. Admin Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

Misc. Operating & Maintenance Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

8. Negative Cash Flow

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.
- d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.

Project Street Address:

**Schedule of Operating Revenues
For the Year Ended January 0, 1900**

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

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended January 0, 1900**

	<u>Total</u>
Management	
6320 Management Fee	\$0
"Above the Line" Asset Management Fee	\$0
Total Management Expenses:	<u>\$0</u>
Salaries/Benefits	
6310 Office Salaries	\$0
6330 Manager's Salary	\$0
6723 Employee Benefits: Health Insurance & Disability Insurance	\$0
Employee Benefits: Retirement & Other Salary/Benefit Expenses	\$0

6331 Administrative Rent Free Unit	\$0
Total Salary/Benefit Expenses:	<u>\$0</u>

Administration

6210 Advertising and Marketing	\$0
6311 Office Expenses	\$0
6312 Office Rent	\$0
6340 Legal Expense - Property	\$0
6350 Audit Expense	\$0
6351 Bookkeeping/Accounting Services	\$0
6370 Bad Debts	\$0
6390 Miscellaneous Administrative Expenses	\$0
Total Administrative Expenses:	<u>\$0</u>

Utilities

6450 Electricity	\$0
6451 Water	\$0
6452 Gas	\$0
6453 Sewer	\$0
Total Utilities Expenses:	<u>\$0</u>

Taxes and Licenses

6710 Real Estate Taxes	\$0
6711 Payroll taxes	\$0
6790 Miscellaneous Taxes, Licenses, and Permits	\$0
Total Taxes and Licenses Expenses:	<u>\$0</u>

Insurance

6720 Property and Liability Insurance	\$0
6721 Fidelity Bond Insurance	\$0
6722 Workers' Compensation	\$0
6724 Directors & Officers Liabilities Insurance	\$0
Total Insurance Expenses:	<u>\$0</u>

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended January 0, 1900**

Maintenance and Repairs	Total
6510 Payroll	\$0
6515 Supplies	\$0
6520 Contracts	\$0
6525 Garbage and Trash Removal	\$0
6530 Security Payroll/Contract	\$0
6546 HVAC Repairs and Maintenance	\$0
6570 Vehicle and Maintenance Equipment Operation and Repairs	\$0
6590 Miscellaneous Operating and Maintenance Expenses	\$0
Total Maintenance and Repairs Expenses:	<u>\$0</u>

6900 Supportive Services		\$0
Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve		\$0
Total Operating Expenses:		\$0

Financial Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

6820 Interest on Mortgage (or Bonds) Payable		
6825 Interest on Other Mortgages		
6830 Interest on Notes Payable (Long Term)		
6840 Interest on Notes Payable (Short Term)		
6850 Mortgage Insurance Premium/Service Charge		
6890 Miscellaneous Financial Expenses		
Total Financial Expenses:		\$0

6000	Total Cost of Operations before Depreciation:	\$0
5060	Operating Profit (Loss):	\$0

Depreciation & Amortization Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

6600 Depreciation Expense		
6610 Amortization Expense		
Operating Profit (Loss) after Depreciation & Amortization:		\$0

Net Entity Expenses

the right.

7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
Total Net Entity Expenses:		\$0

3250	Change in Total Net Assets from Operations (Net Loss)	\$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
Operating Revenue	\$0
Interest earned on restricted accounts	\$0
Adjusted Operating Revenue	\$0
Operating Expenses	\$0
Net Operating Income	\$0
Other Activity	
Ground Lease Base Rent	\$0
Bond Monitoring Fee	\$0
Mandatory Debt Service - Principal	\$0
Mandatory Debt Service - Interest	\$0
Mandatory Debt Service - Other Amount	\$0
Deposits to Replacement Reserve Account	\$0
Deposits to Operating Reserve Account	\$0
Deposits to Other Restricted Accounts per Regulatory Agreement	\$0
Withdrawals from Operating Reserve Account	\$0
Withdrawals from Other Required Reserve Account	\$0
Total Other Activity:	\$0
Allocation of Non-Residential Surplus (LOSP only)	\$0
Operating Cash Flow/Surplus Cash:	\$0

Distribution of Surplus Cash Ahead of Residual Receipts Payments

*Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid **ahead** of residual receipts payments.*

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

Distribution of Residual Receipts

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

Total

Total Residual Receipts Distributions to Lenders: \$0

Proposed Owner Distribution \$0

Proposed Other Distribution/Uses \$0

Total Residual Receipts Distributions to Lenders and Owners: \$0

Project Street Address:

**Summary of Replacement Reserve and Operating Reserve Activity
For the Year Ended January 0, 1900**

	Replacement Reserve	Operating Reserve
Balance, January 0, 1900	\$0	\$0
Actual Annual Deposit	\$0	\$0
Interest Earned	\$0	\$0
Withdrawals	\$0	\$0
Balance, January 0, 1900	\$0	\$0

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2020 -
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 46		Incomplete
Questions 51 thru 57		Incomplete

Worksheet 1B. Transitional Programs		To Be Determined
Questions 1 thru 11		To Be Determined
Questions 12 thru 18		To Be Determined
Questions 19 thru 39		To Be Determined

Worksheet 1C. Eviction Data		To Be Determined
Question 1		To Be Determined
Questions 2 thru 21		To Be Determined
Questions 22 thru 41		To Be Determined
Questions 42 thru 61		To Be Determined

Worksheet 2. Fiscal Activity		INCOMPLETE
Rental Income - Housing Unit GPTR		Incomplete
Vacancy Loss - Housing Units		Incomplete
Operating Expenses		Incomplete
Surplus Cash/Residual Receipts (Rows 140 - 174)		Incomplete
Operating Reserve (Rows 177 - 187)		Incomplete
Replacement Reserve (Rows 189 - 197)		Incomplete
Changes to Real Estate Assets (Rows 202 - 207)		Incomplete
Replacement Reserve Eligible Expenditures (Rows 210 - 229)		Incomplete
Program Income (Rows 240 - 245)		OK

Worksheet 3A. Occupancy & Rent Info		INCOMPLETE
Does number of units entered on Worksheet 3A match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B?		To Be Determined
For each row for which a Unit Number is supplied, was data entered in all of the required cells?		To Be Determined
Narrative Provided for All rows indicating Overhoused or Overcrowded?		To Be Determined

Worksheet 3B. Demographic Information		To Be Determined
Is Gender and Sexual Orientation/Identity selected for each household?		To Be Determined

Worksheet 4. Narrative		To Be Determined
2		To Be Determined
3		To Be Determined
4		To Be Determined
5		To Be Determined
6		To Be Determined
7		To Be Determined
8		To Be Determined

Worksheet 5. Project Financing		INCOMPLETE
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Worksheet 6. Services Funding		To Be Determined
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EXHIBIT H

Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),¹ **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

Application Process

- **Application Materials.** MOHCD will provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants will be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information will 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 will 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

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)
#3732016v1<IMANDB> - 1633 Valencia- City Loan Agreement-Borrower Comments and SFHAF Comments

housing provider will immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.

- **Limited English Proficiency Policy.** Throughout the application process, the housing provider will 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 will 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 will 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 will 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 will:

#3732016v1<IMANDB> - 1633 Valencia- City Loan Agreement-Borrower Comments and SFHAF Comments

- 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 will 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 will be sent (electronically or otherwise) to the referring agency and the funding agency.
- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers will 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 will 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 will consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which will be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

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.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

EXHIBIT J

Developer Fee Policy

Mayor's Office of Housing and Community Development
Policy on Development Fees For Tax Credit Projects
Effective October 16, 2020

This MOHCD Policy on Development Fees for Tax Credit Projects applies to all developments seeking City funding in conjunction with new Tax Credit financing for the current project, including recapitalization projects with existing MOHCD loans. This does not apply to non-Tax Credit projects such as Small Sites Program (SSP) projects, which are subject to the SSP Program Guidelines. It also does not apply to HOPE SF or RAD projects, which are subject to separate developer fee policies.

Developers may include fees in their project budgets according to the terms below.

I. MINIMUM FEES: 5% of total development costs.

II. MAXIMUM FEES: Notwithstanding any other section of this Policy, the maximum Total Fee that may be included in basis is the Tax Credit limit (currently 15% of Eligible Basis) subject to the additional limitations identified below.

A. Total Development Fee

("Total Fee") for different project types are further detailed below, and reflect the sum of the Cash-Out Fee (Base, Additional, and Deferred) and Non Cash-Out Fee (Deferred and General Partner Equity Contribution).

B. Fee Components

1. Cash-Out Fee (Base and Additional)

Project Type	9% Project - Maximum Cash-Out Fee	4% Project - Maximum Cash-Out Fee	Notes
New Construction	TCAC Maximum	The lesser of TCAC Maximum or \$2,200,000 (Base) + \$10,000 per unit over 100 units (Additional), if additional cash-out requires no additional MOHCD gap funding.	
Newly Acquired and Substantially Rehabilitated (Per unit Hard Cost >= \$75,000)	TCAC Maximum	Same as new construction fee.	-Hard Cost is defined as "Total Construction Costs" summed in the MOHCD Application in cell K37, Tab 4b-Perms&U.
Substantial Rehabilitation (Per unit Hard Cost >=\$75,000) by Existing or Affiliate GP -- Includes New City Funds or Re-structured City Debt	50% TCAC Maximum	The lesser of TCAC maximum or \$1,100,000 (Base) + \$10,000 per unit over 100 units (Additional), if additional cash-out requires no additional MOHCD gap funding.	-Sponsor may take the allowable fee for Newly Acquired and Rehabilitated projects described above if 1) in the project's original syndication, sponsor did not take the maximum allowable developer fee; or 2) sponsor adds new affordable units to the project.

			<p>-Hard Cost is defined as “Total Construction Costs” summed in the MOHCD Application in cell K37, Tab 4b-Perms&U.</p> <p>-Sponsor cash out permissible only per MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy.</p>
<p>Recapitalization, acquisition, or transfer with less than \$75,000 Per unit hard cost capital improvements</p>	No Fee	No Fee	<p>-Hard Cost is defined as “Total Construction Costs” summed in the MOHCD Application in cell K37, Tab 4b-Perms&U.</p> <p>-Sponsor cash out permissible only per MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy.</p>

- a. A note about Cash-Out Additional Fee: If Eligible Basis is less than Threshold Basis, projects over 100 units may take up to \$10,000 per unit over 100 as cash-out fee, but only if such cash payment does not require additional gap funding from MOHCD (see MOHCD Application, Tab 8-DevFeeCalc, for calculation).
2. Cash-Out Fee (Deferred): If Eligible Basis is less than Threshold Basis, Developers may include a Cash-Out Deferred Fee component in the Total Fee up to the aggregate of 50% of surplus cash flow taken over the project’s first 15 years of operation (after typical payments of base ground rent, the general partner management fee, and investor asset management fee, if applicable). Cash-Out Deferred Fee is shown as both a source and a use of funds in the capital budget. Developers may use industry standard inflators of income and expenses to calculate Cash-Out Deferred Fee.
 - a. Distributions of surplus cash as Deferred Fee are in lieu of (not in addition to) the typical 33.3% distribution of surplus cash to the Sponsor. At Year 15 of operations, or earlier if the Deferred Fee is fully repaid before then, a surplus cash distribution shall commence at 33.3% of surplus cash (after typical payments of base ground rent, the general partner management fee, and investor asset management fee, if applicable).
 - b. For projects supported by the Local Operating Subsidy Program, Cash-Out Deferred Fee must be taken over a minimum time period of 5 years.
3. Non-Cash Out Fee (Deferred and General Partner Equity Contribution): Where Eligible Basis is less than Threshold Basis, Developers should include in Total Fee the maximum amount available for re-contribution as General Partner Equity or as Non-Cash Out Deferred Fee. It is

MOHCD’s intent to use Deferred Fee and General Partner Equity Contribution up to 15% of Eligible Basis to reduce MOHCD’s overall contribution to projects, so that MOHCD may invest its funds in the most projects possible. MOHCD will work with developers, lenders, and investors to ensure that the developer fee structure meets MOHCD financing goals and feasibility considerations.

4. Commercial Developer Fee is not addressed in this Policy. Please see MOHCD’s Commercial Underwriting Guidelines for information regarding development fees associated with Commercial, Community Serving Commercial, and Public Benefit Use spaces.

III. FEE DISTRIBUTION: The Cash-Out Base Fee shall be divided equally between “Project Management Fee” and “At-Risk Fee” (subject to the “At-Risk Fee Adjustment” described below). Any Cash-Out Additional Fee will be distributed as At-Risk Fee. Cash-Out Fees (Base and Additional) shall be distributed according to achievement of certain development milestones, as follows:

Example below assumes Base Fee is \$2.2 M and Additional Fee is \$300,000.

Project Management Milestone	% of Fee Distributed	Fee Amount
Acquisition, if applicable, or predevelopment loan closing (or another agreed-upon milestone if acquisition is not applicable, e.g. being awarded a City-owned site through a RFQ/RFP process)*	15%	\$165,000
During Predevelopment with no more than 50% of the total Project Management Fee to be disbursed prior to construction closing*	35%	\$385,000
At Construction Closing	20%	\$220,000
During Construction (disbursed upon request depending on % of construction completion) or at Completion of Construction	20%	\$220,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor’s project completion report and documents; and City acceptance of final cost certification.	10%	\$110,000
TOTAL PROJECT MANAGEMENT FEE	100%	\$1,100,000

***Joint Venture development team partners must split all Fee during the pre-development period 50%-50%. This helps ensure the new or emerging partner has access to Fee upfront to support their participation in the project and their capacity building.**

At-Risk Fee Milestone	% of Fee Distributed	Fee Amount
Qualified Occupancy (95% Leased up and Draft Cost Certification Audit)	20%	\$280,000
Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$700,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.	30%	\$420,000
TOTAL AT-RISK FEE	100%	\$1,400,000

A. At-Risk Fee Adjustment

When outside funding sources limit the Cash Out Fee to a value less than allowed under this Policy (e.g., California's Department of Housing and Community Development), the Developer may still be paid a maximum of \$1.1M as a Project Management Fee and the At-Risk Fee shall be reduced to bring the total Cash-Out Fee (Base and Additional) in line with the outside funding source cap.

IV. WAIVERS OF THE DEVELOPER FEE POLICY

The Citywide Affordable Housing Loan Committee may approve a waiver or modification of any portion of this Policy for the purpose of assuring project feasibility. All recommendations related to this Policy are subject to the Mayor's approval in his or her sole discretion.

V. CDBG or HOME REQUIREMENTS

If MOHCD uses CDBG or HOME funds to pay the development fee, it is considered "program income", and, should MOHCD request it, the Sponsor must provide a report to MOHCD on its use of developer fees.

Recipients of CDBG administrative funding may not also receive a Project Management Fee for the same project covering the same time period.

VI. POLICY IMPLEMENTATION

This Policy applies to any development that has not received its gap financing commitment or debt restructuring approval from MOHCD by the effective date of the Policy.

EXHIBIT K

Hold Harmless Policy

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



London N. Breed
Mayor

Kate Hartley
Director

Hold Harmless Policy for MOHCD's Income Limits & Maximum Rents
Effective: 5/3/2019 (update to the initial policy that was effective 2/19/2016)

Background

Every year, the United States Department of Housing and Urban Development ("HUD") publishes area median income ("AMI") data for jurisdictions across the United States. The City and County of San Francisco, acting through its Mayor's Office of Housing and Community Development ("MOHCD"), is a part of the San Francisco HUD Metropolitan Fair Market Rent Area ("SF HMFA"), which contains San Francisco, San Mateo and Marin County. MOHCD uses HUD's unadjusted AMI for SF HMFA as opposed to adjusted AMI, which is inflated to reflect high cost factors, to establish the income limits, maximum rents and sales prices that apply to affordable housing projects and programs regulated by MOHCD.

In 2016, MOHCD established a Hold Harmless Policy which stated that in any year when AMI decreased, MOHCD would maintain the income limits, maximum rents and sales prices at the previous year's levels in order to protect the operational integrity of affordable and inclusionary housing developments.

Purpose

This update to the Hold Harmless Policy (this "Policy") adds a limit to annual increases to income limits, maximum rents and sales prices published by MOHCD in order to mitigate the significant financial burden on low- and moderate-income tenants and homebuyers during periods of high escalation of AMI in San Francisco.

This Policy establishes the following:

- Limit annual increases to income limits, maximum rents, and sale prices to a maximum of 4%ⁱ
- Uphold the current policy of maintaining income limits, maximum rents and sales prices at the previous year's levels in years when AMI, as published by HUD, has decreased.

This Policy is intended to limit harm by:

1. Protecting tenants from displacement due to annual rent increases that would cause a significant financial burden; and
2. Protecting the operational integrity of housing developments so that owners are able to cover operating costs that typically increase annually, even when AMI decreases; and

- Ensuring that San Francisco’s low-, moderate- and middle-income workforce retain access to homeownership opportunities.

Hold Harmless Limits

For the purpose of this Policy:

“**HUD SF AMI**” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD, derived from the median income determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as “Unadjusted Median Income”.

“**MOHCD AMI**” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD under this Policy.

“**Housing Provider**” means any person or entity that owns a multi-family property that is restricted for the purpose of affordable housing and/or subject to MOHCD administration, regulations, or policies.

Limited Increases: Annual increases to MOHCD AMI shall be limited to the lesser of: (1) the percentage amount necessary to adjust MOHCD AMI to match the then-current year’s HUD SF AMI, or (2) four percent (4%)ⁱ. This Policy limits year-over-year increases to MOHCD AMI to 4% in periods of high HUD SF AMI escalation, while allowing MOHCD AMI to “catch up” to HUD SF AMI during periods when HUD SF AMI grows slowly, is static, or decreases.

Limited Decreases: This update to the Policy does not eliminate the Hold Harmless Policy adopted in 2016. In years when the MOHCD AMI matches the HUD SF AMI, and the subsequent year’s HUD SF AMI decreases, MOHCD will maintain the MOHCD AMI from the previous year. If, in subsequent years, HUD SF AMI decreases again, stays flat, or increases to a level that is still lower than before the initial decrease, MOHCD will maintain its published AMI until such time as the HUD SF AMI increases to a level that is greater than the MOHCD AMI.

The application of this Policy may result in the creation of a calculation of MOHCD AMI that is different than the HUD SF AMI. The below chart demonstrates how this Policy would be applied over a hypothetical 6-year period:

	Base Year	Year 2		Year 3		Year 4		Year 5		Year 6	
	AMI	AMI	% Change								
HUD SF AMI	100.0	108.0	8.0%	107	-0.9%	111	3.9%	109.0	-2.0%	112.5	3.2%
MOHCD AMI	100.0	104.0	4.0%	107	2.9%	111	3.9%	111	0.0%	112.5	1.2%

Utility Allowances

Notwithstanding anything to the contrary in this Policy, it is important to note that a Housing Provider will be required to lower net rents (i.e. tenant-paid rent) as the result of increases in utility allowances in years when the MOHCD AMI matches the HUD SF AMI, and HUD SF AMI has decreased or remained flat. MOHCD AMI establishes the limits for maximum gross rent (aka “Tier 2 rent” under the City’s Inclusionary Housing Manual),” which consists of tenant rent plus utility allowance. If HUD SF AMI decreases or remains flat, and therefore MOHCD AMI remain the same as the previous year, an increase in the utility allowance means that the tenant rent would have to be lowered.

Limited Hardship Waiver

MOHCD will consider, in its sole discretion, a waiver of this Policy from a Housing Provider with rental units restricted under contracts (i.e., loan agreement, grant agreement, or other agreement for funding from the City) with MOHCD upon demonstration that: (1) the MOHCD AMI imposes a financial hardship that puts at risk the Housing Provider's ability to cover reasonable operating costs and debt service, (2) existing tenants will not be unreasonably financially burdened by the Housing Provider's proposed rent increases, and (3) the Housing Provider is not in default under any contract with MOHCD. Any waiver from this Policy approved by MOHCD, in its sole discretion, shall apply for only one year. Housing Providers are solely responsible for providing MOHCD with any documentation requested by MOHCD to support a hardship waiver of this Policy.

ⁱ The application of the 4% increase is made on the amount for the 100% AMI level for a 4-person family. MOHCD continues to using rounding to the nearest \$50 on the calculations for all of the other income levels and household sizes. The use of rounding may create nominal differences in the percentage increases for all of the other max income levels and household sizes, as well as for all of the maximum rents.

EXHIBIT L
Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms Borrower will obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City:

1. Liability Insurance. Borrower will obtain and maintain, or cause its contractors, subcontractors, property managers and/or agents, as appropriate for each, to obtain and maintain, insurance and bonds as follows:

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and Four Million Dollars (\$4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower will assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim will be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than One Million Dollars (\$1,000,000) each loss, with any deductible not to exceed Fifty Thousand Dollars (\$50,000) each loss, including the City as additional obligee or loss payee;

(f) as applicable, pollution liability and/or asbestos pollution liability covering the work being performed with a limit no less than Two Million Dollars (\$2,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This

coverage will be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy will be "claims made" coverage and Borrower will require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance. Borrower will maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant will obtain Property Insurance by the date that the project receives a Temporary Certificate of Occupancy.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender will require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

(b) During the course of any construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Fifty Thousand Dollars (\$50,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Borrower as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant will obtain Property Insurance by the date that the project receives a Temporary Certificate of Occupancy.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender will require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. General Requirements.

(a) Required Endorsements. Borrower's insurance policies will include the following endorsements:

(i) Commercial General Liability and Commercial Automobile Liability Insurance policies will be endorsed to name as "Additional Insured" the City and County of San Francisco, its officers, agents, and employees.

(ii) The Workers' Compensation policy(ies) will be endorsed with a waiver of subrogation in favor of the City for all work performed by the Borrower, its employees, agents, contractor(s), and subcontractors.

(iii) Commercial General Liability and Commercial Automobile Liability Insurance policies will 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 the insurance applies separately to each insured against whom claim is made or suit is brought.

(iv) All policies will be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices will be sent to the City address set forth in **Section 21.1** of the Agreement.

Borrower will provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

(b) Certificates of Insurance. By no later than Loan closing and annually thereafter, Borrower will 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. Approval of the insurance by City shall not relieve or decrease Borrower's liability under this Agreement.

(c) Waiver of Subrogation – Property Insurance. With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Claims Based Policies. All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made form, Borrower will maintain coverage as follows:

(i) for builder's risk, continuously for a period ending no less than three (3) years after recordation of a notice of completion without lapse, to the effect that, if any occurrences give rise to claims made after completion of the Project, then those claims will be covered by the claims-made policies; or

(ii) for all other insurance under this Exhibit L, continuously through the Compliance Term and, without lapse, for a period of no less than three (3) years beyond the expiration of the Compliance Term, to the effect that, if any occurrences during the Compliance Term give rise to claims made after expiration of the Agreement, then those claims will be covered by the claims-made policies.

(e) Additional Requirements.

(i) If any of the required insurance is 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 will be double the occurrence or claims limits specified above.

(ii) Any and all insurance policies required under this Exhibit L will contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(iii) On City's request, Borrower and City will periodically review the limits and types of insurance carried under this Exhibit L. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Borrower for risks comparable to those associated with the Permit Area, then City in its sole discretion may require Permittee to increase the amounts or coverage carried by Borrower to conform to the general

commercial practice, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(iv) Borrower's compliance with the insurance requirements under this Exhibit L will in no way relieve or decrease Borrower's indemnification obligations under this Agreement or any of Borrower's other obligations under this Agreement.

Exhibit M
Reserved.

EXHIBIT N
Reserved

EXHIBIT O
Reserved

EXHIBIT P
Residual Receipts Policy

Mayor's Office of Housing and Community Development

Residual Receipts Policy

Effective April 1, 2016

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

I. Definition of Residual Receipts	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
II. Annual Residual Receipts Payments Due to MOHCD	Generally, $\frac{2}{3}$ rd s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
III. When more than one MOHCD contract requires residual payments	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
IV. When a project has other Lenders in addition to MOHCD that require residual payments	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
V. Conditions to Distribution of Residual Receipts to Borrower	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of

	Distribution.
VI. Use of Residual Receipts Distributed to the Borrower	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
MOHCD Repayment Waiver Option	The repayment waiver option has been terminated.

I. Definition of Residual Receipts

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or “hard” debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
 - 1. Fees payable to the project, the GP, the LP or the parent entity
 - 2. Fees payable to project funders
 - 3. “Soft” debt repayments to lenders / lessors

Please see the City’s Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be $\frac{2}{3}$ rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive $\frac{2}{5}$ ths of the amount available to be repaid, and the other lender would receive $\frac{3}{5}$ ths of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:

1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
 2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
 3. If any operating expense, including debt service on non-City loans remains unpaid; or
 4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
 5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

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 108, L.P., a California limited partnership

For

VALENCIA STREET HOUSING
1633 VALENCIA STREET, SAN FRANCISCO, CA

THIS GRANT AGREEMENT (this “**Agreement**”) is made this _____, 202__, by and between MERCY HOUSING CALIFORNIA 108, L.P., 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, 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 _____, 2024 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 Operating Costs for any Business Year during the Term exceed the Project Income attributable to the Assisted Units for such Business Year.

“**Assisted Units**” means the one hundred forty-five (145) 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, or for the benefit of, 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 _____, between MOHCD and Grantee with respect to a \$[_____] loan.

“**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 the meaning given to it in Section 2.5.

“**Project**” means the one hundred forty-six (146) unit affordable housing project commonly known as 1633 Valencia Street Apartments, 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. In no event shall the Qualified Minimal Debt Service Payment be less than the amount necessary for the periodic payment of the Senior Loan in accordance with the Senior Loan Documents.

“**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 Lender**” means Bay Area Housing Innovation Fund, LLC, a California limited liability company, or any successor or assign.

“**Senior Loan**” means the loan in the amount of Sixteen Million Dollars (\$16,000,000) from the Senior Lender to Grantee evidenced by the Senior Loan Documents.

“**Senior Loan Documents**” means the following documents: the loan documents executed by Grantee in connection with the Senior Loan from the Senior Lender.

“**Senior Loan Repayment Account**” means the account established by Grantee and controlled by Senior Lender for the deposit of each Senior Loan Repayment Amount.

“**Senior Loan Repayment Amount**” means the annual amount owed by Grantee to the Senior Lender for the repayment of principal and interest of the Senior Loan, as evidenced by the Senior Loan Documents, as set forth in **Exhibit J**.

“**Senior Loan Repayment Date**” means each _____, or such other date set forth in the Senior Loan Documents for the annual repayment of the Senior Loan, after the Effective Date.

“**Services Agreement**” means the Contract for Services dated _____, 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. A portion of the total Subsidy Payment, in the amount of the Senior Loan Repayment Amount, shall be deposited by the City, for the benefit of the Grantee, into the Senior Loan Repayment Account.

“**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 _____, 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.

“**20-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 Applicability. Section 2.2 through 2.6, inclusive shall govern the portion of the Subsidy Payments to be disbursed directly to the Grantee for operation of the Project. Section 2.7, below, shall solely govern the Senior Loan Repayment Amount to be disbursed by MOHCD directly into the Senior Loan Repayment Account. For the avoidance of doubt, the parties agree that the intent of this Agreement is to provide Grant Funds to, or for the benefit of, Grantee to be used by Grantee in the following priority: (i) by Grantee for repayment of the Senior Loan, which shall be effectuated by MOHCD disbursing the Senior Loan Repayment Amount directly into the Senior Loan Repayment Account; and (ii) Grantee to be used for operations of the Project in accordance with this Agreement.

2.2 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 2.6 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.

2.3 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.

2.4 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 2.6.

2.5 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; PROVIDED, HOWEVER, IN CONNECTION WITH THE APPROPRIATION OF THE SENIOR LOAN REPAYMENT AMOUNT, IN THE EVENT OF ANY CONFLICT BETWEEN ANY OTHER PROVISION OF THIS ARTICLE, AND SECTION 2.7, SECTION 2.7 SHALL CONTROL.

2.6 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.

2.7 Budget Appropriation for Senior Loan Repayment Amount. Notwithstanding any provision of this Article 2 to the contrary, solely in connection with the funding of the Senior Loan Repayment Amount, the City covenants to take such action as may be necessary to include each Senior Loan Repayment Amount in its annual budget and to make the necessary appropriations for each annual Senior Loan Repayment Amount; provided, however, the City's obligation to make or fund the Senior Loan Repayment Amount does not constitute an obligation of the City to levy or pledge any form of taxation, or for which the City has levied or pledged any form of taxation. The requirement to include the Senior Loan Repayment Amount in the annual budget and to make the necessary appropriations therefor are deemed to be, and shall be construed as, ministerial duties imposed by law. The terms of this Agreement shall be governed by and subject to the budgetary and fiscal provisions of the Charter. So long as any portion of the Senior Loan remains outstanding, in accordance with the Senior Loan Documents, the City shall use good faith effort to prioritize any available Grant Funds for the payment of the Senior Loan Repayment Amount taking into account the overall Operating Costs, and the City shall not terminate this Agreement in connection with the obligation to fund the Senior Loan Repayment Amount; provided, however, the City retains the right to partially terminate this Agreement in connection with any other funding of Grant Funds to the Grantee, as set forth above, and in such event, the City and Grantee shall enter into such other agreement(s), as mutually determined by the City and Grantee to evidence the continued disbursements of the Senior Loan Repayment Amounts to the Senior Loan Repayment Account. In the event of any conflict between this Section and any other provision of this Article, in connection with the funding of the Senior Loan Repayment Amount, the terms of this Section shall control.

ARTICLE 3 TERM

The term of this Agreement (the "**Term**") shall commence on the Effective Date and shall terminate on December 31, 2045, unless earlier terminated in accordance with the terms herein.; provided, however, if the Senior Loan remains outstanding because the Senior Loan Repayments Amounts have not been paid to the Senior Lender, the Term shall automatically, and without further action of the Parties, be extended until ten (10) days after all Grant Funds have been disbursed under this Agreement.

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 and access points approved in advance by HSH.

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 equal to 50% of such Tenant's household income, but in no event may rent exceed the lowest of: (i) thirty percent (30%) of the Applicable Income Limit for such Tenant's Assisted Unit; (ii) thirty percent (30%) of fifty percent (50%) of Median Income; or (iii) 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 Reserve Accounts.

(a) Grantee shall comply with all of its requirements for the Operating Reserve Account, Replacement Reserve Account, and Capitalized Lease Up and Stabilization Reserve Account under the MOHCD Loan Agreement.

(b) 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 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 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 annual Senior Loan Repayment Amount, 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 the annual Senior Loan Repayment Amount and Operating Costs that differ in amount from the amounts in the Annual Operating Budget. In addition, **Exhibit J** sets forth the Senior Loan Repayment Amount for the full repayment of all principal and interest of the Senior Loan during the term of the Senior Loan Documents.

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 a new service provider for the Project shall not require Grantee’s prior consent. 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 _____ Dollars (\$_____) (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; provided, however, the portion

of the Subsidy Payment necessary to fund the Senior Loan Repayment Amount shall be deposited into the Senior Loan Repayment Account prior to the first repayment date for the Senior Loan. Notwithstanding the foregoing, for the administrative convenience of the parties and the Senior Lender, the parties agree that: (i) MOHCD shall disburse the portion of the Subsidy Payment, equal to amount of the Senior Loan Repayment Amount, directly to the Senior Loan Repayment Account; (ii) each disbursement of the Senior Loan Repayment Amount directly to the Senior Loan Repayment Account shall be deemed to be a partial disbursement of the Subsidy Payment to the Grantee; (iii) each disbursement of the Senior Loan Repayment Amount to the Senior Loan Repayment Account shall be made by MOHCD so that the Senior Loan can be repaid in accordance with the Senior Loan Documents; (iv) the disbursement of the Senior Loan Repayment Amount may be released to the Senior Lender separately from the funding, or disbursement, of any other portion of the Subsidy Payment to Grantee, including, but not limited to the First Subsidy Payment; (v) MOHCD shall disburse each Senior Loan Repayment Amount regardless of the current balance of the Senior Lender Account provided that the Senior Loan Repayment Amount is due and unpaid under the Senior Loan Documents; (vi) Senior Lender shall solely control all funds within the Senior Loan Repayment Account, including, but not limited to, the withdrawal of funds for the repayment of the Senior Loan; (vii) the Senior Loan Repayment Amount is set forth on **Exhibit J**, and is not subject to reduction based on Project Income, or any other reduction applicable to the other portions of the Grant Funds; provided, however, Grantee remains fully liable for the performance of reporting requirements, and other obligations set forth in this Agreement, regarding the determination of any Projected Shortfalls.

5.2 Subsidy Payment Amounts and Adjustments.

(a) The 20-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; provided, however, the minimum amount of the Senior Loan Repayment Amount is set forth on **Exhibit J**, and such amount shall not be reduced in connection with any reduction of any other portion of a Subsidy Payment unless otherwise approved by Senior Lender.

(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 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) 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 (i) 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, and (ii) disbursement of the Senior Loan Repayment Amount of the First Subsidy Payment shall not be withheld based on a default by the Tenant Services Contractor.

(d) 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 (i) 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 the Department of Public Health to diligently pursue a cure of said default, which may or may not include Grantee directly providing the required services under the Services Agreement, and (ii) disbursement of the Senior Loan Repayment Amount of the First Subsidy Payment shall not be withheld based on a default by the Tenant Services Contractor.

(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.

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 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 members (if general partner is a limited liability company), are nonprofit corporations, 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.

8.5 Senior Loan Documents. As of the Effective Date, the principal amount of the Senior Loan is Sixteen Million Dollars (\$16,000,000). The Senior Loan Documents have not been amended, and remain in full force and effect according to their terms. Grantee shall perform all of its duties and obligations set forth in the Senior Loan Documents in accordance with the applicable requirements of the Senior Loan Documents.

**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, Senior Loan Documents or Services Agreement.** 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), or Tenant Services Contractor defaults under the Services Agreement (after expiration of any grace period expressly stated therein); provided however that (i) a default by Tenant Services Contractor under the Services Agreement shall only be a default under this Agreement so long as _____ (or an affiliate thereof) is the Tenant Services Contractor, and (ii) any monetary default under the Senior Loan Documents related to payment of the Senior Loan Repayment Amount shall not be a default under this 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; provided, however, such event shall not be deemed to be an Event of Default so long as Grantee is pursuing the restoration of the damage or destroyed portion of the Project, if applicable, and the Senior Lender has not declared a default pursuant to the Senior Loan Documents.

(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; provided, however, MOHCD shall deliver a copy of any notice of default provided to

Grantee to Senior Lender, and MOHCD shall accept any cure from Senior Lender, on behalf of Grantee, on the same terms and conditions as if made by Grantee.

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.** If Grantee has failed to cure an Event of Default or failed to cure a default under the City Loan Documents, City may terminate this Agreement (subject to the limitations set forth in Section 2.7) 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 any annual payment due for the Senior Loan and 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, provided however City shall continue to disburse Grant Funds so long as Grantee has commenced and is diligently pursuing a cure of the Event of Default, including under the Senior Loan Documents, to the reasonable satisfaction of the City, and such disbursement shall not waive, limit, impair or otherwise prejudice any right or remedies City may pursue against Grantee. Notwithstanding the foregoing, City shall not withhold the Senior Loan Repayment Amount of a Subsidy Payment if: (i) the Event of Default is unrelated to the Senior Loan Documents, or (ii) Grantee's cure of default under the Senior Loan Documents is contingent on receipt of the Senior Loan Repayment Amount. 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, except Grantee's expenditure of Grant Funds, or the City's disbursement of Grant Funds previously deposited into the Senior Loan Repayment Account, for the annual Senior Loan Repayment Amount.

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: Mercy Housing California 108, L.P.
c/o Mercy Housing California 108 LLC
1256 Market Street
San Francisco, CA 94102
Attn: Doug Shoemaker

With a copy to: _____

Attention: General Counsel

With a copy to: Bay Area Housing Innovation Fund, LLC
c/o The San Francisco Housing Accelerator Fund
244 Kearny Street, 5th Floor
San Francisco, CA 94108
Attn: Rebecca Foster

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 20-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
- Exhibit J, Senior Loan Repayment Amount

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. Except for Senior Lender which shall be an express third-party beneficiary with a direct right of enforcement solely in connection with City's obligation to disburse a portion of the Subsidy Payment directly to the Senior Loan Repayment Account, in accordance with Article 5, and the right to cure defaults by Grantee, as set forth above, 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. City acknowledges that Senior Lender has relied, in part, on the City's funding commitment, as set forth in this Agreement, in connection with the making of the Senior Loan.

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 Effective Date, 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, and City agrees to do such things, perform such acts, and make, execute, acknowledge and deliver such documents as may be reasonably necessary or proper for the efficient disbursement of the Senior Loan Repayment Amount directly to the Senior Loan Repayment Account.

17.13 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: _____
London Breed
Mayor

By: _____
Daniel Adams
Director, Mayor’s Office of
Housing and Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Keith Nagayama,
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 108, L.P.,
a California limited partnership

By: Mercy Housing California 108 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation, its sole member/manager

By: _____

Name: _____

Its: _____

City Vendor Number: _____

Exhibit A – Projected Project Subsidy Payments

LOSP FUNDING SCHEDULE	
Project Address:	1633 Valencia
Project Start Date:	1/1/2026

Exhibit A

annual %age increase (uses Full Year Funding Amount)	Calendar Year		Full Year Funding Amount	# Months to Fund	Total "LOSP - A" Disbursement for Calendar Year	Total "LOSP - B" Disbursement for Calendar Year	Total Disbursement for Calendar Year	Estimated Disbursement Date
	CY-1	2026						
			\$2,235,309	12	\$2,235,309	\$0	\$2,235,309	1/1/2026
3.66%	CY-2	2027	\$2,317,201	12	\$2,317,201	\$1,158,969	\$3,476,170	1/1/2027
3.74%	CY-3	2028	\$2,403,841	12	\$2,403,841	\$1,158,969	\$3,562,810	1/1/2028
3.73%	CY-4	2029	\$2,493,604	12	\$2,493,604	\$1,158,969	\$3,652,573	1/1/2029
3.73%	CY-5	2030	\$2,586,604	12	\$2,586,604	\$1,158,969	\$3,745,573	1/1/2030
3.72%	CY-6	2031	\$2,682,953	12	\$2,682,953	\$1,158,969	\$3,841,922	1/1/2031
3.69%	CY-7	2032	\$2,781,925	12	\$2,781,925	\$1,158,969	\$3,940,894	1/1/2032
3.72%	CY-8	2033	\$2,885,304	12	\$2,885,304	\$1,158,969	\$4,044,273	1/1/2033
3.71%	CY-9	2034	\$2,992,399	12	\$2,992,399	\$1,158,969	\$4,151,368	1/1/2034
3.71%	CY-10	2035	\$3,103,341	12	\$3,103,341	\$1,158,969	\$4,262,310	1/1/2035
3.70%	CY-11	2036	\$3,218,264	12	\$3,218,264	\$1,158,969	\$4,377,233	1/1/2036
3.70%	CY-12	2037	\$3,337,310	12	\$3,337,310	\$1,158,969	\$4,496,279	1/1/2037
3.67%	CY-13	2038	\$3,459,644	12	\$3,459,644	\$1,158,969	\$4,618,613	1/1/2038
3.69%	CY-14	2039	\$3,587,345	12	\$3,587,345	\$1,158,969	\$4,746,314	1/1/2039
3.69%	CY-15	2040	\$3,719,618	12	\$3,719,618	\$1,158,969	\$4,878,587	1/1/2040
2.52%	CY-16	2041	\$3,813,484	12	\$3,813,484	\$1,158,969	\$4,972,453	1/1/2041
3.69%	CY-17	2042	\$3,954,322	12	\$3,954,322	\$1,158,969	\$5,113,291	1/1/2042
3.69%	CY-18	2043	\$4,100,200	12	\$4,100,200	\$1,158,969	\$5,259,169	1/1/2043
3.69%	CY-19	2044	\$4,251,296	12	\$4,251,296	\$1,158,969	\$5,410,265	1/1/2044
3.64%			Total "LOSP - A" Amount-->		\$59,923,964	\$20,861,442	<--Total "LOSP - B" Amount	
							Total Contract Amount:	\$80,785,406

Exhibit B –Annual Operating Budget for Initial Operating Period and 20-Year Cash Flow

Application Date: 2/1/2024
 Total # Units: 146
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

Project Name: 1633 Valencia
 Project Address: 1633 Valencia St
 Project Sponsor: Mercy Housing California

Correct errors noted in Col N!

INCOME	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Residential - Tenant Rents	391,500	0	391,500	Links from 'New Proj - Rent & Unit Mix' Worksheet				2,682
Residential - Tenant Assistance Payments (SOS Payments)	0	0	0	Comments				-
Residential - Tenant Assistance Payments (Other Non-LOSP)	0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet				-
Residential - LOSP Tenant Assistance Payments	2,235,309	0	2,235,309	Links from 'New Proj - Rent & Unit Mix' Worksheet				15,416
Commercial Space	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
"LOSP B" Funding	0	0	0	This is "LOSP B" funding of \$1,158,969 for annual 18 year debt service; first payment due 1/1/2027 so zero for CY 2026.				-
Supportive Services Income	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Laundry and Vending	8,760	0	8,760	Links from 'Utilities & Other Income' Worksheet				-
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet				60
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Other Commercial Income	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0					-
Gross Potential Income	2,635,569	0	2,635,569					
Vacancy Loss - Residential - Tenant Rents	(19,575)	0	(19,575)	Vacancy loss is 5% of Tenant Rents.				(134)
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0					-
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
EFFECTIVE GROSS INCOME	2,615,994	0	2,615,994	PUPA: 17,918				

OPERATING EXPENSES	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Management								
Management Fee	140,160	0	140,160	1st Year to be set according to HUD schedule.				960
Asset Management Fee	26,009	0	26,009	\$26,009 for Sponsor Asset Management Fee; \$2,500 for MOHCD asset management fee				178
Sub-total Management Expenses	166,169	0	166,169	PUPA: 1,138				
Salaries/Benefits								
Office Salaries	247,205	0	247,205	Links from 'Staffing' Worksheet				1,693
Manager's Salary	224,496	0	224,496	Links from 'Staffing' Worksheet				1,538
Health Insurance and Other Benefits	152,518	0	152,518	Health Benefits; Retirements				1,045
Other Salaries/Benefits	42,787	0	42,787	Office Salaries, Manager & Maintenance bonuses				293
Administrative Rent-Free Unit	0	0	0					-
Sub-total Salaries/Benefits	667,006	0	667,006	PUPA: 4,569				
Administration								
Advertising and Marketing	5,000	0	5,000					34
Office Expenses	31,000	0	31,000	Office supplies, postage, computer support and software, commuter checks, staff training				212
Office Rent	0	0	0					-
Legal Expense - Property	15,000	0	15,000					103
Audit Expense	11,500	0	11,500					79
Bookkeeping/Accounting Services	24,000	0	24,000					164
Bad Debts	0	0	0					-
Miscellaneous	2,200	0	2,200	Travel, Training, and Employee Recognition				15
Sub-total Administration Expenses	88,700	0	88,700	PUPA: 608				
Utilities								
Electricity	255,000	0	255,000	Based on comparable project actuals, with addition of E hot water				1,747
Water	75,000	0	75,000	Based on comparable project actuals				514
Gas	0	0	0	All Electric				-
Sewer	96,500	0	96,500	Based on comparable project actuals				661
Sub-total Utilities	426,500	0	426,500	PUPA: 2,921				
Taxes and Licenses								
Real Estate Taxes	10,000	0	10,000	100% Welfare Tax Exemption				68
Payroll Taxes	83,800	0	83,800					574
Miscellaneous Taxes, Licenses and Permits	1,500	0	1,500	Business Renewal, Loading Zone renewal				10
Sub-total Taxes and Licenses	95,300	0	95,300	PUPA: 653				
Insurance								
Property and Liability Insurance	265,000	0	265,000	Based on quote dated 3/20/24				1,815
Fidelity Bond Insurance	0	0	0					-
Worker's Compensation	15,000	0	15,000					103
Director's & Officers' Liability Insurance	0	0	0					-
Sub-total Insurance	280,000	0	280,000	PUPA: 1,918				
Maintenance & Repair								
Payroll	341,688	0	341,688	Links from 'Staffing' Worksheet				2,340
Supplies	30,000	0	30,000	Janitorial and maintenance supplies				205
Contracts	126,500	0	126,500	Window washing (25K), FA/FS (30K), Elevator (37.5K), Exterminating (7.5K), Grounds				866
Garbage and Trash Removal	68,000	0	68,000					466
Security Payroll/Contract	146,032	0	146,032	Links from 'Staffing' Worksheet				1,000
HVAC Repairs and Maintenance	20,000	0	20,000					137
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0					-
Miscellaneous Operating and Maintenance Expenses	25,000	0	25,000	Telecommunications				171
Sub-total Maintenance & Repair Expenses	757,220	0	757,220	PUPA: 5,186				
Supportive Services	0	0	0	Links from 'Staffing' Worksheet				-
Commercial Expenses	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-

TOTAL OPERATING EXPENSES	2,480,895	0	2,480,895	PUPA: 16,992				
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Reserves/Ground Lease Base Rent/Bond Fees	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Ground Lease Base Rent	0	0	0	Provide additional comments here, if needed.				-
Bond Monitoring Fee	14,000	0	14,000	Issuer Fee (\$7.5K), Trustee Fee (\$6.5K)				96
Replacement Reserve Deposit	87,600	0	87,600	\$600/PUPY				600
Operating Reserve Deposit	0	0	0					-
Other Required Reserve 1 Deposit	0	0	0					-
Other Required Reserve 2 Deposit	0	0	0					-
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	101,600	0	101,600	PUPA: 696				

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond)	2,582,495	0	2,582,495	PUPA: 17,688				
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NET OPERATING INCOME (INCOME minus OP EXPENSES)	33,499	0	33,499	PUPA: 229				
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DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Hard Debt - First Lender	0	0	0	SFHAF Permanent Loan				-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	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	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0				

CASH FLOW (NOI minus DEBT SERVICE)	33,499	0	33,499					
Commercial Only Cash Flow	0	0	0					-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	0	0	0					-
AVAILABLE CASH FLOW	33,499	0	33,499					

USES OF CASH FLOW BELOW (This row also shows DSCR.)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL								
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	2,500	0	2,500	MOHCD MONITORING FEE				-
Partnership Management Fee (see policy for limits)	25,999	0	25,999	Y1 - 2025 AMF = 26,009; AMF/PMF total: 52,008; PMF = 25,999; "below				3
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	0	5,000					2
Other Payments	0	0	0					1
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 (Enter amt <= Max Fee from cell I130)	0	0	0	#DIV/0!				-
TOTAL PAYMENTS PRECEDING MOHCD	33,499	0	33,499	PUPA: 229				

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS)	0	0	0					
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Residual Receipts Calculation	Yes	No	Project has MOHCD ground lease?	Yes	No
Does Project have a MOHCD Residual Receipt Obligation?					
Will Project Defer Developer Fee?					
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%				
% of Residual Receipts available for distribution to soft debt lenders if	67%				
Sum of DD F from LOSP and non-LOSP:				0	
Ratio of Sum of DDF and calculated 50%:				#VALUE!	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCIL - Soft Debt Loans	All MOHCD/OCIL Loans payable from res. recs		0.00%
MOHCD/OCIL - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$5,848,928	100.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE	0	MOHCD res recs to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS	0	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
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Exhibit C – Legal Description of Real Property

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.

BY: _____

NAME: _____

TITLE: _____

DATE: _____

EXHIBIT G – ANNUAL MONITORING REPORT

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



London N. Breed
Mayor

Eric D. Shaw
Director

October 21, 2020

Notice of Availability of 2020 Annual Monitoring Report Form
(plus reminders of Marketing Procedure and Serious Incident Protocol)

The Mayor's Office of Housing and Community Development (MOHCD) is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2020 (RY2020). The forms are now available to be downloaded from the [Asset Management page](#) of the MOHCD web site. In addition, training videos on how to complete the AMR are available. See below for more information.

IMPORTANT INFORMATION RELATED TO COVID-19

MOHCD recognizes the impact that the COVID-19 crisis is having on the organizations that we support, especially those providing essential services. It is vitally important to take measures to protect your staff, residents and clients from contracting and spreading COVID-19. We urge all affordable housing owners and managers to follow the guidelines, recommendations and orders from the U.S. [Centers for Disease Control](#), the [State of California](#) and the San Francisco [Department of Public Health](#). MOHCD is also taking action to address the needs of the projects under our purview:

- MOHCD [published a memo](#) clarifying MOHCD's current Operating Reserves requirements.
- MOHCD extended the 2020 AMR due date by one month (see below for detailed info) for projects whose business year ran from 7/1/2019 to 6/30/2020.

MOHCD is allowing project sponsors to retain a larger share of 2020 surplus cash/residual receipts than is allowed under their financing agreements with MOHCD. For more information, read the notice regarding the [COVID-19 Allowance](#). This opportunity is limited to projects whose business year ran from 7/1/2019 to 6/30/2020. The COVID-19 Allowance may not be available to some projects that are subject to MOHCD financing, regulatory or ground lease agreements that include limits on distributions of surplus cash/residual receipts. To benefit from the Allowance, owners of such projects will have to request amendments to those agreements that would remove such limits. For more information, read the ["Notice Regarding Option to Remove Caps on Distributions of Residual Receipts."](#)

If this crisis is preventing you from responding thoroughly and quickly to any request from MOHCD, please do whatever you can to let us know of your limitations and to propose alternatives. Thank you for everything that you are doing on behalf of the people your organization serves and for all of the people of San Francisco.

Deadline: For projects whose business year ended June 30, 2020, the report will be due on January 8, 2021, for the period 7/1/2019-6/30/2020, unless noted otherwise in a project-specific notice sent by MOHCD. For any projects whose 2020 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.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2020 – 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	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info	➤ 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_RY2020.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance

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

III. Audited Financial Statements

Provide financial statements for the project for Reporting Year 2020. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is posted on [MOHCD's Asset Management web page](#). If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

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

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

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

IMPORTANT: Audited financial statements are a required submittal of the Annual Monitoring Report. Do not submit the AMR until the audit has been finalized. AMRs that are submitted without an audit or with a draft audit will not be accepted.

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
- desired unit size

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

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

AMR Training – On-Demand Videos

To facilitate completion of the AMR by project sponsors, MOHCD has created training videos that provide step-by-step instructions on how to complete the Excel reporting form and how to submit the report overall. There are ten video modules that vary in length from two to 30 minutes and may be viewed on-demand from the [Asset Management page](#) of the MOHCD web site. We strongly encourage all persons who are involved in preparing the AMR to watch the videos. If you experience any technical difficulties with accessing and viewing the videos, please contact Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Marketing Procedure for Available Units and Waiting List Openings

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

Serious Incident Protocol

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

MOHCD requests that owners of projects financed by this office notify us in writing if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line
- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

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

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

Asset Management Team

MOHCD 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103

<http://sfmohcd.org> P. 415-701-5500 F. 415-701-5501

**Owner Compliance Certification and Insurance & Tax Certification Form
2020 Annual Monitoring Report
San Francisco Mayor’s Office of Housing and Community Development**

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

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2020 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

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

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

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

**Owner Compliance Certification and Insurance & Tax Certification Form
2020 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

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

**Owner Compliance Certification and Insurance & Tax Certification Form
2020 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

	True	False	
			project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.
22			The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.
23			The Waiting List that has been submitted with the 2020 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.

Property and Liability Insurance

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

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

Tax Certification

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

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

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

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

Signature: _____ Date: _____

Name: _____ Title: _____

Annual Monitoring Report - Instructions - Reporting Year 2020 - Mayor's Office of Housing & Community Development

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

Updated 12/21/2020

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.

- **NEW:** for each VACANT unit, in column D, enter the unit number, follow by "- Vac". For example, if Unit 201 was vacant, in column D, enter "201 - Vac."
- Identify manager's unit with the unit number, follow by "- Mgr". For example, if the manager occupies Unit 501, in column D, enter "501 - Mgr."
- For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.

COLUMN	DESCRIPTION
--------	-------------

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

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

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

Bed = (measurement for Group homes or transitional housing)

"SRO" = Single Room Occupancy unit

"Studio" = Studio unit

"1BR" = 1 Bedroom unit

- “2BR” = 2 Bedroom unit
- “3BR” = 3 Bedroom unit
- “4BR” = 4 Bedroom unit
- “5+BR” = 5 or more Bedroom unit

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

- “Accessible - Mobility” = The unit is fully-accessible for persons with mobility impairment.
- “Accessible - Communication” = The unit is fully-accessible for persons with visual and hearing impairment.
- “Mobility & Communication” = The unit is fully-accessible for persons with mobility, visual and hearing impairment.
- “Adaptable” = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.
- “Not Accessible or Adaptable” = Not Accessible or Adaptable.

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

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

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

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

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

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

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

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

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

P. **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.

Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** “HOPWA set-aside” units are required when HOPWA capital funding is used to acquire, construct or rehab a project.

R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select “None” if no rental assistance comes with the unit or none is provided to the tenant.

“RAD - PBV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.

“TPV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.

“Section 8 - Project Based” = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.

“Section 8 - Tenant Voucher” = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.

“PRAC - 202” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 202 program.

“PRAC - 811” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 811 program.

“S+C” = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.

“HOPWA” = The unit is a HOPWA-designated unit under the project funding from the Housing Opportunities for People With AIDS program. While HOPWA is not a source of tenant-based assistance, if the tenant is receiving any other form of subsidy, please report on the amount of Rental Assistance on this worksheet and note the source of the Rental Assistance in the Narrative section of the AMR.

“VASH” = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.

“LOSP” = The unit receives a subsidy through the City's Local Operating Subsidy Program.

“DAH (DPH)” = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.

“HSA Master Lease” = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.

“MHSA” = The unit receives a subsidy under CA HCD's Mental Health Services Act.

“HOME TBA” = Tenant receives assistance from a HOME-funded rental assistance program.

“Rent Supplement” = Tenant receives a supplemental rent payment from an outside agency.

“Other” = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.

- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.
- Y. **Amount of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.
- Z. **Percentage of Most Recent Rent Increase.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

3B. Demographic

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

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

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

Sexual Orientation. Provide info for the Head of Household. The 7 possible answers for Sexual Orientation 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 anyone in the household is a person that is at least 62 years of age. Enter "No" if everyone in the household is younger than 62.

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

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

3C. Summary of Reported Household Demographics

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

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

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

6. Services Funding

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

7. Supplementary Audit Information - Required by MOHCD

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

Completeness Tracker

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

Links to Relevant Policies

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

[MOHCD Forms Page at SFMOHCD.ORG](http://sfmohcd.org/documents-reports-and-forms)

<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 2020 -
Mayor's Office of Housing & Community Development**

IDENTIFYING INFO				
1	Reporting Period Start Date (m/d/yyyy)			
2	Reporting Period End Date (m/d/yyyy)			
3	Property Name (select from drop down)			
4	Property Full Street Address (e.g. "123 Main Street")			
CONTACT INFO				
5	Sponsor Executive Director Name			
6	Phone Number			
7	E-mail			
8	Property Management Company			
9	Property Manager Name			
10	Phone Number			
11	E-mail			
12	Property Supervisor Name			
13	Phone Number			
14	E-mail			
15	Property Owner Name			
16	Property Owner Contact Person			
17	Phone Number			
18	E-mail			
19	Asset Manager Name			
20	Phone Number			
21	E-mail			
22	AMR Preparer's Name			
23	Phone Number			
24	E-mail			
PROPERTY/MARKETING INFO				
25	Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i>			
What is the Unit Mix for the Property? Please include any manager's units in this tally.				
Unit Types	Number Of Units	Occupancy Standard: Minimum HH Size for this Unit Type*	Occupancy Standard: Maximum HH Size for this Unit Type*	*Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide.
26	Single Room Occupancy (SRO) Units	1		
27	Studio Units	1		
28	One-Bedroom (1BR) Units	1		
29	Two-Bedroom (2BR) Units			
30	Three-Bedroom (3BR) Units			
31	Four-Bedroom (4BR) Units			
32	Five- or More (5+BR) Bedroom Units			
33	TOTAL # Units---->	0		

34		Vacancies - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)
35	0	Evictions - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)
36		Vacant Unit Rent-Up Time - (<i>in DAYS</i>) 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. # 4 Please EXCLUDE any units that are being held vacant to support rehabilitation or other temporary relocation needs. <i>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.)</i>
37		Waiting List - How many applicants are currently on the waiting list? (<i>Please also submit a copy of the waiting list, see AMR submission instructions.</i>)
38		When was the waiting list last updated? (m/yyyy)
39		Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? <i>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.)</i> # 5
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		How many Health, Building or Housing Code Violations were issued against the property in the reporting year? (If there were no violations enter "0"). <i>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.)</i> # 2
43		# 2 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		Are there urgent Major Property Repairs needed on the property in the next two years? (Yes/No) <i>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.)</i> # 3

46		<p>If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. (Click on # 3 at left to jump to Narrative worksheet.)</p>
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Resident Services: AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"

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

POPULATION SERVED

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

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

		Target Population		Actual Population	
58		0	<i>Families</i>	0	<i>Families</i>
59		0	<i>Persons with HIV/AIDS</i>	0	<i>Persons with HIV/AIDS</i>
60		0	<i>Housing for Homeless</i>	0	<i>Housing for Homeless</i>
61		0	<i>Mentally or Physically Disabled</i>	0	<i>Mentally or Physically Disabled</i>

62		0	Senior Housing	0	Senior Housing
63		0	Substance Abuse	0	Substance Abuse
64		0	Domestic Violence Survivor	0	Domestic Violence Survivor
65		0	Veterans	0	Veterans
66		0	Formerly Incarcerated	0	Formerly Incarcerated
67		0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Remember, **SAVE YOUR WORK!**

Annual Monitoring Report - Transitional Programs - Reporting Year 2020 - Mayor's Office of Housing & Community Development

Project Address:

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

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

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

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

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

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

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

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

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

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

Annual Monitoring Report - Eviction Data - Reporting Year 2020 - 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).

Ethnicity and Race data for households that received Notices of Eviction during the reporting period:

		enter # below	enter # below
2	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
3	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
4	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
5	Demolition	Asian - Chinese	Other Black
6	Denial of Access to Unit	Asian - Filipino	North African
7	Development Agreement	Asian - Japanese	West Asian
8	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
9	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
10	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
11	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
12	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
13	Lead Remediation	Other Asian	White - European
14	Non-payment of Rent	Latino - Caribbean	Other White
15	Nuisance	Latino - Central American	Not Reported
16	Other	Latino - Mexican	0 Total (must match Total number in E29)
17	Owner Move In	Latino - South American	
18	Roommate Living in Same Unit	Other Latino	Gender data for households that received Notices of Eviction during the reporting period:
19	Substantial Rehabilitation	Sexual Orientation data for households that received Notices of Eviction during the reporting period:	
20	Unapproved Subtenant	Bisexual	Female
21	0 Total number of households who received Notices of Eviction	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E29)	0 Total (must match Total number in E29)

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).

Ethnicity and Race data for households for which Unlawful Detainers were filed during the reporting period:

		enter # below	enter # below
22	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
23	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
24	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
25	Demolition	Asian - Chinese	Other Black
26	Denial of Access to Unit	Asian - Filipino	North African
27	Development Agreement	Asian - Japanese	West Asian
28	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
29	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
30	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
31	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
32	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
33	Lead Remediation	Other Asian	White - European
34	Non-payment of Rent	Latino - Caribbean	Other White
35	Nuisance	Latino - Central American	Not Reported
36	Other	Latino - Mexican	0 Total (must match Total number in E56)
37	Owner Move In	Latino - South American	
38	Roommate Living in Same Unit	Other Latino	Gender data for households for which Unlawful Detainers were filed during the report period:
39	Substantial Rehabilitation	Sexual Orientation data for households for which Unlawful Detainers were filed during the report period:	
40	Unapproved Subtenant	Bisexual	Female
41	0 Total number of unlawful detainer actions filed	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E56)	0 Total (must match Total number in E56)

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).

Ethnicity and Race data for households that were Evicted during the reporting period:

		enter # below	enter # below
42	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
43	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
44	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
45	Demolition	Asian - Chinese	Other Black
46	Denial of Access to Unit	Asian - Filipino	North African
47	Development Agreement	Asian - Japanese	West Asian
48	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
49	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
50	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
51	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
52	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
53	Lead Remediation	Other Asian	White - European
54	Non-payment of Rent	Latino - Caribbean	Other White
55	Nuisance	Latino - Central American	Not Reported
56	Other	Latino - Mexican	0 Total (must match Total number in E83)
57	Owner Move In	Latino - South American	
58	Roommate Living in Same Unit	Other Latino	Gender data for households that were Evicted during the reporting period:
59	Substantial Rehabilitation	Sexual Orientation data for households that were Evicted during the reporting period:	
60	Unapproved Subtenant	Bisexual	Female
61	0 Total number of households evicted (flows to question #35 on Worksheet 1A)	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E83)	0 Total (must match Total number in E83)

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
16	INCOME & EXPENSES				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number	Residential	Non-Residential	Total
21					
22	Rental Income				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	sub-total Gross Rental Income:		\$0.00	\$0.00	\$0.00
28	Vacancy Loss - enter amounts as negative numbers!				vacancy rate
29	Housing Units	5220		Must click & explain if Residential Vac Rate is > 15%	
30	Commercial	5240			0.00%
31	sub-total Vacancies:		\$0.00	\$0.00	\$0.00
32					
33	NET RENTAL INCOME:		\$0.00	\$0.00	\$0.00
34					
35	Other Income				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source/s- identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	sub-total Other Income Received:		\$0.00	\$0.00	\$0.00
45					
46	TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
47					
48	INCOME & EXPENSES				
49		Account Number	Residential	Non-Residential	Total
50	Description of Expense Accounts				
51	Management				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	sub-total Management Expense:		\$0.00	\$0.00	\$0.00
55	Salaries/Benefits				
56	Office Salaries	6310			
57	Manager's Salary	6330			
58	Employee Benefits: Health Insurance & Disability Insurance	6723			
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	sub-total Salary/Benefit Expense:		\$0.00	\$0.00	\$0.00
62	Administration				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	Miscellaneous Administrative Expenses (must click & explain if >\$10k)	6390			
71	sub-total Administrative Expense:		\$0.00	\$0.00	\$0.00
72	Utilities				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
76	Sewer	6453			
77	sub-total Utilities Expense:		\$0.00	\$0.00	\$0.00
78	Taxes and Licenses				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	sub-total Taxes and License Expense:		\$0.00	\$0.00	\$0.00
83	Insurance				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	sub-total Insurance Expense:		\$0.00	\$0.00	\$0.00
89	Maintenance and Repairs				
90	IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude those from this section. If you do include those expenses here, be sure to record the amounts in rows 103 (non-capital) and 210:215 below (capital).				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	<u>Miscellaneous Operating and Maintenance Expenses (must click & explain if >\$10k)</u>	6590			
99	sub-total Maintenance Repair Expense:		\$0.00	\$0.00	\$0.00
100	Supportive Services: do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6930			
101	SUB-TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
102	Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve. If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210:215 will be linked to cell F102 and netted out from operating expenses.		\$0.00		
103	Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve. Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number.				
104	TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
105		Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
106	Ground Lease Base Rent/Bond Fees/Reserves				
107	Ground Lease - Base Rent (provide Lessor name to the right)				\$0.00
108	Bond Monitoring Fee				\$0.00
109	Replacement Reserve Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			\$0.00
110	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			\$0.00
111	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				\$0.00
112	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1330)				\$0.00
113	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col ---->				\$0.00
114	Sub-total Ground Lease Base Rent/Bond Fees/Reserves		\$0.00	\$0.00	\$0.00
115					
116	TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		\$0.00	\$0.00	\$0.00
117		Acct Num	Residential	Non-Residential	Total
118	1. TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
119	2. TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
120	3. NET OPERATING INCOME:		\$0.00	\$0.00	\$0.00
121					
122	4. Debt Service (Principal and Interest)	Name of Lender / Describe Other Amt Paid	Residential	Non-Residential	Total
123	Lender1 - Principal Paid (provide lender name to the right)				
124	Interest Paid				
125	Other Amount (describe to the right)				
126	Lender2 - Principal Paid (provide lender name to the right)				
127	Interest Paid				
128	Other Amount (describe to the right)				
129	Lender3 - Principal Paid (provide lender name to the right)				

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
130	Interest Paid				
131	Other Amount (describe to the right)				
132	Lender4 - Principal Paid (provide lender name to the right)				
133	Interest Paid				
134	Other Amount (describe to the right)				
135	Total Debt Service Payments		\$0.00	\$0.00	\$0.00
136					
137	Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity)		\$0.00	\$0.00	\$0.00
138					
139	If amount for Surplus Cash above is negative: - you must provide a detailed explanation to question #8 on the Narrative worksheet - you must NOT supply data for any of the fields for Uses of Surplus Cash below		Go to ws4 Narrative question #8		
140	Surplus Cash, Total----->				\$0.00
141	Distribution of Surplus Cash/Residual Receipts - (Response Required.) In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other funders and any other agreements that govern. Please include the calculation methodology, applicable annual increases, etc. For proposed distribution amounts entered in column J, rows 143-165, select the distribution priority for each of the uses of cash flow/surplus cash in column H. If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter N/A in the box below.				
142					
143	USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)			Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
144	5. Operating Reserve Replenishments (Deposits made out of surplus cash to satisfy minimum balance requirements).				
145	6. "Below-the-line" Asset Mgt fee (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy).				
146	7a. Partnership Management fee due from this reporting period, if any (tax credit projects only; not allowed if project is beyond 15-year compliance period).				
147	7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, typically must be paid out of owner distribution, entries usually not allowed here).				
148	8a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period, if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
149	8b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, typically must be paid out of owner distribution, entries usually not allowed here)).				
150	9. Deferred Developer fee, if any				
151	10. Other payments: use question #1 on the Narrative (worksheet #4) to provide details about any fees or other payments, including ground lease residual rent payments for a non-MOHCD/OCII ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.	Go to ws4 Narrative question #1			
152	11ai. Debt Pmt to other lender1: Principal Paid (note lender name to right)				
153	11aai. Debt Pmt to other lender1: Interest Paid				
154	11bi. Debt Pmt to other lender2: Principal Paid (note lender name to right)				
155	11bii. Debt Pmt to other lender2: Interest Paid				
156	Total Payments preceding Residual Receipts Calculation:				\$0.00
157					
158	12. RESIDUAL RECEIPTS				\$0.00
159				Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
160	12a. MOHCD Residual Receipts Due for Loan Repayment				
161	12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment				
162	12c. Subtotal Residual Receipts Payments to MOHCD				\$0.00
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)				

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
164	12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right)				
165	12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right)				
166	Total Residual Receipts Payments:				\$0.00
167	DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.				
168					
169	Remaining Balance				\$0.00
170					
171	Proposed Owner Distributions (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	Proposed Other Distributions/Uses (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)				
173					
174	Final Balance: should be ZERO except when Surplus Cash (cell J140) is negative				\$0.00
175					
176	RESERVE ACCOUNT DETAILS				
177					
178	OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
179	Minimum Required Balance:				
180	Beginning Balance:				
181	Actual Annual Deposit from Operating Budget in Current Reporting Period (not editable, data entered in cash flow above, account number 1365):		\$0.00		
182	Additional Deposit (use ONLY to record deposits from the Op Budget attributable to a prior reporting period, or deposits made from an external source)				
183	Interest Earned:				
184	Annual Withdrawal Amount (enter as negative number):				
185	Ending Balance (don't edit cell -- calculated):		\$0.00		
186	Required Annual Deposit:				
187	Total Operating Expenses plus debt service (don't edit cell -- calculated)		\$0.00		
188	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell. 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.		0.000%		
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):		\$0.00		
196	Required Annual Deposit (do not edit - taken from page 1 account number 1320):		\$0.00		
197	Describe how the amount of annual deposit and the minimum required balance is determined.				
198					
199					
200	CHANGES TO REAL ESTATE ASSETS				
201	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.		Balance, 1/00/1900	Changes	Balance, 1/00/1900
202	Building & Improvements			\$0.00	
203	Offsite Improvements			\$0.00	
204	Site Improvements			\$0.00	
205	Land Improvements			\$0.00	
206	Furniture, Fixtures & Equipment			\$0.00	
207	Other			\$0.00	
208	Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
209	Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 201-207 above that shows a positive change, an entry is required in each corresponding category in rows 212-217. 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.				
210	Capital Repairs and Improvements Funded By:				
211	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Amount
212	Building & Improvements				\$0.00
213	Offsite Improvements				\$0.00
214	Site Improvements				\$0.00
215	Land Improvements				\$0.00
216	Furniture, Fixtures & Equipment				\$0.00
217	Other				\$0.00
218	Total	\$0.00	\$0.00	\$0.00	\$0.00
219	Description of Capital Repairs and Improvements				
220					
221	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.				
222	Source				Amount
223	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				\$0.00
224	Paid Directly from Replacement Reserve				
225	Other Source				
226	Explanation of Non-Capital Replacement Reserve Eligible Expenditures	Total			\$0.00
227					
228	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.	RR Withdrawal Amount-->	\$0.00	Total RR-Eligible Expenditures-->	\$0.00
229	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
230					
231					
232	FEDERAL PROGRAM INCOME REPORT				
233	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:				
234					
235	http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141				
236	Overview of Federal (HOME and CDBG) Program Income				
237					
238	CDBG PROGRAM INCOME				
239	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 2020-2024 Consolidated Plan, 2020-2021 Action Plans as follows:	AMOUNT	DESCRIPTION		
240	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
241	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
242	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
243	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2019 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
244	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
245	Total CDBG Program Income Calculation (see instructions for guidance on how to calculate)				
246	To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2020 reporting period as depicted above.				

**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2020 -
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

Gender

	# Reported Head of HH	% of Total
Female	0	
Male	0	
Genderqueer/Gender Non-binary	0	
Trans Female	0	
Trans Male	0	
Not listed	0	
Declined/Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Sexual Orientation

	# Reported Head of HH	% of Total
Bisexual	0	
Gay /Lesbian/Same-Gender Loving	0	
Questioning /Unsure	0	
Straight/Heterosexual	0	
Not listed	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Target and Actual Population Served

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

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

4. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

5. Affirmative Marketing

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

6. Vacancy Rate ----->

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."

Misc. Admin Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

Misc. Operating & Maintenance Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

8. Negative Cash Flow

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.
- d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.

Project Street Address:

**Schedule of Operating Revenues
For the Year Ended January 0, 1900**

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

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended January 0, 1900**

	<u>Total</u>
Management	
6320 Management Fee	\$0
"Above the Line" Asset Management Fee	\$0
Total Management Expenses:	<u>\$0</u>
Salaries/Benefits	
6310 Office Salaries	\$0
6330 Manager's Salary	\$0
6723 Employee Benefits: Health Insurance & Disability Insurance	\$0
Employee Benefits: Retirement & Other Salary/Benefit Expenses	\$0

6331 Administrative Rent Free Unit	\$0
Total Salary/Benefit Expenses:	<u>\$0</u>

Administration

6210 Advertising and Marketing	\$0
6311 Office Expenses	\$0
6312 Office Rent	\$0
6340 Legal Expense - Property	\$0
6350 Audit Expense	\$0
6351 Bookkeeping/Accounting Services	\$0
6370 Bad Debts	\$0
6390 Miscellaneous Administrative Expenses	\$0
Total Administrative Expenses:	<u>\$0</u>

Utilities

6450 Electricity	\$0
6451 Water	\$0
6452 Gas	\$0
6453 Sewer	\$0
Total Utilities Expenses:	<u>\$0</u>

Taxes and Licenses

6710 Real Estate Taxes	\$0
6711 Payroll taxes	\$0
6790 Miscellaneous Taxes, Licenses, and Permits	\$0
Total Taxes and Licenses Expenses:	<u>\$0</u>

Insurance

6720 Property and Liability Insurance	\$0
6721 Fidelity Bond Insurance	\$0
6722 Workers' Compensation	\$0
6724 Directors & Officers Liabilities Insurance	\$0
Total Insurance Expenses:	<u>\$0</u>

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended January 0, 1900**

Maintenance and Repairs	Total
6510 Payroll	\$0
6515 Supplies	\$0
6520 Contracts	\$0
6525 Garbage and Trash Removal	\$0
6530 Security Payroll/Contract	\$0
6546 HVAC Repairs and Maintenance	\$0
6570 Vehicle and Maintenance Equipment Operation and Repairs	\$0
6590 Miscellaneous Operating and Maintenance Expenses	\$0
Total Maintenance and Repairs Expenses:	<u>\$0</u>

6900 Supportive Services		\$0
Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve		\$0
Total Operating Expenses:		\$0

Financial Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

6820 Interest on Mortgage (or Bonds) Payable		
6825 Interest on Other Mortgages		
6830 Interest on Notes Payable (Long Term)		
6840 Interest on Notes Payable (Short Term)		
6850 Mortgage Insurance Premium/Service Charge		
6890 Miscellaneous Financial Expenses		
Total Financial Expenses:		\$0

6000	Total Cost of Operations before Depreciation:	\$0
5060	Operating Profit (Loss):	\$0

Depreciation & Amortization Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

6600 Depreciation Expense		
6610 Amortization Expense		
Operating Profit (Loss) after Depreciation & Amortization:		\$0

Net Entity Expenses

the right.

7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
Total Net Entity Expenses:		\$0

3250	Change in Total Net Assets from Operations (Net Loss)	\$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
Operating Revenue	\$0
Interest earned on restricted accounts	\$0
Adjusted Operating Revenue	\$0
Operating Expenses	\$0
Net Operating Income	\$0
Other Activity	
Ground Lease Base Rent	\$0
Bond Monitoring Fee	\$0
Mandatory Debt Service - Principal	\$0
Mandatory Debt Service - Interest	\$0
Mandatory Debt Service - Other Amount	\$0
Deposits to Replacement Reserve Account	\$0
Deposits to Operating Reserve Account	\$0
Deposits to Other Restricted Accounts per Regulatory Agreement	\$0
Withdrawals from Operating Reserve Account	\$0
Withdrawals from Other Required Reserve Account	\$0
Total Other Activity:	\$0
Allocation of Non-Residential Surplus (LOSP only)	\$0
Operating Cash Flow/Surplus Cash:	\$0

Distribution of Surplus Cash Ahead of Residual Receipts Payments

*Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid **ahead** of residual receipts payments.*

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

Distribution of Residual Receipts

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

Total

Total Residual Receipts Distributions to Lenders: \$0

Proposed Owner Distribution \$0

Proposed Other Distribution/Uses \$0

Total Residual Receipts Distributions to Lenders and Owners: \$0

Project Street Address:

**Summary of Replacement Reserve and Operating Reserve Activity
For the Year Ended January 0, 1900**

	Replacement Reserve	Operating Reserve
Balance, January 0, 1900	\$0	\$0
Actual Annual Deposit	\$0	\$0
Interest Earned	\$0	\$0
Withdrawals	\$0	\$0
Balance, January 0, 1900	\$0	\$0

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2020 -
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 46		Incomplete
Questions 51 thru 57		Incomplete

Worksheet 1B. Transitional Programs		To Be Determined
Questions 1 thru 11		To Be Determined
Questions 12 thru 18		To Be Determined
Questions 19 thru 39		To Be Determined

Worksheet 1C. Eviction Data		To Be Determined
Question 1		To Be Determined
Questions 2 thru 21		To Be Determined
Questions 22 thru 41		To Be Determined
Questions 42 thru 61		To Be Determined

Worksheet 2. Fiscal Activity		INCOMPLETE
Rental Income - Housing Unit GPTR		Incomplete
Vacancy Loss - Housing Units		Incomplete
Operating Expenses		Incomplete
Surplus Cash/Residual Receipts (Rows 140 - 174)		Incomplete
Operating Reserve (Rows 177 - 187)		Incomplete
Replacement Reserve (Rows 189 - 197)		Incomplete
Changes to Real Estate Assets (Rows 202 - 207)		Incomplete
Replacement Reserve Eligible Expenditures (Rows 210 - 229)		Incomplete
Program Income (Rows 240 - 245)		OK

Worksheet 3A. Occupancy & Rent Info		INCOMPLETE
Does number of units entered on Worksheet 3A match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B?		To Be Determined
For each row for which a Unit Number is supplied, was data entered in all of the required cells?		To Be Determined
Narrative Provided for All rows indicating Overhoused or Overcrowded?		To Be Determined

Worksheet 3B. Demographic Information		To Be Determined
Is Gender and Sexual Orientation/Identity selected for each household?		To Be Determined

Worksheet 4. Narrative		To Be Determined
2		To Be Determined
3		To Be Determined
4		To Be Determined
5		To Be Determined
6		To Be Determined
7		To Be Determined
8		To Be Determined

Worksheet 5. Project Financing		INCOMPLETE
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Worksheet 6. Services Funding		To Be Determined
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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 to 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.

EXHIBIT J
SENIOR LOAN REPAYMENT AMOUNT

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Agnes Defiesta
Block/Lot: 6574-071

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**
(Property Address: 1633 Valencia Street, San Francisco, CA)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (“Deed of Trust”) is made as of [_____, ____], by Mercy Housing California 108, L.P., a California limited partnership (“Trustor”), whose address is 1256 Market Street, San Francisco, California 94102, to **OLD REPUBLIC TITLE COMPANY**, a California corporation (“Trustee”), whose address is 275 Battery Street, Suite 1500, San Francisco, California, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development (“Beneficiary”). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of [_____, 20__], as it may be amended from time to time (the “Agreement”), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the “Property”):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the “Land”), on which Trustor intends to construct a 146-unit (including one manager’s unit) permanent supportive housing development affordable to low-income households and targeted to serve seniors age 55 and older who are chronically homeless or at risk of homelessness, plus resident common areas and supportive services space, which will collectively be known as 1633 Valencia Street (the “Project”) and;

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the “Improvements”); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof (“Leases”) relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(e) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(f) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(g) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(h) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(i) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit

card receipts or other instruments for the payment of money) paid or payable in connection with the Property (“Rents”), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(j) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(k) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the “Secured Obligations”):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated [_____, 20__], made by Trustor to the order of Beneficiary (as it may be amended from time to time, the “Note”) and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of [Forty One Million Thirty Six Thousand Forty Eight and No/100 Dollars (\$41,036,048.00)], with interest, according to the terms of the Agreement and the Note; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license (“License”) to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the

right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest

equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as “Debtor”), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as “Secured Party”), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, “Collateral” means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor’s Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become “fixtures” (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is [_____]. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all

other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and

assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods (“Event of Default”):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property (“Notice of Default”), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale (“Notice of Sale”) having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall

deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page

“TRUSTOR:”

MERCY HOUSING CALIFORNIA 108, L.P., a California limited partnership

By: Mercy Housing California 108 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation, its sole member/manager

By: _____

Name: _____

Its: _____

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A
Legal Description of the Land

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Parcel B of Parcel Map 11671, filed in the Office of the San Francisco County Recorder on December 21, 2023 in Book 54 of Parcel Maps, Pages 10-12, inclusive, as Instrument No. 2023103178, San Francisco County Official Records.

APN 6574-071 (formerly 6574-068, previously 6574-001A)

Street Address:
1633 Valencia Street
San Francisco, CA 94102

EXHIBIT A

Free Recording Requested Pursuant to
Government Code Section 27383

Recording requested by and
when recorded mail to:
City and County of San Francisco
Mayor's Office of Housing
and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Agnes Defiesta
APN#: 6574-071
Address: 1633 Valencia Street, San Francisco, CA

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS AND
AFFORDABLE HOUSING COVENANTS**
(1633 Valencia Street, San Francisco, CA)

**THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING
COVENANTS** (this “Declaration”) is made as of _____, _____, by
MERCY HOUSING CALIFORNIA 108, L.P., a California limited partnership
 (“Borrower”), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**,
represented by the Mayor, acting by and through the Mayor's Office of Housing and
Community Development (the “City”).

RECITALS

A. The City is making a loan (the “Loan”) to Borrower of 2020 Health &
Recovery General Obligation Bond funds to finance costs associated with the
development of the real property described in **Exhibit A** attached hereto and incorporated
herein by reference (the “Property”) as permanent supportive housing affordable to low-
income households and targeted to serve seniors age 55 and older who are chronically
homeless or at risk of homelessness (the “Project”). The Loan is evidenced by, among
other documents, a Loan Agreement between the City and Borrower dated as of
[_____, 20__], as it may be amended from time to time (the
“Agreement”). The Agreement is incorporated by reference in this Declaration as though
fully set forth in this Declaration. Definitions and rules of interpretation set forth in the
Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain
affordability covenants and other use and occupancy restrictions set forth in the
Agreement (collectively, the “Regulatory Obligations”), commencing on the date the
Deed of Trust is recorded in the Official Records of San Francisco County, and

continuing for the Life of the Project (the “Compliance Term”), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

AGREEMENT

Now, therefore, in consideration of the City providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower will comply with the Regulatory Obligations and this Declaration through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

1.1 With the exception of one Unit reserved for the manager of the Project, all Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically:

Unit Size	No. of Units	Maximum Income Level
Studio	145	50% of Median Income
2-BR	1	Manager’s Unit

One Hundred Forty Five (145) Units must be rented at all times to tenants who are seniors age 55 and older.

One Hundred Forty Five (145) Units must be made available to the chronically homeless or those at risk of homelessness during the period in which the City’s Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP Agreement.

If the LOSP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City’s reasonable discretion, provided that:

(a) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies.

(b) One hundred percent (100%) of the Units formerly under the LOSP must at all times be occupied by Qualified Tenants whose income does not exceed sixty percent (60%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (i) thirty percent (30%) of sixty percent (60%) of Median Income, adjusted for household size, (ii) less utility allowance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

(c) If the Project continues to demonstrate financial infeasibility after the rent alterations above, to the extent financially feasible as determined in City's reasonable discretion, the City will waive the average income restriction of sixty percent (60%) of Median Income for all Units, and increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided that one hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed eighty percent (80%) of area median income, as published by TCAC (the "TCAC Median Income"), and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of eighty percent (80%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert to the TCAC Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. The maximum initial occupancy income level restrictions when averaged for all Units in the Project may not exceed sixty percent (60%) of TCAC Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance.

In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. The relief provided by the foregoing will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC, CTCAC, or under any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

1.2 The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:

- (i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or
- (ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates. Rents may be increased as permitted pursuant to Section 7.3 of Agreement.

1.3 For the avoidance of any doubt, notwithstanding any repayment of the Loan or otherwise satisfied or if the Deed of Trust is reconveyed, Borrower will comply with the applicable terms of the Agreement as if fully set forth herein, including, without limitation, Article 6 (Marketing), Article 7 (Affordability and Other Leasing Restrictions), Article 8 (Maintenance and Management of the Project), Article 9 (Governmental Approvals and Requirements), Article 10 (Project Monitoring, Reports, Books and Records), Article 11 (Use of Income From Operations), Article 12 (Required Reserves), Article 16 (Transfers), Article 17 (Insurance and Bonds; Indemnity), Article 18 (Hazardous Substances), and Article 19 (Default).

2. Borrower hereby subjects the Property to the covenants, reservations and restrictions set forth in this Declaration and the Agreement. This Declaration and the Regulatory Obligations constitute covenants running with the land and bind successors and assigns of Borrower and any non-borrower owner of the Property and will pass to and be binding upon Borrower's successors in title to the Property. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof will conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions in this Declaration, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

3. If Borrower fails to (i) comply with the Regulatory Obligations and this Declaration to the City's satisfaction, in its sole discretion, and (ii) cure such default as set forth in **Section 19.1(c)** of the Agreement, the City will have the right to pursue any available remedy at equity or in law, including as set forth in **Section 19.2** of the Agreement, to enforce this Declaration. During the Compliance Term, the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. Borrower will pay the City's reasonable costs in connection with the City's enforcement of the terms of this Declaration and Regulatory Obligations, including, without limitation, the City's attorneys' fees and costs.

4. To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered, but only to the extent necessary for the Project to refinance and repay the full outstanding loan balance by the Maturity Date, as determined in City's reasonable discretion. One hundred percent (100%) of the Units must at all times be occupied by Qualified Households whose adjusted income does not exceed sixty percent (60%) of area median income as determined by TCAC, and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of area median income as determined by TCAC (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of area median income as determined by TCAC and shall be subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. In such event, Borrower will provide the City with a written request no less than one year prior to the Maturity Date, and the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

Borrower has executed this Declaration as of the date first written above.

“BORROWER”

MERCY HOUSING CALIFORNIA 108, L.P., a California limited partnership

By: Mercy Housing California 108 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation, its sole member/manager

By: _____

Name: _____

Its: _____

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A

(Legal Description of the Property)

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO,
COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS
FOLLOWS:

Parcel B of Parcel Map 11671, filed in the Office of the San Francisco County Recorder
on December 21, 2023 in Book 54 of Parcel Maps, Pages 10-12, inclusive, as Instrument
No. 2023103178, San Francisco County Official Records.

APN 6574-071 (formerly 6574-068, previously 6574-001A)

Street Address:

1633 Valencia Street
San Francisco, CA 94102

SECURED PROMISSORY NOTE
(2020 Health & Recovery General Obligation Bond)

Principal Amount: \$[41,036,048]

San Francisco, CA

Date: [_____]

FOR VALUE RECEIVED, the undersigned, **MERCY HOUSING CALIFORNIA 108, L.P.**, a California limited partnership (“Maker”), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, “Holder”), the principal sum of [Forty One Million Thirty Six Thousand Forty Eight and No/100 Dollars (\$41,036,048.00)] (the “Funding Amount”), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. Agreement. This Secured Promissory Note (“Note”) is given under the terms of a Loan Agreement by and between Maker and Holder (the “Agreement”) dated as of [_____, 20__], which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement And Fixture Filing dated as of [_____, 20__], made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of one percent (1%) per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the City Documents. Interest will be calculated on the basis of actual days elapsed and a 360-day year, which will result in higher interest charges than if a 365-day year were used.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount.

4.1 Subject to Section 13.4 of the Agreement, Maker will make annual payments of principal and interest (each, a “Payment”) in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first May 1st after the end of the calendar year of the Completion Date, and continuing each May 1st thereafter up to and including the Maturity Date, as defined below (each, a “Payment Date”). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the fifty fifth (55th) anniversary of the Conversion Date

(the "Maturity Date"). Any Payment Date, including any Excess Proceeds Payment Date and the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

4.2 Subject to Section 13.4 of the Agreement, Maker will make payments of principal and interest (each, an "Excess Proceeds Payment") in an amount equal to the Excess Proceeds, if any, on the date that is thirty (30) days after the later of the date on which Maker receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Maker receives Excess Proceeds from its limited partner or other financing sources (the "Excess Proceeds Payment Date"). All Excess Proceeds Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan.

5. Security. Maker's obligations under this Note are secured by the Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note will be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

7.3 Notwithstanding Section 7.2 and subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this City Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this City Note will be limited to the collateral for the Loan, provided, however, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust), waste or negligent or intentional damage to the collateral for the Loan.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

[signature follows]

“MAKER”

MERCY HOUSING CALIFORNIA 108, L.P., a California limited partnership

By: Mercy Housing California 108 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation, its sole member/manager

By: _____

Name: _____

Its: _____

OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

THIS OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (this “Agreement”) is entered into as of _____, 2025 by and between Mercy Housing California 108, L.P., a California limited partnership (“Owner”), and the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development (“City”).

RECITALS

A. Owner has a fee interest in certain land and improvements located thereon which consist of 145 residential apartment units (plus one (1) manager’s unit) located in San Francisco, California, which is more particularly described in **Exhibit A** attached to this Agreement and incorporated herein by this reference (together, the “Project”).

B. The City has agreed to make loan to Owner in the amount of \$[41,297,211] (“Loan”) to provide permanent financing related to the Project, pursuant to that certain Loan Agreement executed by Owner and the City dated _____, 2025 (the “Loan Agreement”). In connection with the Loan Agreement, Owner is also executing a promissory note, which will be secured by a deed of trust recorded concurrently herewith. In addition, Owner is executing a declaration of restrictions that will impose certain affordability restrictions on the Project (the “Declaration”), recorded concurrently herewith.

C. In connection with Owner’s acquisition and development of the Project, and in consideration for City’s financial participation in such development, Owner has agreed to grant City an option and right of first refusal to purchase the Project in certain limited circumstances.

D. The parties now desire to set forth the terms of the option and right of first refusal granted by Owner to City.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1

Grant of Option and Refusal Right

Owner grants to City an option (the “Option”) to purchase the Project and all cash accounts of the Partnership and a right of first refusal (the “Refusal Right”) to purchase the Project on the terms and conditions set forth in this Agreement.

ARTICLE 2

Term

2.1 Option Term. Subject to the terms and conditions precedent set forth in Section 3.1 below, the term of the Option shall commence on the first day following the expiration of the

15-year tax credit compliance period for the Project determined pursuant to Section 42(i)(1) of the Internal Revenue Code of 1986, as amended, and shall expire upon termination of the Declaration (the “Option Term”).

2.2 Refusal Right Term. Subject to the terms and conditions precedent set forth in Section 3.2 below, the term of the Refusal Right shall commence on the first day following the expiration of the 15-year tax credit compliance period for the Project determined pursuant to Section 42(i)(1) of the Internal Revenue Code of 1986, as amended, and shall expire one hundred eighty (180) days after notice of a third party offer pursuant to Section 3.2 below (the “ROFR Term”).

ARTICLE 3

Manner of Exercising Option and Refusal Right

3.1 Option Exercise. As a condition precedent to City’s Option rights, City may only exercise the Option if, during the Option Term, Owner fails to continue to comply with the affordability restrictions set forth in the Declaration. In the event Owner fails to continue to comply with such affordability restrictions during the Option Term, City shall provide written notice to Owner of such failure, and Owner shall have sixty (60) days to cure the failure, or, if such failure cannot be cured within such sixty (60) day period, such longer period as is reasonably necessary to cure such default, provided that such cure has been commenced within such sixty (60) day period and is being prosecuted diligently to completion. In the event Owner fails to cure within such time period, City may exercise the Option by delivering to Owner written notice of the exercise (the “Exercise Notice”).

3.2 Refusal Right Exercise.

(a) Upon receipt of an offer to purchase the Project during the ROFR Term, Owner shall notify City of such offer and deliver to City a copy thereof (the “Offer Notice”). Owner shall not accept any such offer unless and until the Refusal Right has expired without exercise by City. City may exercise the Refusal Right by delivery to Owner of written notice of exercise within one hundred eighty (180) days after the City has received the Offer Notice.

(b) In the event that City does not deliver written notice to Owner of its intent to exercise the Refusal Right within 180 days from City’s receipt of the Offer Notice, then the Refusal Right granted herein shall terminate and be of no further force or effect. Furthermore, if the City delivers written notice to Owner of its intent to exercise the Refusal Right but does not purchase the Project within one hundred eighty (180) days from the date City delivered such written notice, then the Refusal Right granted herein shall terminate and be of no further force or effect.

(c) Notwithstanding anything to the contrary contained herein, the Refusal Right shall not apply to: (i) any refinancing of loans secured by the Project; and (ii) any sale or transfer of the Project (or any interest therein) to an entity that is directly or indirectly controlled by Mercy Housing California or Mercy Housing, Inc. (an “Affiliate”), including but not limited to a sale or transfer to a limited partnership where an Affiliate is the managing general partner or managing member of the managing general partner.

3.3 Exercise of Option and Refusal Right. The City's exercise of the Option or the Refusal Right shall be subject to necessary governmental approvals, which may include if applicable the prior approval of the Board of Supervisors and the Mayor, each in its sole and absolute discretion, and the appropriation of all necessary funds to pay the applicable Purchase Price pursuant to Article 4, below.

ARTICLE 4
Purchase Price

4.1 Purchase Price Under Option.

(a) The purchase price of the Project (the "Option Purchase Price") for the Option shall be the greater of (i) the fair market value of the Project (including any cash accounts associated with the Project) as of the date the City delivers the Exercise Notice or (ii) an amount equal to the sum of all outstanding principal and interest with respect to all Project debt.

(b) The fair market value of the Project and any associated cash accounts shall be determined as follows: as soon as practicable following the delivery of the City's notice to exercise the Option, Owner and City shall select a mutually acceptable appraiser. In the event that the parties are unable to agree upon an appraiser, Owner and City each shall select its own appraiser. If the difference between the fair market value set forth in the two appraisals is not more than ten percent (10%), the fair market value shall be the average of the two appraisals. If the difference between the two appraisals is greater than ten percent (10%), then the two selected appraisers shall jointly select a third appraiser whose determination of fair market value shall be deemed to be binding on all parties. The Owner and City shall each pay one-half of the fees and expenses of any appraiser. The appraiser may take into account any factors that it deems, in its sole and professional discretion, relevant in determining the fair market value. Any appraiser selected pursuant to this section shall be an MAI appraiser with at least five years of experience appraising similar properties in the same geographic area as the Project.

(c) For the purpose of calculating fair market value pursuant to section 4.1(b) above, each appraiser shall assume that the income and occupancy restrictions described in the Declaration will remain in full force and effect in perpetuity.

4.2 Purchase Price Under Refusal Right. During the ROFR Term, Owner will not sell the Project to any third party without first offering the Project for a period of one hundred eighty (180) days to City, at a price (the "Refusal Purchase Price") equal to the sum of (i) all outstanding principal and interest due with respect to all Project debt, plus (ii) all federal, state, and local taxes attributable to such sale, including those incurred or to be incurred by the Owner's partners (if any).

ARTICLE 5
Completion of Sale

5.1 Closing. Escrow for the sale of the Project shall close no later than one hundred eighty (180) days after Owner's receipt of City's written notice of exercise of the Option or the Refusal Right. If requested by either party, Owner and City shall enter into a written contract for

the purchase and sale of the Project on the City's then-standard purchase and sale agreement form in accordance with the terms of this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Project is located. The Option Purchase Price or Refusal Purchase Price, as applicable, shall be payable by either: (i) payment of all cash; or (ii) the assumption of all existing debt; provided however that any balance remaining after assumption of the existing debt shall be payable by City in readily available funds. As a condition to closing, City shall obtain all consents from any governmental agency and holder of a mortgage or deed of trust on the Project, whose consent to a sale is required; Owner shall cooperate fully with City in obtaining any such consents. The parties shall open an escrow for the purchase of the Project with a title company selected by City (the "Title Company"). Owner shall pay the cost of any transfer taxes applicable to the sale, if any. Owner shall be responsible for all costs incurred in connection with the prepayment or satisfaction of any loan, bond or other indebtedness secured by the Project including, without limitation, any prepayment fees, penalties or charges. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section or elsewhere in this Agreement shall be allocated in accordance with the closing customs for San Francisco County, as determined by the Title Company. General real estate taxes payable for the tax year prior to year of closing and all prior years shall be paid by Owner at or before the closing. General real estate taxes payable for the tax year of the closing shall be prorated through escrow by Owner and City as of the closing Date. At or before the closing, Owner shall pay the full amount of any special assessments against the Project, including, without limitation, interest payable thereon, applicable to the period prior the closing Date.

5.2 Conveyance and Condition of the Project. The Owner's right, title and interest in the Project shall be conveyed by grant deed, subject to such liens, encumbrances and parties in possession as shall exist as of the closing date. The City shall accept the Project "AS IS, WHERE IS" and "WITH ALL FAULTS AND DEFECTS," latent or otherwise, without any warranty or representation as to the condition thereof whatsoever, including without limitation, without any warranty as to fitness for a particular purpose, habitability, or otherwise and no indemnity for hazardous waste or other conditions with respect to the Project will be provided.

ARTICLE 6 Assignment of Option and Refusal Right

In the event that City exercises its rights to the Option or Refusal Right pursuant to Article 3 of this Agreement, City may assign this Agreement and all of City's rights hereunder to a corporation that is tax-exempt under Section 501(c)(3) of the U.S. Internal Revenue Code and that is qualified to own and operate housing developments for low income persons; provided, however, that any such assignment shall be subject to all of the terms of this Agreement. City's right to assign pursuant to the preceding sentence shall only be permitted after City elects to exercise its rights to the Option or Refusal Right, as applicable, pursuant to Article 3 of this Agreement. City shall give prior written notice of any permitted assignment to the parties hereto and any such assignee shall enter into a written agreement accepting the assignment and assuming all of City's obligations under this Agreement. Except as specifically permitted herein, the City's rights hereunder shall not be assignable.

ARTICLE 7
Quitclaim Instrument on Termination of Option and Refusal Right

Upon termination of this Option and Refusal Right pursuant to Article 2 of this Agreement, City agrees to execute and deliver a written instrument (in form appropriate for recording if this Agreement or a memorandum thereof has been recorded as of such time) relinquishing and terminating its rights under this Agreement to Owner within thirty (30) days after termination and to execute, acknowledge and deliver any other documents required by Owner's title insurance company to remove this Agreement as an encumbrance against the Project.

ARTICLE 8
Notices

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be personally delivered, including but not limited to overnight delivery or deposited in the certified U.S. mail, return receipt requested, first class and postage prepaid, addressed to each party at the following addresses or such other address as may be designated by a notice pursuant to this Article 8:

If to Owner:

Mercy Housing California 108, L.P.
1256 Market Street
San Francisco, CA 94102
Attention: President

with a copy to:

NEF Assignment Corporation
10 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606
Attention: Asset Management – 1633 Valencia

with a copy to:

Holland & Knight LLP
10 St. James Avenue, 12th Floor
Boston, Massachusetts 02116
Attention: Sean B. Leonard

If to City:

City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
ATTN: Asset Management

Any notice provided in accordance with this Article 8 shall be deemed to have been given on the delivery date or the date that delivery is refused by the addressee, as shown on the return receipt.

ARTICLE 9
Reserved

ARTICLE 10
Miscellaneous

(a) Contemporaneously with the execution of this Agreement, Owner and City shall execute, acknowledge and record the Memorandum of Option evidencing this Agreement in the Official Records of San Francisco County. The Memorandum of Option shall provide that the Option and Refusal Right shall survive exercise of the MGP Option, as defined below.

(b) The rights and obligations of the parties to this Agreement shall inure to the benefit of and bind their respective successors and assigns.

(c) The captions used herein are for convenience of reference only and are not part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

(d) Time is of the essence of each and all of the agreements, covenants and conditions of this Agreement.

(e) This Agreement shall be interpreted in accordance with and governed by the laws of the State of California.

(f) This Agreement and the other documents expressly incorporated by reference herein constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Owner and City.

(g) All capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the Partnership Agreement.

(h) This Agreement may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which taken together shall constitute a single agreement.

(i) If any part or portion of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, all of the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way

(j) Notwithstanding any provisions to the contrary set forth elsewhere herein, this Agreement and the rights of the City hereunder shall be subject and subordinate to the rights of all lenders that make a loan to Owner secured by a deed of trust lien on the Project. Accordingly, this Agreement shall automatically terminate upon the transfer of the Project to a secured lender in total or partial satisfaction of any loan secured by the Project. Each such lender shall be a third-party beneficiary of this provision.

(k) In the event of any sale or transfer of the Project (or any interest therein) to an entity that is directly or indirectly controlled by an Affiliate pursuant to the option and right of first refusal granted to Mercy Housing California, a California nonprofit public benefit corporation, under that certain Purchase Option Agreement dated concurrently herewith (collectively, the “MGP Option”), the Option and Refusal Right shall survive such transfer.

ARTICLE 11 City Required Provisions

11.1 Tropical Hardwoods and Virgin Redwoods. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood wood product or virgin redwood or virgin redwood wood product.

11.2 Sunshine Ordinance. Owner understands and agrees that under City’s Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to City hereunder public records subject to public disclosure. Owner hereby acknowledges that City may disclose any records, information and materials submitted to City in connection with this Agreement.

11.3 MacBride Principles - Northern Ireland. City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. City also urges companies to do business with corporations that abide by the MacBride Principles. Owner acknowledges that it has read and understands the above statement of City concerning doing business in Northern Ireland.

11.4 Prohibition Against Making Contributions to City. Owner acknowledges that no party that contracts with City for the rendition of personal services, or the furnishing of any material, supplies or equipment to City, or for selling any land or building to City, whenever such transaction would require approval by a City elective officer, or the board on which that City elective officer serves, shall make any contribution to such an officer or candidate at any

time between commencement of negotiations and either the completion of, or the termination of, negotiations for such contract.

11.5 Non-Liability of City Officials, Employees, and Agents. Notwithstanding anything to the contrary in this Agreement, no elected or appointed board, commission, member, officer, employee, or other Agent of City will be personally liable to Owner, its successors, or its assigns for any City default or breach or for any amount that may become due to Owner or its successors or assigns, or for any obligation of City under this Owner.

11.6 Conflicts of Interest. Through its execution of this Agreement, Owner acknowledges that it is familiar with the provisions of City's Campaign and Governmental Conduct Code Article III, Chapter 2 and California Government Code Section 87100 et seq. and Section 1090 et seq., and certifies that it does not know of any facts that would constitute a violation of those provisions. If Owner becomes aware of any such fact during the term of this Agreement, Owner will immediately notify City.

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

OWNER:

MERCY HOUSING CALIFORNIA 108, L.P.,
a California limited partnership

By: Mercy Housing California 108 LLC,
a California limited liability company,
its general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Ramie Dare, Vice President

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

By: _____
Daniel Adams, Director,
Mayor's Office of Housing and
Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Jessica Alfaro-Cassella
Deputy City Attorney

EXHIBIT A

(Legal Description)

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Parcel B of Parcel Map 11671, filed in the Office of the San Francisco County Recorder on December 21, 2023 in Book 54 of Parcel Maps, Pages 10-12, inclusive, as Instrument No. 2023103178, San Francisco County Official Records.

APN 6574-071 (formerly 6574-068, previously 6574-001A)

PERMANENT FINANCING AND LOSP CONTRACT

1633 VALENCIA 145 UNITS OF PERMANENT SUPPORTIVE HOUSING FOR HOMELESS SENIORS

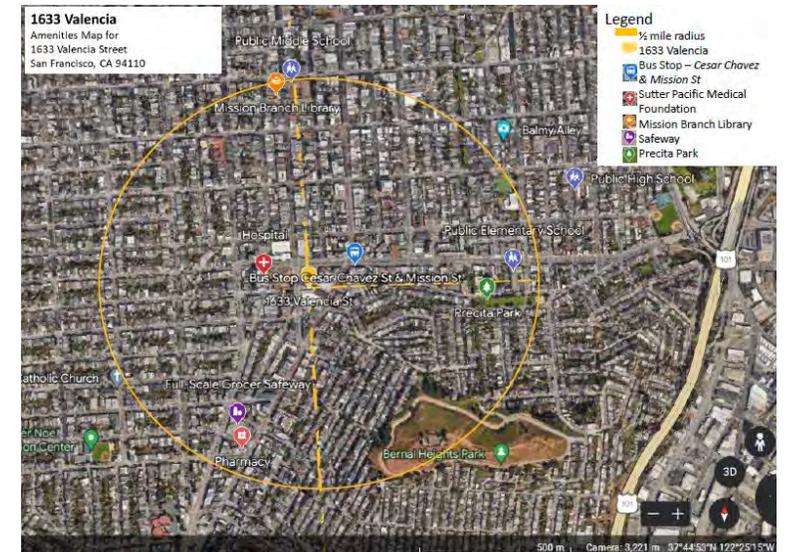
BUDGET AND FINANCE COMMITTEE
MAY 1, 2024

ANNE ROMERO
SENIOR PROJECT MANAGER

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

PERMANENT FINANCING AND LOSP CONTRACT

- 145 units for homeless seniors plus one staff unit at Valencia and Cesar Chavez at the border of the Mission and Bernal Heights
 - HSH 2020 Health & Recovery GO Bond Loan – up to \$41M
 - LOSP Contract over 19 year term – up to \$80,785,406 for operations and debt service
- San Francisco Housing Accelerator Fund (HAF) and Mercy Housing California proposed this project as a replication of Mercy's Tahanan Project (833 Bryant) which used modular construction and efficient design to build at lower cost and faster than comparable projects, with no City financing until project completion
- HSH selected Mercy to develop the project under Chapter 21B of the Admin Code which allows procurement of homeless services without a competitive solicitation to bring PSH units online quickly
- Project goals:
 - Bring 145 new permanent supportive housing units online quickly
 - Leverage below market philanthropic funds and delay City investment
 - Pilot new financing and construction measures to reduce total development cost of permanent supportive housing



PROPOSED PROJECT

Current use:

- Parking lot

Development Team: (same team as Tahanan)

- Mercy Housing California
- David Baker Architects (DBA)
- Cahill Contractors
- NEF – investor

Proposed use:

- 145 studios for homeless seniors age 55 and older
- 6 stories
- Ground floor community room, laundry, property management and supportive services offices
- Rear courtyard

Timeline:

- 2022: Predevelopment and community engagement
- 2023: Entitlement and financing
- May 2024 - December 2025: Construction
- 2026: Fully occupied and operational / perm conversion



Ownership: borrower entity will own the land and the improvements

- Mercy will provide the City with an Option Agreement to acquire the land and improvements in the event of default after the tax credit compliance period
- The Declaration of Restrictions ensures affordability for the life of the project

COST AND TIME SAVING MEASURES

- Same development team building on lessons learned
- Replication of Tahanan design – same footprint, similar amenities and outdoor space
- Design Build contract instead of modular construction
- Reduced development cost
 - Construction cost is under \$400K / unit, 30% less than similar supportive housing developments
 - Total development cost is \$580K / unit, 20% less than comparable projects
- Time and cost savings by having HAF early predevelopment loan, construction loan and below market permanent loan making the project competitive for bond financing and tax credits
- No City investment until conversion to permanent financing and LOSP contract



PROJECT FINANCING

Permanent Financing

Permanent Sources	Amount	Per Unit
SFHAF Permanent Loan	\$16,000,000	\$109,589
SF Health & Recovery GO Bond Loan	\$39,036,048	\$267,370
Tax Credit Equity	\$27,569,430	\$188,832
Sponsor Contribution	\$100	\$1
AHP Bridge	\$2,000,000	\$13,699
Total	\$84,605,578	\$579,490

Permanent Uses	Amount	Per Unit
Acquisition	\$5,630,433	\$38,565
Hard Costs	\$56,841,842	\$389,328
Soft Costs	\$17,025,471	\$116,613
Reserves	\$2,607,832	\$17,862
Developer Fee	\$2,500,000	\$17,123
Total	\$84,605,578	\$579,490

Local Operating Subsidy Contract

- Up to \$59,923,964 over 19 years for operations support (\$15,400 per unit per annum in Year 1)
- \$20,861,442 over 18 year term to repay HAF permanent loan in annual installments
- **TOTAL: \$80,785,406**



SHEILA NICKOLOPOULOS
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ANNE ROMERO
SENIOR PROJECT MANAGER
ANNE.ROMERO@SFGOV.ORG



Thank you

Citywide Affordable Housing Loan Committee

Mayor’s Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller’s Office of Public Finance

1633 Valencia Street

Up to \$41,036,048 Permanent Financing (including
\$2M million AHP Bridge Loan Commitment)

20 Year LOSP Contract to support operations and debt
totaling \$80,785,406

Total Request: \$121,821,454

Evaluation of Request for:	Permanent Funding and LOSP Contract
Loan Committee Date:	April 5, 2024
Prepared By:	Anne Romero, Senior Project Mgr.
MOHCD Construction Representative:	Holly Faust
MOHCD Asset Manager:	TBD
Sources and Amounts of New Funds Recommended for <u>Perm Financing</u> :	HSH SF Health & Recovery GO Bond Loan Up to \$41,036,048
Sources and Amounts of New Funds Recommended for <u>“enhanced” LOSP for operations and debt</u> :	General Fund 20 Year Term Up to \$80,785,406
Sources and Amounts of Previous City Funds Committed:	None
NOFA/PROGRAM/RFP:	HSH Sole Source Emergency Procurement
Applicant/Sponsor(s) Name:	Mercy Housing California

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	1633 Valencia	Sponsor(s):	Mercy Housing California
Project Address (w/ cross St):	1633 Valencia, San Francisco, CA 94110 (at Cesar Chavez St.)	Ultimate Borrower Entity:	Mercy Housing California 108, L.P.

Project Summary:

Mercy Housing California in partnership with the San Francisco Housing Accelerator Fund (SFHAF) requests permanent financing in the amount of up to \$41,036,048 (including a \$2M AHP bridge loan) as well as funding through the Local Operating Subsidy Program (LOSP) in the amount of \$80,785,406 over an 18-year LOSP term to support program operations and to service the \$16M SFHAF Innovation loan to create permanent supportive housing at 1633 Valencia. The proposed development will create 145 newly constructed studio units, plus one staff unit, for a total of 146 units, to be made available as permanent supportive housing for seniors ages 55 and above experiencing homelessness (Project). The Project is being proposed as further iteration of the Tahanan (833 Bryant) permanent supportive housing project, utilizing the same floorplate and efficient design (though not using modular construction) as well as other cost-saving and time-saving measures and similarly deferring City investment until the operations phase and conversion to permanent financing. This innovative approach diversifies the housing production models to bring on line 145 PSH units more quickly and cost effectively without an initial City capital investment.

Development costs through construction for the Project are anticipated to total approximately \$84.6M. The Project is being constructed using philanthropic and private funding that will make possible completion of the Project for approximately \$580K per unit including site acquisition, and \$541K per unit without acquisition costs. This total development cost per unit is approximately 20% below the \$729K cost per unit for comparable projects. The City permanent loan subsidy is up to \$281K per unit. (The specific goal of the Sponsor is to achieve total development cost of approximately \$530K/unit removing land acquisition, developer fee and reserves, within three years from site acquisition to construction loan closing, using the same metrics as they used for Tahanan.) Once completed, the Project will rely on an "enhanced" LOSP agreement with a 19-year term to subsidize operations at project completion as well as to pay down the 18-year construction loan from SFHAF.

1633 Valencia will provide 145 permanent supportive studios restricted by the City loan at 50% MOHCD AMI (and ranging from 30%-60% Area Median Income as restricted by the California Tax Credit Allocation Committee), with residents paying 30% of their income in rent. The ground floor features a residential lobby near elevator access. Each residential floor has similar floor layouts to maximize efficiency of design. Resident-serving common spaces will include one community room, two offices for property management and a supportive services suite as well as building maintenance spaces.

The Project will be financed with 4% Low Income Housing Tax Credits, tax-exempt bonds from CalHFA, and a below-market philanthropically supported permanent loan provided by SFHAF. An accelerated procurement using HSH's emergency authorization, coupled with an ability to forego state tax credits (accessing only federal tax credits) based on lower total development costs, all but assured the project's ability to receive a tax credit award on its first application, further expediting the predevelopment process. To-date, the Project has utilized no City capital financing and is anticipated to complete construction and

begin lease up in January 2026. The investment at completion will come in the form of a City SF Health and Recovery GO Bond Permanent loan totaling up to \$41,036,048, a General Fund LOSP grant agreement for debt and operations, and HSH services funding. Approval is being requested now to enable the construction loan closing in mid-May 2024. The permanent loan commitment includes \$2M in the form of a bridge loan to cover an application for AHP funds which the Sponsor will apply for in 2025, and once awarded, the City commitment will be reduced by the amount of the AHP award.

Project Description:

Construction Type:	Type IIIA over I	Project Type:	New Construction
Number of Stories:	6	Lot Size (acres and sf):	0.42 acres / 18,508 sf
Number of Units:	146	Architect:	David Baker Architects
Total Residential Area:	57,594 sf	General Contractor:	Cahill Contractors
Total Commercial Area:	0 sf	Property Manager:	Mercy Housing Management Group
Total Building Area:	68,802 sf	Supervisor and District:	Sup. Ronen D-9
Land Owner:	Mercy Housing California 108, L.P.		
Total Development Cost (TDC):	\$84,605,578	Total Acquisition Cost:	\$5,630,433
TDC/unit:	\$579,490	TDC less land cost/unit:	\$541,236
Loan Amount Requested:	Up to \$41,036,048	Request Amount / unit including AHP Bridge loan:	\$281,068
HOME Funds?	N	Parking?	N

PRINCIPAL DEVELOPMENT ISSUES

1. Selection of the Sponsor is authorized under HSH’s Chapter 21B waiver of competitive bidding requirements for “Projects Addressing Homelessness” to bring new PSH units quickly online. Selection of a supportive services provider which will be selected under a competitive procurement process. See Section 1.2 Applicable NOFA/RFQ/RFP.

2. This request is the first LOSP project to include a debt service component, required to repay the HAF loan over an 18 year term to replicate the model of Tahanan to bring PSH units on line quickly and at lower cost. The requested LOSP term is 19 years to start the operating subsidy at project completion, which exceeds MOHCD’s typical 15-year LOSP term. See Section 7.2.3 LOSP Commitment.

3. The development budget includes a \$750K lease up and stabilization reserve as a one-time pilot to cover additional management and maintenance staffing, overtime and security, repair damages and insurance deductibles during lease up and the initial two year stabilization period when residents are adjusting to the new building during and after lease up. Any remainder of this reserve not needed during the transition period will go to

reduce the LOSP A for operations funding amount to be disbursed in January 2029. See Section 6.5.3 Permanent Uses Evaluation.

4. Cost containment measures include a design build approach with locked in subcontractor pricing and with projected fewer change orders and less impact on contingencies, potentially rendering savings which could reduce the City loan at permanent conversion. See Section 4.3 Construction Representative Evaluation.
5. Maintaining low construction costs depends primarily on the seamless coordination among Mechanical/Electrical Plumbing (MEP) design-build subcontractors' design, other trade designs, and the architectural/structural drawings already submitted to DBI. The project incorporates Building Information Modeling (BIM) clash prevention (3-D visualization of the trades to make it easy to see any conflicts before construction starts) and the design contingency to protect against cost overruns. However, as additional safeguard, the Project team will be held responsible for regular check ins with MOHCD staff regarding DBI status on the MEPs plan check and any potential new pricing from subs related to plan check. See Section 4.3 Construction Representative Evaluation.
6. MOHCD's long-term policy is to own the land on which affordable housing projects are built. Because of the Project's proposed ownership and financing structures, which require greater risk on behalf of the Sponsor, the Project and the land on which it is being built will both be owned by the Limited Partnership. Mercy Housing California 108, L.P. will provide the City with an Option Agreement to acquire the land and improvements in the event of default or disposition of the property after the tax credit compliance period. See Section 4.1. Site Control.
7. Loan commitment includes a bridge AHP amount and requirement that the Sponsor apply for AHP in the next round after start of construction, which if awarded, would reduce the amount of the capital loan commitment dollar for dollar. See Section 6.3.1 Permanent Financing.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Per Unit	Terms	Status
SFHAF Predev Loan	\$4,826,022	\$33,055	3 yrs @ 3% simple interest	Closed
Total	\$4,826,022	\$33,055		

Permanent Sources	Amount	Per Unit	Terms	Status
SFHAF Permanent Loan	\$16,000,000	\$109,589	20 yrs @ 3% / Res Rec	Committed
SF Health & Recovery GO Bond Loan	\$39,036,048	\$267,370	55 yrs @ 1% / Res Rec	THIS REQUEST
AHP	\$2,000,000	\$13,699	Grant	Application 2025
Tax Credit Equity	\$27,569,430	\$188,832	\$0.965 tax credit pricing	Committed
Sponsor Contribution	\$100	\$1		Committed
Total	\$84,605,578	\$579,490		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$5,630,433	\$38,565	\$82
Hard Costs	\$56,841,842	\$389,328	\$826
Soft Costs	\$17,025,471	\$116,613	\$247
Reserves	\$2,607,832	\$17,862	\$38
Developer Fee	\$2,500,000	\$17,123	\$36
Total	\$84,605,578	\$579,490	\$1,230

1. BACKGROUND

1.1. Project History Leading to This Request.

When the San Francisco Housing Accelerator Fund (SFHAF) and Tipping Point Community (TPC) created the Homes for the Homeless Fund, their intent was to build high-quality permanent supportive housing in less than three years and for less than \$400,000 per unit – and then to replicate that model. SFHAF staff began looking for a second housing development parcel soon after Tahanan closed its bond financing and construction was successfully underway to replicate the model of creating new permanent supportive housing units at lower cost and faster timeframe. (Per the Tahanan Cost Certification, total development costs minus acquisition came in at \$420K/unit, and under \$400K/unit using the initiative’s metric of removing acquisition, developer fee and reserves¹).

In December 2020 SFHAF identified a new development opportunity at 3435 Cesar Chavez Street (Site) in San Francisco’s Mission-Bernal neighborhood. The opportunity came to the SFHAF through Sequoia Living (SL, formerly Northern California Presbyterian Homes and Services), a senior housing provider that works throughout the Bay Area. SL made an offer of \$13,500,000 on the 1+ acre Parcel, expressing interest in entering into separate acquisition agreement with the SFHAF for a portion of the Parcel due to its large size exceeding what SL needed for its planned future development of affordable senior housing. SL formally acquired the site on August 21, 2022.

Envisioned as the ‘Tahanan Replication’ project, SFHAF brought this innovative development opportunity to Mercy Housing California (MHC) in 2021 with the goal of replicating the total development cost per unit and timeline successes of Tahanan, to build 145 studio units serving seniors experiencing and at-risk of homelessness. SFHAF had selected Mercy Housing, David Baker Architects (DBA), and Cahill Contractors through a competitive process for Tahanan Street and wanted to incorporate lessons learned from that project into an improved 2.0 version. In lieu of modular factory-built housing which was the model for Tahanan alongside three other permanent supportive housing projects in 2020, this Project utilizes design-replication and design-build contract innovations, partnering with Cahill Contractors and DBA to target a cost goal of \$530k/unit (removing land acquisition, developer fee and reserves) and to bring units to market within 3 years of entitlement approval. A higher per-unit cost goal was

¹ See evaluation study <https://ternercenter.berkeley.edu/wp-content/uploads/2021/02/833-Bryant-February-2021.pdf>

established based on significant construction cost escalation in the years since Tahanan construction bids were finalized. The Project is presently meeting the timeline goal and reflecting TDC/unit of under \$520k/unit not including land acquisition, developer fee and reserves. SFHAF has provided a predevelopment loan of \$4,826,022 to complete predevelopment activities through construction closing date of May 2024.

In the fall of 2022 as Mercy began the entitlement process for 1633 Valencia, SFHAF and Mercy began meeting with MOHCD, HSH and D9 Supervisor Ronen to discuss an innovative financing approach that would leverage private/philanthropic capital to finance projects that can meet aggressive cost and time goals. By spring of 2023, SFHAF had secured commitments for \$50M from prospective investors for a new innovation-focused fund, with 1633 Valencia as the inaugural project. The below market, “innovation” loan would replace a key part of the Project’s capital stack – the State tax credits, a scarce and competitive source. By eliminating the need for State Tax Credits, 1633 Valencia could apply for 4% tax credits and tax-exempt bonds in the third round of 2023, all but ensuring the Project would receive an allocation. In preparation for this application, SFHAF and Mercy approached MOHCD/HSH with a request for funding commitments that would enable the Project to seize this unique financing opportunity. HSH issued a commitment for a LOSP contract and Mercy submitted the application for tax credits and bonds on September 6th. MOHCD approved CalHFA serving as the conduit issuer for private activity bonds and the Project received an award from CalHFA in December of 2023.

1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

SFHAF and Mercy were selected to develop this permanent supportive housing under HSH’s Chapter 21 emergency procurement waiver authorization to bring new PSH units quickly online with reduced cost. This waiver does not cover the supportive services provider, which will be selected under a separate HSH formal procurement process.

1.3. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

1.3.1. Borrower. The borrower entity for the residential loan is Mercy Housing California 108, L.P. The managing general partner is Mercy Housing California 108 LLC, a subsidiary of Mercy. See Exhibit B.

1.3.2. Joint Venture Partnership. N/A.

1.3.3. Demographics of Board of Directors, Staff and People Served. See table below for gender identity and race demographics for the Mercy board and staff. Mercy does not collect sexual orientation data from board members or staff.

	Gender Identity	Race
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Mercy Housing California Board	M: 43% F: 57%	Asian: 14.29% African American: 7.14% Caucasian: 43.86% Latinx: 14.29% Biracial: 21.43%
Mercy Housing, Inc. Board	M: 50% F: 50%	Asian: 5% African American: 15% Caucasian: 75% Latinx: 5%
Mercy Housing, Inc. - All Staff	M: 42% F: 58%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	M: 43% F: 57%	2 or More Races – 5% American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2% Not specified – 1% White – 22%
Mercy Housing California - Development Staff	M: 50% F: 50%	Asian – 20% Not specified – 20% White – 60%

MHC owns and operates 4,217 units of affordable housing in San Francisco. The chart below represents the total number of people currently living in MHC owned properties (7,176), disaggregated by race and ethnicity.

	Race	Ethnicity
Mercy Housing California San Francisco resident responses to US Census definitions	Asian: 42% White: 19% Black or African American: 16% Other: 15% Did not specify: 3% Native Hawaiian or Other Pacific Islander: 2% American Indian or Alaska Native: 2% Blank: 1%	Not-Hispanic or Latino: 77% Hispanic or Latino: 19% Did not specify: 3% Blank 1%

**Responses are from US Census definitions which cause overlap between race and ethnicity categories.*

From January 2022 through November 2022 MHC had 17 resident evictions. Currently, Mercy does not track move out reasons and does not track evictions by race.

1.3.4. Racial Equity Vision. Mercy is dedicated to moving forward racial equity work. Mercy Housing was founded on the belief that housing justice is social justice. Mercy's organizational values of respect, justice, and mercy are integral to its racial equity work. To advance its racial equity and social justice, Mercy's national office launched the Racial Equity, Diversity, and Inclusion (REDI) initiative. In 2021, Mercy Housing Inc. hired Web Brown as SVP for Racial Equity, Diversity, and Inclusion. Mr. Brown has created a coordinated approach to REDI that includes creating an organizational framework that consists of focus areas to produce action plans throughout the organization in areas of internal culture, resident empowerment, education, and training, hiring and recruitment, communication, and advocacy.

Mercy has also established REDI goals for each department. The California real estate development team generated five goals in 2020 and created workplans around achieving each of the goals. Goals include: expanding the pipeline of diverse real estate staff, creating a national contracting and procurement policy, developing REDI evaluation standards for each stage in the development process, incorporating equitable digital access in development projects, and creating a legislative advocacy strategy. San Francisco real estate staff have been central in elevating these conversations and moving the goals forward. In 2023, Mercy Housing Inc. published its organization wide racial equity mission and goals.

1.3.5. Relevant Experience. Mercy Housing, Inc. (MHI) is the largest non-profit owner of affordable housing in the United States. MHI owns and provides property management (through Mercy Housing Management Group or "MHMG") to more than 23,000 units of affordable housing and currently serves more than 50,000 people. Mercy Housing California is the California affiliate of MHI. In San Francisco, the company owns and/or manages 56 properties with 4,551 homes and 7,620 residents. Of the rental housing completed, approximately 52% is for families, 32% for seniors, and 16% supportive housing for formerly unhoused households. In addition, Mercy has nearly 6,000 units in its development pipeline with a team of 38 development staff members to support the process. In San Francisco, the company owns and/or manages 56 properties with 4,551 homes and 7,620 residents.

Mercy's San Francisco portfolio includes Casa de la Mision, which is a 45-unit permanent supportive housing for seniors experiencing homelessness located at 3001 24th Street, as well as Tahanan located at 833 Bryant Street, which served as the basis of design for 1633 Valencia, and similarly provides 145 studio units of permanent supportive housing for individuals experiencing homelessness.

1.3.6. Project Management Capacity. Clare Murphy is the Associate Director of Real Estate Development and dedicates approximately 50% of her time to the Project. Chris Hacnik is the Project Manager and dedicates approximately 50% of his time to 1633 Valencia. Clare and Chris are supported by Ramie Dare (Director of Real Estate Development), and Doug Shoemaker (President). (See Attachment C.)

1.3.7. Past Performance. There are no past performance issues.

1.3.7.1. City audits/performance plans. Mercy Housing participated in the last citywide fiscal and compliance monitoring program in December 2021, and there are no known findings or issues with the audits. MOHCD community development staff have found no performance issues working with Mercy, and identified the agency as a strong City partner, compliant with regulations.

1.3.7.2. Marketing/lease-up/operations. MOHCD’s DAHLIA / Marketing manager did not note any concerns and does not manage lease-up of Coordinated Entry HSH referral units. See Section 1.3.3 for resident demographic data.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	NCD - MISSION BERNAL NEIGHBORHOOD COMMERCIAL DISTRICT
Maximum units allowed by current zoning (N/A if rehab):	50-X Height and Bulk District, Project was granted a waiver from height limit pursuant to SB35? State Density Bonus Law.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	N/A
Soil type:	The Sponsor completed Phase I and II reports and testing. The Project design includes a vapor mitigation system (VMS) consisting of a sub-slab ventilation layer, ventilation piping, membrane barrier, and monitoring system, which was designed by a professional engineer based on the identified soil conditions. See Section 2.6 below.
Environmental Review:	Project is exempt from CEQA under SB35. [please confirm] Phase I completed on May 11, 2021 Phase II completed on May 10, 2021
Adjacent uses (North):	One-story Commercial
Adjacent uses (South):	Commercial
Adjacent uses (East):	Multi-family residential
Adjacent uses (West):	Hospital
Neighborhood Amenities within 0.5 miles:	Precita Park, San Francisco Public Library– Mission Branch Library, Safeway (3350 Mission Street), , Walgreens Pharmacy (3398 Mission Street)

Public Transportation within 0.5 miles:	SFMTA MUNI Lines 27/14/14R/48/49, 24 th and Mission BART
Article 34:	Required
Article 38:	Not exempt. The site is within the Air Pollutant Exposure Zone. The design is subject to relevant guidelines and requirements.
Accessibility:	Fifteen percent of the units (22) will meet Chapter 11B accessibility standards with all remaining units specified to meet Chapter 11A adaptability standards; ten percent of the units (15) in the building will include communication features. All common areas will be accessible. 50% of the units will have roll-in showers.
Green Building:	Based on current design, the project plans to achieve a Green Point rating of "Platinum". The Sponsor has engaged a sustainability consultant and will continue to monitor green standards throughout construction.
Recycled Water:	Exempt
Storm Water Management:	The Preliminary Stormwater Management Plan was approved on 9/19/23 by the Public Utility Commission (PUC).

2.1. Description. The Site is located at the southeast corner of the intersection of Valencia Street and Cesar Chavez Street and will be developed independently from the adjacent SL site, which will be developed into 100% affordable senior housing of around 100 plus units. The Sponsor submitted for a subdivision of the existing parcel to develop the 1633 Valencia Project on the newly formed assessor parcel known as Block 6574, Lot 071. The parcel is an 18,508 square foot undeveloped lot in the Mission neighborhood, bounded by Cesar Chavez, Valencia, and Mission Streets. Prior to demolition of existing structures, the site consisted of two one-story vacant commercial metal buildings, and a parking lot.

2.2. Zoning. Under SB-35, given the Project is providing 145 units of housing affordable to low- and very low-income households, and is located within one-half mile of a major transit stop, the Project is not subject to any maximum control on density and is entitled to receive up to four concessions/incentives and an additional three stories, or 33 feet of height and unlimited waivers. The project sponsor is requesting no concessions/incentives from the development standards. The project is located in a 50-X Height and Bulk District and proposes a maximum building height of 64 feet, excepting those features specified as exemptions to the height limit under Planning Code Section 260(b).

2.3. Probable Maximum Loss. N/A.

2.4. Local/Federal Environmental Review. On July 28, 2023, the San Francisco Planning Department determined that the proposed Project was eligible for SB-35 and is exempt from CEQA review. There are no federal funds triggering federal environmental review.

2.5. Environmental Issues.

- Phase I/II Site Assessment Status and Results. The Site is within the Maher Area and therefore subject to the requirements of Article 22A of the San Francisco Public

Health Code (Maher Ordinance). Article 22A states that construction projects in San Francisco, which are bayward of the historic 1852 high tide line or within the expanded Maher Area and disturb more than 50 cubic yards of soil, require assessment of the site history (Phase I Environmental Site Assessment) and soil quality (Phase II ESA or Environmental Site Characterization (ESC)) of the material that will be encountered during construction in accordance with Article 22A.

A Phase I report was completed as of April 6, 2021; revised report is dated May 11, 2021. Phase II Report was completed May 10, 2021.

The Phase II report indicates Site is underlain by a layer of fill material with elevated concentrations of petroleum hydrocarbons and heavy metals classified as State of California Class I non-RCRA hazardous waste criteria. The remainder of the fill material at the site not classified as State of California Class I non-RCRA hazardous waste will most likely be classified as Class II non-hazardous waste.

In soil gas, VOCs (benzene, PCE, and vinyl chloride) were detected above 2019 ESLs. The detected concentrations of VOCs are low, likely associated with limited localized sources.

The site work includes a vapor mitigation system to ensure that soil gasses from past industrial uses of the land are contained. The system includes a vapor barrier below the slab with perforated pipe to collect the gas and solid pipe up to the roof of the building to vent the area under the slab.

As of December 29, 2023, the San Francisco Department of Public Health (SFDPH) approved the Site Mitigation Plan (SMP) and Vapor Mat System (VMS) design and the Project will be constructed in accordance with these documents.

- Potential/Known Hazards. As noted above, hazardous soil is present on the site and will need to be removed and transported to appropriate facilities during construction.

In 1988, Ashfield & Co., Inc. of San Francisco, California closed-in-place six Underground Storage Tanks (USTs) that reportedly contained motor oil at the former AAMCO Transmission shop located at 1633 Valencia Street. SFDPH approved the closure of the six USTs based on analytical results collected at the site in their letter dated February 9, 1989. Since there is no analytical data available for review, the developer is relying on the SFDPH review of the data and issuance of a case closure letter. If the results were elevated at time of closure letter, SFDPH would have required additional sampling at that point. The USTs are planned for removal for construction of the project.

2.6. Adjacent uses and neighborhood amenities. The Site is in the Mission-Bernal Neighborhood of San Francisco. This location is well-served by public transit along Mission Street, including the 24th Street BART station. It is nearby parks including Juri Commons, Precita Park and Bernal Heights Park, in addition to being near several grocers on Mission Street and other amenities such as banks, barbers, restaurants, and more. See Attachment F for Amenities list and map.

2.7. Green Building. The Project requires certification under the Green Point Rated (GPR) program with a minimum of 125 points. As currently envisioned the Project exceeds the

minimum and will achieve “Platinum” certification under the GPR program. Among the key sustainable design features are the heat pump hot water system, highly efficient envelope and all low-VOC paints coatings and sealants.

3. COMMUNITY SUPPORT

- 3.1. Prior Outreach. The Sponsor, in partnership with SFHAF and Dolores Street Community Services (DSCS), mailed out project introduction sheets to SF Planning’s Bernal Neighborhood Contact list and 300 ft radius surrounding the Project Site; the mailing included translations. The project introduction sheet and translations were also distributed to community partners and neighbors by email. The Sponsor has also publicized a Project website (www.1633valencia.org) providing project updates, additional information, and options for the public to contact the Sponsor for additional information or be added to contact lists for future outreach. To date, the Sponsor has met with following community organizations to provide project information: Calle 24 Land Use Committee Meeting in November 2022, the Council of Community Housing Organizations in December 2022, the adjacent Sears Building Resident Meeting in June 2023, and meetings with the Mission Neighborhood Health Center, legacy neighborhood businesses, and the American Indian Cultural District? in November 2023. The Sponsor and DSCS also met with the Latino Task Force Street Safety Committee in November 2023 and presented to the Latino Task Force full board on February 12, 2024. The Sponsor and SFHAF continuously met with District 9 Supervisor Ronen to provide project updates in 2023. The Project team has received positive feedback and support for the Project vision, across meetings with Mission-based CBOs and partners.
- 3.2. Future Outreach. The Sponsor will continue to conduct outreach throughout the remainder of predevelopment and through construction to garner support for the Project, and keep the community apprised of the Project plans and schedule. The Project team intends to hold a neighborhood meeting in March 2024 prior to commencement of construction. Throughout construction, the Sponsor plans to provide continued outreach to the community through email, mail, website updates, and continue meetings with local organizations and neighbors.
- 3.3. 1998 Proposition I Citizens’ Right-To-Know. Sponsor will post Proposition I Neighborhood Notification at the Site by April 8, 2024, to ensure notice is provided at least 30 days prior to the Mayor’s signature on the Board Resolution.

4. DEVELOPMENT PLAN

- 4.1. Site Control. Fee ownership
 - 4.1.1. Site Acquisition. The Site, 3485 Cesar Chavez, is currently owned by Sequoia Living (SL, formerly Northern California Presbyterian Homes and Services). Mercy Housing California 108, L.P., the limited partnership owner entity, executed a Purchase and Sale Agreement (PSA) on September 5, 2023 to purchase and develop one of the two parcels, pending a lot split. A PSA Amendment was signed on January 4, 2024.

The original parcel required a lot split and demolition of an existing vacant commercial structure to be completed in order to record a new parcel map, due to an existing structure's location on the proposed lot line. The lot split map, parcel map 11671, was recorded on December 21, 2023 and demolition permits, issued October 24, 2023, were officially signed off by DBI as of January 26, 2024. The subdivision created two separate land parcels for two proposed affordable housing communities which will have separate ownership, financing, and development plans. 1633 Valencia is located on Parcel B (Block 6574, Lot 071). SL will retain ownership of Parcel A (Block 6574, Lot 070). As outlined in the PSA Amendment, acquisition will take place concurrently with closing of construction financing.

4.1.2. Proposed Property Ownership Structure The borrower entity, Mercy Housing California 108, L.P., will own the land and improvements, which is not the standard policy for MOHCD-financed affordable housing and ground lease policy. This LP ownership is being maintained to enable the structure of no City financing or ground lease prior to completion and conversion to permanent financing in order to develop the Project at reduced cost, and replicates the Tahanan ownership model. The managing general partner is Mercy Housing California 108 LLC, a subsidiary of Mercy. Mercy Housing California 108, L.P. will provide the City with an Option Agreement to acquire the land and improvements in the event of default or disposition of the property after the tax credit compliance period.

4.2. Proposed Design. This Project utilizes design-replication and design-build contract innovations, partnering with Cahill Contractors and David Baker Architects, who designed and built Tahanan, to keep costs low and to bring units to market within 3 years of entitlement approval. Under the design replication model, the architect and contractor were selected to design and construct 1633 Valencia using lessons-learned and post-occupancy evaluations of the completed unique pilot project Tahanan.

As of January 2024, the Project has completed 95% construction drawings and bought out the design-build subcontractors' contracts for 95% of the overall construction cost. The Sponsor intends to execute a design-build contract with Cahill and assign the architecture contract over to Cahill to complete the balance of Construction Design work and Construction Administration. The architect and contractor have worked closely together on design, permitting and bidding under the design-build process throughout the design stages. There has been a high level of Building Information Modeling involving design-build subcontractors throughout design development and construction documentation. This is a 3-D program that brings all the trades into the picture to show how they all interact and to detect anything that is out of alignment or which "clashes." It is costly upfront but pays off later, reducing the change orders and mistakes in the field.

In addition, the Sponsor has contracted with a Quality Assurance and Quality Control consultant to review drawings at 100% design development and 100% construction documentation milestones.

The Project is six stories and consists of a Type I ground floor concrete podium for common areas and Type IIIA wood frame construction at the upper floors 2-6. The Project will include 145 studio units as well as a two-bedroom manager’s unit for a total of 146 units. The units range in size from 309 GSF to 322 GSF (270-279 Net SF). The units have been carefully planned to have adequate space for a full-sized bed and kitchen table. There will be a built-in closet, and a galley kitchen that will include built-in storage, apartment sized refrigerator and 2 burner cook top, and counter space for resident’s microwave and other cooking items. Fifteen percent (15%) of the units (22) will meet Chapter 11B accessibility standards with all remaining units specified to meet Chapter 11A adaptability standards; 5% of the units (8) will include communication features. The building is served by two elevators. Each residential floor has a trash room with chutes for recycle, trash and compost disposal. Each residential floor has duplicated stacked floor layouts .

Ground floor interior common spaces include community room, laundry room, offices for property management and a supportive services suite area with case management and resident services offices. The ground floor also includes maintenance spaces. All common areas will be accessible.

The bike room provides spaces for 51 bikes. There is no vehicle parking proposed on the site.

The rear courtyard will be developed with areas of planting and permeable paving and landscape furnishings for private gathering areas. The courtyard has been designed with specific needs of the population to be served in mind including a dog relief area and a smoking area located as far as possible from building entries.

The Project will be “all-electric”, as required by City Ordinance, with centralized heat pump domestic hot water heating. Pumps will be required for domestic water service and fire protection. The office spaces will have split package units for HVAC with the compressors located on the roof. In the apartment units, heating and cooling will be provided by super-efficient and individually operated Packaged Terminal Air Conditioners (PTACs) within each unit. All corridor and bathroom ventilation fans will vent directly to the exterior, and tempered fresh air with MERV 13 filtration for the units and corridors will be provided. The fire protection system will meet NFPA 13 requirements throughout and include a fully monitored fire alarm system. The building will include a closed circuit television monitoring system, card-key access control system and a door monitoring and alarm system.

Residential SF:	68,802
Commercial SF:	-
Building Total SF:	68,802

UNIT TYPES	Avg Unit SF – This Project	CTCAC-Required Minimum SF
Studio:	316	200
2BR:	896	700
Do all units meet CTCAC minimum SF?	Y	

4.3. Construction Representative's Evaluation. The building design is a straightforward rectangle with double-loaded corridor units and floors exactly stacked for the greatest efficiency. The Site design takes advantage of the unorthodox shape of the lot by placing the outdoor spaces in the non-rectilinear areas. All community amenities – community room and kitchen, and laundry – face out and open to the outdoor spaces, providing the best possible spaces tailored for the residents and staff. These studio micro-units – larger than an SRO but smaller than a typical MOHCD PSH or senior studio unit – are well-equipped and laid out for both efficiency and comfort. There is relatively little square footage allotted to circulation: units are arranged on one double-loaded corridor and the ground floor reception area doubles as circulation.

Much like a factory-built approach, for maximum efficiency, there is one kitchenette design, two resident unit designs (one with bay windows to create rhythm and texture at the street façade), and only two bathroom designs. (The manager's two-bedroom ground floor unit is the exception.) With 146 units in 6 floors and sufficient community and outdoor spaces for the residents, the Site has been fully maximized.

The mechanical/electrical systems proposed – PTAC space cooling and heating systems for the units – are appropriate for the units and cost effective for both construction and operations.

While the Tahanan replication model was a factory-built project, and 1633 Valencia is stick/site-built, this Project is applying a very similar process, with subcontractor design-build instead of factory design-build. This approach should ensure cost controls by locking in pricing based on the subs' own designs that meet the architect's performance specifications, and by putting the responsibility for constructability, costs goals, and schedule firmly in the general contractor's hands. This approach lends itself to predictability with fewer (if any) change orders and no alterations to design or specifications during construction except as directed by the Owner or those pertaining to utility coordination.

The 1633 Valencia and Tahanan buildings are virtually the same, with the same footprint and similar amenities and outdoor space. The Valencia stick-built units will be the same dimensions as Tahanan's factory-built, and with the exception of the PTAC space conditioning at Valencia, the major systems equipment is the same as Tahanan's. An exception is the location of the transformer: most of San Francisco's urban affordable buildings utilize the underground sidewalk vaults for transformers, as did Tahanan, because of limited space in the buildings. Approvals for the street improvement permit take much longer for underground vaults, so for this Project, as a lesson-learned, the team carved out space inside the building. Also, of late, PGE's lead time for underground transformers has been precarious, and currently double that for pad-mounted transformers. Pad-mounted transformers are also less expensive than the underground equipment and vault. Since the Project team has recently gone through all the City regulatory processes with Tahanan, little should be left to chance about approvals for 1633 Valencia.

Tahanan had some post-occupancy problems with poor elevator function and bathroom floor drainage. The Project team made corrections for the elevators for 1633 Valencia. The problems with drainage pertain specifically to the improper sloping with factory-built units, so the same drainage issues will not befall the new Project.

The proposed construction cost of \$56,841,842 is considered reliable given the replication from Tahanan project and that buy-outs are 95% complete, and the Project team is in the process of executing a design-build agreement that forecloses on any future escalation. The total construction cost includes the demo of the existing structure and soil hazards mitigations. The Guaranteed Maximum Price does not include a contractor's contingency. Total costs include a 5% hard cost contingency which is appropriate given the project has been bought out, and Mercy will allow Cahill to share this contingency up to 2% at Mercy's discretion.

The deep foundation and vertical superstructure addenda have been fully approved by DBI, and Mechanical/Electric/Plumbing addendum is in plan check, through it has been well-reviewed according to the Project team. Fire Service approval is still outstanding with SFFD. PUC Water application is pending and depends on SFFD approvals. The risk of plan check changes affecting costs has been significantly mitigated, but MEPs and Fire are often rough spots with DBI, warranting the plan check contingency.

At \$403,026/unit construction cost, the Project compares favorably to comparable permanent supportive housing and senior developments in the MOHCD portfolio, the average of which is \$572K / unit or 30% more costly per unit. As with the MOHCD portfolio, the Project costs are based on prevailing wages (required by SB35). The square footage cost for 1633 Valencia at \$855/sf is 18% higher than the comparable MOHCD PSH/senior portfolio, due to the small, dense unit structure. However it is significantly less than 180 Jones, a recently completed close comp. 180 Jones, is 70 units (half PSH) in a 4,850 sf footprint, at \$979/sf. 1633 Valencia packs 146 units into a 11,600 sf footprint at \$855/sf. Like 1633 Valencia, 180 Jones' square foot costs are relatively high because of the small footprint and small units, and the unit costs are relatively low, but costs for this Project are 13%/sf and \$149K or 27%/unit less than that of 180 Jones (all escalated with Construction Cost Index for San Francisco (CCI)). The efficiency of design and the design-build process with locked in costs appear to deliver a less expensive project that can be approved and built faster.

Tahanan's construction costs, based on the cost certification and escalated to today's dollars with the CCI are \$344K/unit (146 units) and \$728/sf. The proposed 1633 Valencia costs per unit and square foot are 17% and 18% higher, respectively, than Tahanan. On-site stick-built construction versus factory-built may primarily account for this delta. Should the replication be successful, the contingencies built into the costs could potentially be saved to bring the costs more in line with Tahanan.

4.4. Commercial Space. N/A

4.5. Service Space. The ground floor services suite includes 8 offices for case management and resident services.

4.6. Interim Use. N/A

4.7. Infrastructure. N/A

4.8. Communications Wiring and Internet Access. 1633 Valencia will comply with the 2021 MOHCD Communications Systems Standards. Units will be equipped with Category 6, coax, and fiber optic cabling. In addition, Sponsor intends to provide wireless access in common areas.

4.9. Public Art Component. N/A. The Project is not required to include a public art component, however, the developer is working with the neighboring building (Harley Davidson) and Precita Eyes Muralists on plans to restore and preserve the historical Chevrolet Mural that was uncovered via the demolition of vacant commercial structures.

4.10. Marketing, Occupancy, and Lease-Up. The population served will be seniors (age 55+) experiencing, or at imminent risk of, homelessness, and referrals will be provided through Coordinated Entry (CE) or a referral process to be approved by HSH. Similar to 1064 Mission Senior, the 55 year plus senior designation allows the Project to serve people experiencing homelessness who are typically physically older than their counterparts due to the health impacts of living on the streets.

HSH has committed to working with project partners to guarantee a neighborhood prioritization process in the referral of unhoused adults from the Mission neighborhood or with ties to the Mission. The Mission neighborhood prioritization will be codified in the Resident Selection Plan. While referrals may come from different Access Points, the Mission neighborhood Access Point will be a key referral source for the Project. HSH, in cooperation with other stakeholders, will ensure that the referral process for the Project is in alignment with the City’s strategic and equity goals, provider’s ability to make timely referrals, and adherence to federal and state requirements for the City’s Coordinated Entry System. HSH is convening a Coordinated Entry Redesign Workgroup with a broad set of stakeholders, including Mercy, and expects that the workgroup will make recommendations to inform changes to Coordinated Entry referrals in the future.

Under the LOSP program, residents will pay 30% of their income towards rent; based on comparable senior permanent supportive housing projects in Mercy’s portfolio, the assumed tenant paid portion of rent is \$225/unit/month.

4.11. Relocation. Not applicable.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	David Baker Architects	N	N
Landscape Architect	Fletcher Studio	N	N
General Contractor	Cahill Contractors	N	N

Owner's Rep/Construction Manager	Regent Construction Management	Y	N
Financial Consultant	CHPC	N	N
Community Engagement	DSCS	Y	N
Legal	Gubb & Barshay	N	N

5.1. Procurement Plan. N/A as there is no City capital funding during construction.

5.2. Opportunities for BIPOC-Led Organizations. The Sponsor partnered with Dolores Street Community Services (DSCS) as the community engagement partner for 1633 Valencia. DSCS will receive a community engagement and service fee of \$300K for their work on the Project, which will allow them to further build capacity as a BIPOC-led organization doing work in the Mission-Bernal neighborhoods.

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Prior MOHCD/OCII Funding: Not applicable – no prior City funding.

6.2. Prior Predevelopment Funding: SFHAF provided a predevelopment loan in the amount of up to \$4,926,022 to get to construction loan closing, of which \$2,987,407 has been expended. The terms are 3% simple interest with 0.75% origination fee. Mercy's line of credit was used to pay one-off expenses which could not go through the lengthier draw process and were paid off immediately upon receipt of the predevelopment loan funds.

6.3. Proposed Permanent Financing

6.3.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project:

- City Permanent Loan (up to \$41,036,048): City and County of San Francisco, 55-years, 1% interest residual receipts loan, made up of 2020 Health and Recovery GO Bond funds. The loan includes a \$2 million AHP bridge loan, which the Sponsor has committed to apply to in Spring 2025. The bonds have not yet been sold, which will be done by the Office of Public Finance (OPF) before the conversion to permanent financing. The loan will have the standard term of 55 years. 1% interest is requested to avoid issues with capital accounts at LP exit.
- Permanent Loan (\$16,000,000): SFHAF Loan, 20 years fully amortizing, 3% interest rate.
- 4% Tax Credit Equity (\$27,569,430): National Equity Fund, committed at a price of \$0.965 per credit.
- GP Capital (\$100): Sponsor contribution
- Tax-exempt Construction Loan (\$42,634,766): While not a permanent source, the construction loan terms are California Bank and Trust, 29 months, 6.350% interest rate.

- **Below-Market SFHAF Construction Loan (\$18,815,937):** While not a permanent source, the construction loan terms are SFHAF, 29 months, 4.9% interest rate.

6.3.2. **CDLAC Tax-Exempt Bond Application:** On December 6, 2023, CDLAC adopted a resolution to transfer \$42,799,116 of 2023 State Ceiling on Qualified Private Bonds to CalHFA for the Project, which imposes a construction closing deadline of June 2024.

6.5.3 Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$389K/unit is low (nearly 30% reduction) compared to other similar sized studio units in the pipeline; construction cost of \$855 / sf is above comparable projects by 18% and reflects the dense, small unit structure; see Section 4.3 Construction Rep evaluation for further detail on hard cost
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%
Architecture and Engineering Fees are within standards	Y	Total Architecture and Engineering Fees (including owner-engineers) total \$3,774,009, which is approximately 7% of hard costs (without contingencies). The higher design costs are due to the design-build nature of the project.
Construction Management Fees are within standards	Y	12 months of predevelopment at \$4,200/month, and 23 months of construction at \$6,000/month.
Developer Fee is within standards, see also disbursement chart below	Y	<p>The developer fee is sized at \$2.5 million, under the max allowable developer fee of \$2.660M for this size project.</p> <p>Under agreement with SFHAF, Mercy is restricting the developer fee to \$2.5 million to limit the Project cost, as well as putting a greater portion of fee at risk (68%).</p> <p>PROPOSED: Project management fee: \$780,000 At risk fee: \$1,720,000 Deferred fee: \$0 GP equity: \$100 Commercial fee: \$0 Total fee: \$2,500,000</p>

Consultant and legal fees are reasonable	Y	Consultant and legal fees are reasonable
Entitlement fees are accurately estimated	Y	Yes, based on actuals
Construction Loan interest is appropriately sized	Y	Committed construction loan terms are 6.350% variable rate with a cap for 29 month term for CB&T Tax-Exempt Construction Loan and 4.9% fixed rate for 29 month term for SFHAF Construction Loan
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 5.5%, lower than Underwriting Guidelines standard of 10% given that the design costs under the GC are not included in the soft cost contingency sizing and don't pose risk to the developer (including architecture and subconsultant soft costs)
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 6 months, common for PSH
Furnishings	Y	Furnishings meet underwriting guideline standard for PSH units and common areas
Request for lease up and stabilization reserve in amount of \$750K as PSH pilot	N	The Project budget includes a \$750K capitalized lease up and stabilization reserve as a one-time pilot to cover additional management and maintenance staffing, overtime and security, repair damages and insurance deductibles during lease up and the initial two year stabilization period when residents are adjusting to the new building during and after lease up. This reserve will assist the building to fully lease up on schedule and hit its stabilization period for conversion to permanent financing while addressing the risk of LOSP funding shortfalls in the most challenging initial period of operations. Any remainder of this reserve not needed during the transition period will go to reduce the LOSP A disbursement for the operations' funding amount to be disbursed in January 2029.

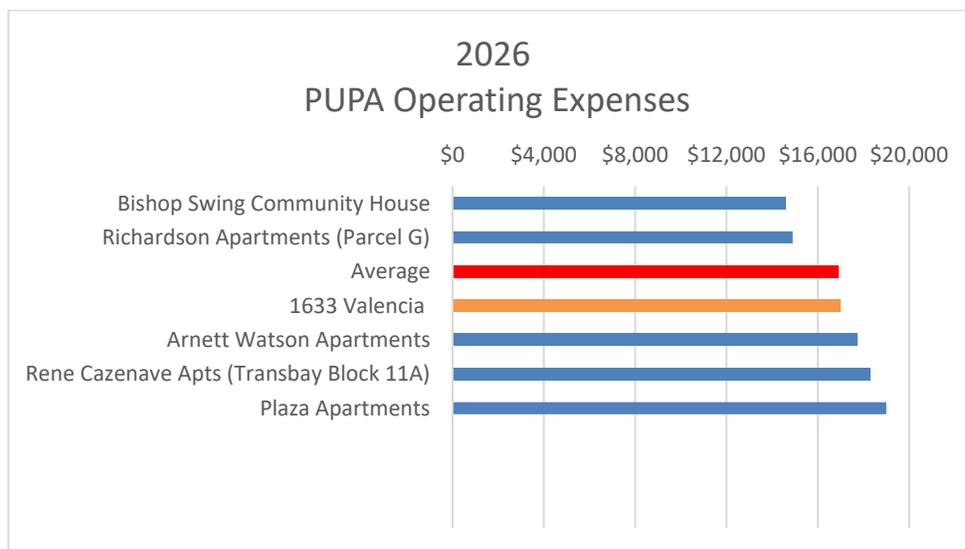
6.5.4 Developer Fee Evaluation: The milestones for the payment of the developer fee to the sponsor are specified below:

Total Developer Fee:	\$2,500,000	
Project Management Fee Paid to Date:	\$ 280,000	
Amount of Remaining Project Management Fee:	\$ 500,000	

Amount of Fee at Risk (the "At Risk Fee"):	\$1,720,000	
Amount of Fee Deferred (the "Deferred Fee"):	\$ 0	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$ 100	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Acquisition / Construction Loan Closing	\$150,000	20%
50% Completion	\$150,000	20%
TCO	\$100,000	12%
Reach Certificate of Final Completion	\$100,000	12%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$344,000	20%
Permanent conversion	\$860,000	50%
Project close-out	\$344,000	30%

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

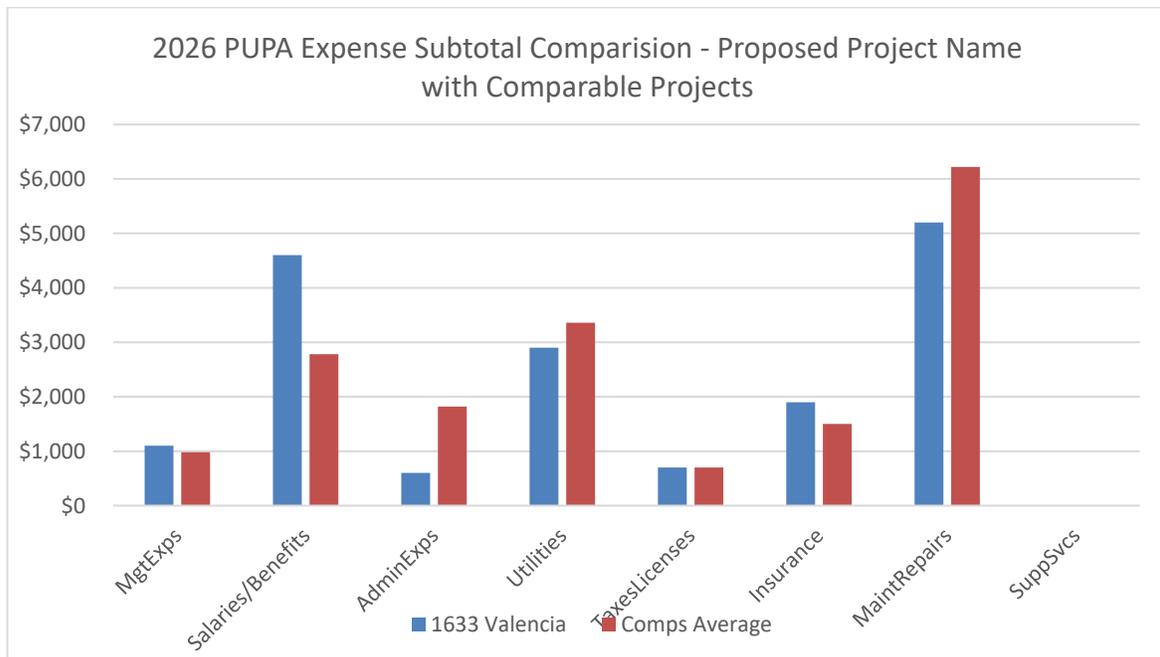
7.1. Annual Operating Budget. The proposed annual operating budget is \$2,480,895, or \$16,992 PUPA before reserves, fees and debt service. Operating costs are reasonable for a permanent supportive housing project of this size, and slightly above average of comparable 100% permanent supportive housing projects escalated to 2026. The operating budget includes lessons learned from Tahanan’s first two years of operations, which has needed increased staffing and part time site security for the same size building and population.



Operating costs are subsidized by LOSP program, allowing residents to pay 30% of their income in rent and a per unit LOSP cost of \$15,415 PUPA as shown in

column LOSP A. Projected staffing level is high at 15.4 FTE, or 1 FTE per 9 households, including full time desk clerk coverage, vacation & holiday desk clerk coverage, one Property Manager and two Assistant Property Managers, .5 FTE Housing Support Specialist (Mercy’s position that supports housing stabilization and has been successful at other PSH projects); 3 FTE janitors and 3 maintenance staff. The budget includes a security services contract for 5 hours / day 7 days a week to provide assistance both inside and outside of the building. Within the building, the security service would visit floors and report any incidents to the front desk staff; they would assist with de-escalation when there is an altercation, as well as help secure the front desk area when the desk clerk needs to step away from the desk. They would help block unauthorized guests into the property, which has been an ongoing issue at Tahanan. Outside the building, security would help de-escalate incidents between residents. The request for security is based on the last two years of operations at Tahanan, the same size PSH Project, but budgeted at half of the level implemented at Tahanan.

The staffing plan and proposed security will be further discussed with HSH and MOHCD before the LOSP contract underwriting is taken to Loan Committee in 2025 prior to entering into the LOSP agreement. It is worth noting that while proposed staffing and salary costs are higher than comparable PSH projects, administrative costs are lower than comps, bringing the per unit operating cost in line with average.



The LOSP agreement is requested to be for 19 years to cover the 18 year mortgage term for the SFHAF \$16 million loan with the first disbursement to be made in January

Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$26,009/yr; annual PM Fee is \$25,999/yr (includes escalation to 2026).
<i>For TCAC projects:</i> Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$600 per unit per year, which exceeds MOHCD and State replacement reserve standard, but is warranted for permanent supportive housing units
Limited Partnership Asset Management Fee meets standards	Y	\$5,000/year with no escalation
MOHCD monitoring fee		Included at \$2,500 / year to cover MOHCD AMR review and project monitoring

7.2.1. Income Restrictions for All Sources. The TCAC and CDLAC AMI restrictions are between 30% - 60% TCAC AMI. The City loan will restrict units at 50% MOHCD AMI. The requirement for the project to serve people who have experienced homelessness and income restrictions will be included the SF Health and Recovery permanent loan documents for as long as the City enters into service and operating subsidy contracts and provides the subsidies. If Mercy is not in default of those contracts, and the LOSP or service funding ends, the Project would stop serving the homeless population and would float up rents to the underlying restricted levels or higher if needed to maintain project feasibility. Existing project reserves would cover this transition.

NON-LOTTERY		No. of Units	MOHCD	TCAC / Bond
STUDIO – [LOSP]		72	50% MOHCD AMI	30% TCAC AMI
STUDIO – [LOSP]		29	50% MOHCD AMI	50% TCAC AMI
STUDIO – [LOSP]		44	50% MOHCD AMI	60% TCAC AMI
Sub-Total		145		
STAFF UNITS				
2 BR		1		
TOTAL		146		
PROJECT AVERAGE			50%	43.1%

7.2.2. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
Studio	145	50% of Median Income
2-BR	1	Manager’s Unit – not restricted

The Sponsor requests standard float up language in the event of loss of LOSP or service subsidy to ensure the Project can operate and no longer serve people experiencing homelessness.

7.2.3. LOSP Commitment for senior loan repayment.

Senior Permanent Loan Repayment: The Project requests a LOSP portion (LOSP B in the operating budget) at the fixed annual amount of \$1,158,969 for Mercy to make annual payments on the SFHAF permanent loan starting in January 2027 through January 2044.

8. SUPPORT SERVICES

8.1. Services Plan. Mercy and their support services partner to be selected by HSH will provide supportive services for all senior residents. A preliminary services plan was prepared for the CDLAC / TCAC application, and a more defined services plan will be developed once HSH has selected the services agency through an RFP. The scope of work in the services plan will include:

- outreach, intake and assessment
- case management
- Income or benefits obtainment and maintenance
- housing stability support which includes coordination with property management and eviction prevention
- wellness and emergency safety support, support groups, social events, and organized activities
- all services provided in alignment with housing first, harm reduction, and trauma informed care

Anticipated staffing is as follows:

Position	FTE	Description
Senior Case Manager (bilingual)	7.0	Provides psychological assessments, supportive counseling, and individualized wrap-around case management. 1:20 Case Management Ratio
Resident Services Coordinator II – Mercy (serving all residents)	1.5	Coordinates on site services programs, partnerships with outside organizations, and property management. Implements community engagement, health and wellness initiatives, and housing stability.
Total FTE	8.5	

8.2. Services Budget. Services will be funded through a separate contract with HSH; HSH will fund case management services for the LOSP units at a rate of \$576/unit/month (\$1,002,240 / year). The funding amount is based on the new client case management ratio and PUPM HSH allocations. Ratios now at 1:25 as there are no specific behavioral health target population

requirements (such as for MHSA or NPLH) for this site, so additional services dollars are not allocated.

1633 Valencia	145	
100 %PSH		
FTE	7	1.5
Staffing	Case managers	
		RSCII
CM Salary - 5.8 FTEs	\$ 353,800.00	\$ 100,500.00
Program Supervisor 1 FTE/0.2FTE	\$ 90,000.00	\$ 18,000.00
Clinical Supervisor 1 FTE	\$ 100,000.00	
Director Oversight 0.2 FTE/0.1FTE	\$ 26,000.00	\$ 13,000.00
Data Analyst 0.2FTE	\$ 10,000.00	
Benefits @ 34%	\$ 99,064.00	\$ 33,180.00
Total Salary	\$ 678,864.00	\$ 164,680.00
Client Supplies/Program Supplies \$200/\$100	\$ 29,000.00	\$ 14,500.00
Training	\$ 5,800.00	\$ 1,000.00
Travel	\$ 866.25	\$ 350.00
15% Indirect	\$ 107,179.54	\$ 27,079.50
Subtotal	\$ 821,709.79	\$ 180,530.00
Cost Per Unit	\$ 5,666.96	\$ 4,513.25

HSH payment standard	\$576	Per unit per month
	\$1,002,240	
CM ratio	1:25	
# of CMs	5.8	

8.3. HSH Assessment of Service Plan and Budget. The proposed budget is reasonable and the preliminary services plan meets expectations for the intended target population at this point in planning. HSH will procure the services provider, and then a more detailed services plan will be due in April 2025.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms.

Financial Description of Proposed Loan	
Loan Amount:	Up to \$41,036,048
Loan Term:	55 years
Loan Maturity Date:	2081 (55 years from conversion date)
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	1%
Date Loan Committee approves prior expenses can be paid:	Loan Committee Approval April 5, 2024

Financial Description of Enhanced LOSP Agreement requested	
LOSP Amount for operations and debt:	\$80,785,406
Grant Term:	19 years
Grant Maturity Date:	December 2044 (19 years from start date)
LOSP A – Operations:	\$59,923,964 over 19 year term
LOSP B - Annual Debt Service:	\$20,861,442 over 18 year term with annual debt payments of \$1,158,969 January 2027 – January 2044

9.2. Recommended Loan Conditions

1. Sponsor must apply for AHP in CY 2025 round after start of construction, which if awarded, would reduce the amount of the capital loan.
2. Under the proposed design build structure, the GC is responsible for most cost overruns, and there may be savings that will reduce the City loan at permanent conversion.
3. The \$750K capitalized lease up and stabilization reserve is a one-time pilot to cover additional management and maintenance staffing, overtime and security, repair damages and insurance deductibles during lease up and the initial two year stabilization period when residents are adjusting to the new building during and after lease up. Any remainder of this reserve not needed after CY 2028 will go to reduce the LOSP A for the operations funding amount to be disbursed in January 2029. Mercy will report on utilization of this reserve in the Project's submittal of Annual Monitoring Reports.

4. Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update, including on:
 1. Community outreach completed, and
 2. Outcomes achieved related to racial equity goals
 3. DBI status on the MEPs plan check and any potential new pricing from subs related to plan check
5. Sponsor must provide HSH and MOHCD with an updated services plan in April 2025 after the services contractor has been selected by HSH through a competitive procurement process.
6. While the up to amount of the LOSP contract has been approved for construction closing, Sponsor must submit an updated 1st year operating budget and 20-year cash flow by December 1 before the City's fiscal year in which the project will achieve TCO (FY 2025-26) for Loan Committee review prior to the LOSP contract being executed.
7. Sponsor must provide initial draft tenant selection criteria within 12 months of anticipated TCO.
8. Sponsor must provide quarterly updated response to any letters requesting corrective action.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____
Daniel Adams, Director
Mayor's Office of Housing and Community Development

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____
Salvador Menjivar, Director of Housing
Department of Homelessness and Supportive Housing

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____
Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____
Anna Van Degna, Director
Controller's Office of Public Finance

- Attachments:
- A. Project Milestones/Schedule
 - B. Borrower Org Chart
 - C. Developer Resumes
 - D. Asset Management Analysis of Sponsor
 - E. Threshold Eligibility Requirements and Ranking Criteria – N/A
 - F. Site Map with amenities
 - G. Elevations and Floor Plans, if available
 - H. Comparison of City Investment in Other Housing Developments
 - I. Predevelopment Budget N/A
 - J. Development Budget
 - K. 1st Year Operating Budget
 - L. 20-year Operating Pro Forma

Attachment A: Project Milestones and Schedule

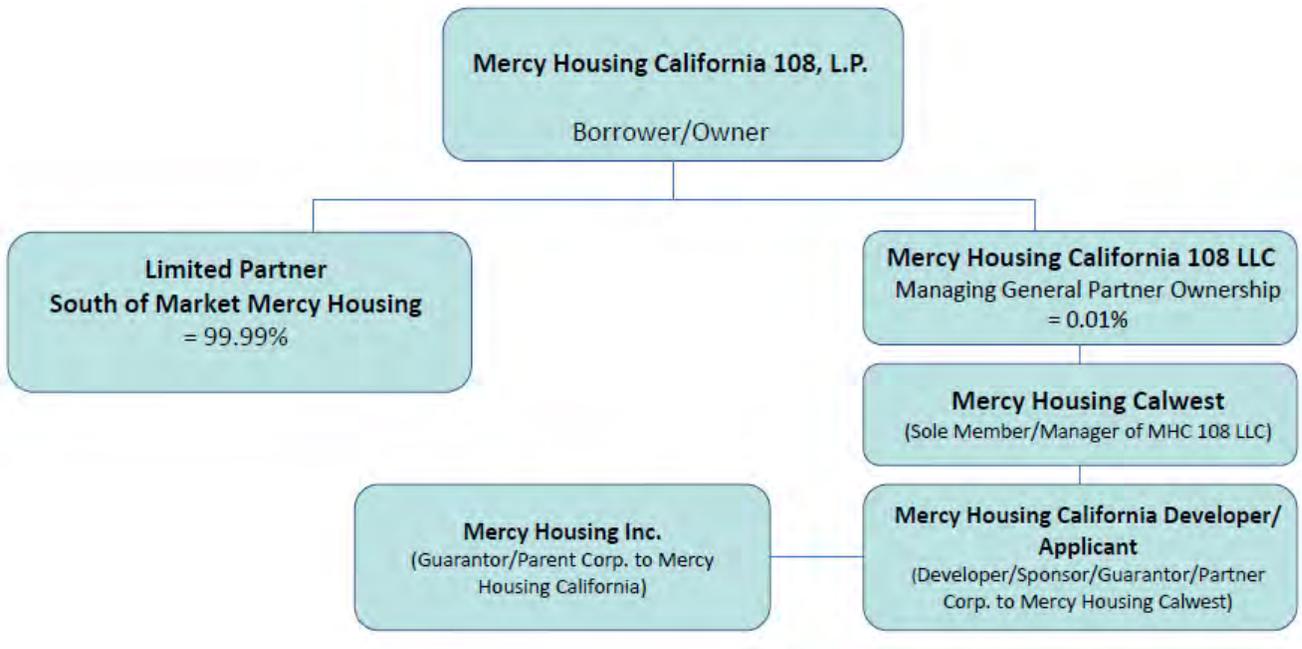
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	4/8/24	To be posted 30-days prior to Mayor execution of BOS Resolution
1	Acquisition/Predev Financing Commitment	3/21/22	Execution of Predevelopment Loan Agreement
2.	Site Acquisition	5/7/24	SL acquisition 08/2022
3.	Development Team Selection		
a.	Architect	07/2022	
b.	General Contractor	07/2022	
c.	Owner's Representative	08/2022	
d.	Property Manager	8/1/23	
e.	Service Provider	11/2024	Subject to HSH timing
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	11/21/22	
b.	Submittal of Design Development & Cost Estimate	8/18/23	
c.	Submittal of 50% CD Set & Cost Estimate	10/13/23	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	12/8/23	
5.	Commercial Space	N/A	
a.	Commercial Space Plan Submission	N/A	
b.	LOI/s Executed	N/A	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	12/19/22	
b.	CEQA Environ Review Submission	N/A	
c.	NEPA Environ Review Submission	N/A	
d.	CUP/PUD/Variances Submission	N/A	
7.	PUC/PG&E		
a.	Temp Power Application Submission	6/2/23	

b.	Perm Power Application Submission	6/2/23	
8.	Permits		
a.	Building / Site Permit Application Submitted	12/19/22	
b.	Addendum #1 Submitted	2/15/24	
c.	Addendum #2 Submitted	9/20/23	<u>Approved 2/16/2024</u>
d.	Addendum #3 Submitted	10/13/23	
e.	Addendum #4 Submitted	10/19/23	
f.	Addendum #5 Submitted	TBD	
g.	Addendum #6 Submitted	TBD	
h.	Addendum #7 Submitted	TBD	
i.	Addendum #8 Submitted	TBD	
j.	Addendum #9 Submitted	TBD	
k.	Addendum #10 Submitted	TBD	
l.	Addendum #11 Submitted	TBD	
9.	Request for Bids Issued	N/A	
10.	Service Plan Submission		
a.	Preliminary	3/5/24	
b.	Final	4/5/2025	
11.	Additional City Financing	N/A	
a.	Preliminary Gap Financing Application	N/A	
b.	Gap Financing Application	N/A	
c.	Preliminary Gap Financing Term Sheet	12/22/23	
12.	Other Financing		
a.	HCD Application	N/A	
b.	Preliminary Construction Financing Term Sheet	10/17/23	
c.	AHP Application	Spring 2025	
d.	CDLAC Application	9/6/23	
e.	TCAC Application	9/6/23	
f.	LOSP Commitment	7/26/23	
g.	LOSP Funding Request	12/1/2024	

13.	Closing		
a.	Construction Loan Closing	5/13/24	
b.	Conversion of Construction Loan to Permanent Financing; funding of City loan	10/2026	
14.	Construction		
a.	Notice to Proceed	5/14/24	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	12/15/25	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	12/15/24	
b.	Commence CES process	7/20/25	
c.	95% Occupancy	5/20/26	
16.	Cost Certification/8609	2/2027	

Attachment B: Borrower Org Chart



Attachment C: Development Staff Resumes



RAMIE K. DARE

Director, Real Estate

PROFESSIONAL EXPERIENCE

Mercy Housing California, San Francisco, California

Senior Housing Developer, May 1997 to Present

Developer of affordable rental housing for families, seniors, and people with special needs utilizing 4% and 9% tax credits, tax exempt bonds, conventional financing and rental subsidies. Experienced in all aspects of development, including feasibility study, contract negotiation, project management, financing and community acceptance planning. Developments include Bermuda Garden Apartments (80 unit rehab), Eden House Apartments (116 unit rehab) Marlton Manor (150 unit special needs, rehab), Tolton Court and Montclair Court (26 units urban infill), La Costa Paloma Apartments (180 units inclusionary housing), Carter Terrace (106 family units), 10th and Mission Family Housing (136 high rise family units, mixed use), and 9th and Jessie Senior Housing (107 high rise senior units, HUD 202 mixed finance) and Sunnydale HOPE SF (50 acre master planned mixed income community).

CREDO Housing, Inc, Oakland, California

Housing Developer, September 1993 - April 1997

Developer of affordable rental housing in Oakland, Berkeley and unincorporated Alameda County totaling \$19 million and 273 units. Experience in developing projects financed by low income housing tax credits, tax exempt bond, cities of Oakland and Berkeley, Alameda County, HUD and institutional lenders.

EDUCATION

University of California Los Angeles

Bachelor of Arts, Urban Studies major, 1991

Harvard University, John F. Kennedy School of Government

Master in Public Policy, 1993

Bank of America Leadership Academy

Development Training Institute, 2002

PROFESSIONAL & COMMUNITY INVOLVEMENT

Member of Board of Directors of Community Housing Partnership, which develops permanent affordable housing and services for formerly homeless individuals and families in San Francisco, April 2004 to Present.

Co-Chair of EBHO Community Acceptance Strategies Committee to build community acceptance of affordable housing amongst policymakers and the public. Served on EBHO Board of Directors, January 1996 to February 1997.

Member of Board of Directors of Californians for Justice, a statewide organization engaged in community organizing in low-income communities for racial justice, 1995 - 2001

Clare Murphy
33 Southern Heights Avenue, San Francisco, CA 94107
Phone: (415) 259-1605 Email: cmurphy@mercyhousing.org

EDUCATION

University of Oregon – Eugene, Oregon
Bachelor of Arts: Planning, Public Policy and Non-profit Management Major, June 2015
Economics Minor, June 2015

- Dean’s Scholarship & Dean’s List

EXPERIENCE

Associate Director – Real Estate Development November 2022 – Current

Mercy Housing, San Francisco, California

- 1633 Valencia Street – Predevelopment
- Sunnydale Masterplan Development
 - o Phase 3 Infrastructure – Predevelopment

Project Developer II – Real Estate Development December 2021 – November 2022

Mercy Housing, San Francisco, California

- 1939 Market Street – Predevelopment
- 1633 Valencia – Predevelopment
- Casa de la Mision – Construction, Close-out
- Bermuda Gardens Renovation – Predevelopment, Construction, Close-out
- Dorothy Day Renovation– Close-out

Project Developer I – Portfolio Syndication January 2019 – December 2021

Mercy Housing, San Francisco, California

- Bermuda Gardens Renovation – Predevelopment, Construction
- Dorothy Day Renovation – Predevelopment, Construction
- Francis of Assisi Renovation – Close-out
- Dudley (Elevator Replacement) – Construction, Close-out

Assistant Project Manager II – Portfolio Syndication March 2018 – January 2019

Mercy Housing, San Francisco, California

- Dorothy Day Renovation – Predevelopment
- Francis of Assisi Renovation – Predevelopment, Construction
- Bennett House Renovation – Predevelopment
- Britton Courts Renovation – Predevelopment, Closing

Assistant Project Manager I – Portfolio Syndication April 2015 – March 2018

Mercy Housing, San Francisco, California

- Columbia Park Renovation – Predevelopment, Construction, Close-out
- 111 Jones/Padre Palou Scattered Site Renovation – Predevelopment
- Santa Cruz Scattered Site Renovation – Predevelopment

Asset Management Intern June – September 2014

Mercy Housing, San Francisco, California

Asset Management Intern July – September 2013

Community Housing Partnership, San Francisco, California

Administrative Intern March – May 2010

San Francisco Housing Action Coalition, San Francisco, California

Christopher J. Hacnik
San Francisco Bay Area
Phone: (480) 298-1037 Email: chris.hacnik@mercyhousing.org

EDUCATION

University of California, Berkeley, College of Environmental Design
Master of City Planning - Housing, Community & Economic Development
Interdisciplinary Graduate Certificate in Real Estate

American University, Washington, DC
B.A. History; B.A. Music Performance - Cum Laude

EXPERIENCE

Project Developer I – Real Estate Development January 2024 - Present

Mercy Housing, San Francisco, California

- 1633 Valencia – Predevelopment
- 600 7th Street - Construction

Senior Development Associate June 2021 – June 2022

The Related Companies of California, Los Angeles, California

- Southwest Village Apartments in San Diego – Construction Loan Closing, Construction
- Chapel Avenue Apartments in Alhambra - Construction Loan Closing, Construction
- 1405 S. Broadway (Alveare Ph I, II, III) – Predevelopment
- Union at Echo Park – Predevelopment
- Acts Cherry Hill Apartments – Construction, Lease-Up

Development Associate, Affordable Housing Intern June 2021 – June 2022

The Related Companies of California, San Francisco, California

- Santa Rosa Mendocino Avenue Phase I – Construction Loan Closing
- Santa Rosa Mendocino Avenue Phase II – Predevelopment (Financing), Construction Loan Closing

Graduate Student Researcher January 2022 – July 2022

Turner Center for Housing Innovation, UC Berkeley

- Co-Author of “New Pathways to Create More Deeply Affordable Housing: Early Lessons from HUD’s Faircloth-to-RAD Program,” Turner Center for Housing Innovation at UC Berkeley, Published January 31, 2023

Development Consultant/Intern September 2021 – December 2021

Housing Authority of the City of Alameda, California

- Advised management staff on federal regulations and underwriting requirements related to the agency’s use of underutilized federal rental subsidies under the Public Housing program using HUD’s Faircloth-to-RAD Conversion tool

Business Development & Marketing Coordinator February 2020 – January 2021

Reno & Cavanaugh, PLLC, Washington, DC

Legal Assistant May 2018 – January 2020

Reno & Cavanaugh, PLLC, Washington, DC

- Drafted, reviewed, and finalized real estate contracts for over 60 multifamily affordable housing financial closings involving federal housing programs, preserving 3,474 public housing units nationwide

Attachment D: Asset Management Evaluation of Project Sponsor

Mercy Housing California (MHC) will assume asset management duties for 1633 Valencia. Asset Management falls under the National Portfolio Management department of Mercy Housing Inc.

Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio

California represents the largest portion of the portfolio with 156 operating properties across the state; 55 Mercy owned and occupied properties are located in the City of San Francisco.

Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)

Yelena Zilberfayn is the Vice President of Asset Management at Mercy Housing where she has worked for the past 22 years, 9 of which in the Asset Management Department, and is responsible for a portfolio of real estate assets serving families, seniors, and special needs individuals. She leads a team of five Asset Managers, four in San Francisco, one in Sacramento. Two Asset Management Analysts and one Commercial Asset Management Analyst based in the National Office in Denver, CO, and one Commercial Asset Manager based in San Francisco are supporting Yelena's team. In addition, there are two Asset Managers overseeing other regions in CA and one Capital Project Investment Manager, reporting directly to Melissa Clayton.

Yelena is located in the San Francisco office and interfaces directly with Doug Shoemaker, President of Mercy Housing California (MHC), and Lilli Lew-Hailer, Vice President of Operations of MHC. Yelena and her team act as Mercy Housing's representatives in relation to the physical and financial status of each asset and protect its financial health and long-term viability. Mercy's portfolio management also includes Transaction Team comprised of 2 staff devoted to other specialized needs such as the Year 15 buy out and the refinance of properties.

All positions are currently filled and they are all full time. The breakdown of the Bay Area asset management staff positions is as follows:

- (1) Vice President of Asset Management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (2) Asset Management Analysts
- (1) Commercial Asset Management Analyst
- (1) Commercial Asset Manager

Each Asset Manager oversees a portfolio of up to 25 assets. The Asset Managers in the San Francisco office currently have 90 assets in their portfolio. Eight of these properties are in predevelopment, under construction or in rehab in the City of San Francisco or Bay Area. In San Francisco, Asset Managers manage fewer than the maximum of 25 assets in order to free up capacity for future developments. Once development is complete, a San Francisco based Asset Manager will assume asset management duties for 1530 18th Street.

Description of Scope and Range of Duties of Developer's Asset Management Team

Asset Management staff has oversight over all operations of the properties. The portfolio is analyzed monthly through the Portfolio Scorecard, which looks at physical and economic occupancy, trade and intercompany payables. In addition, the team performs quarterly risk ratings according to Affordable Housing Investment Council (AHIC) standards, of every property to evaluate occupancy, reserves, management, capital needs and available reserves. If a property is placed on the watchlist, there is a quarterly meeting with the Asset Management team, Mercy Housing Management Group and Mercy Housing California President to find a solution to get the property off the watchlist.

Asset Managers are responsible for tracking all capital needs on their portfolio on a quarterly basis as part of Mercy's watchlist process. They are assisted by various staff of Mercy Housing Management Group, including the Regional Facilities Manager and the various Area Directors of Operations assigned to the properties. Using various analysis including our watchlist and budget planning, reviewing CNAs, and Reserve analysis, the Asset Managers determine when the necessary capital needs can be completed in the short and long term.

The analyst team submits reserve replacement requests bi-annually. In addition, the analyst team helps with the compliance with financing requirements and various reporting regulatory requirements by sending quarterly and annual reporting to investors and funders. Portfolio preservation planning is accomplished through balancing the use of reserves with the payment of scheduled partnership and deferred development fees through cash flow.

The transaction team handles some of the longer term needs of the portfolio such as Year 15 analysis and investor buyout and a property restructuring such as a refinance.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is ongoing coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center (nationwide)

Asset Management staffing budget is \$2,460,839.

Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

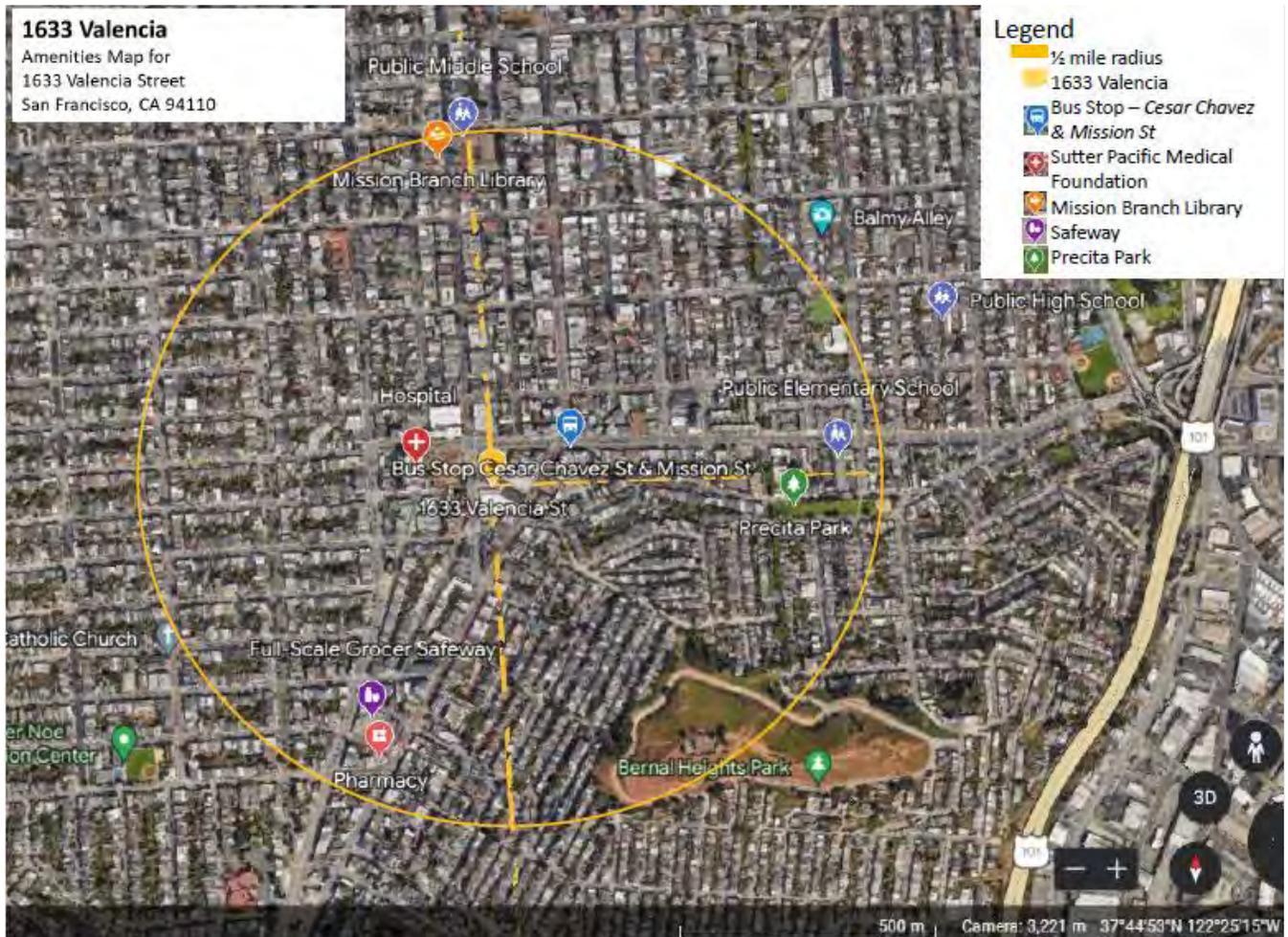
Mercy Housing anticipates that the portfolio will grow from 156 buildings to approximately 170 buildings in the next 5 years. Two new Asset Manager positions based in San Francisco were added in 2017 and one in 2019.

MOHCD Asset Management Staff assessment of Sponsor's asset management capacity: The Sponsor's description of their asset management functions, duties and coordination with related teams within the organization demonstrate an adequate asset management operation for their existing portfolio. With 7 FTE asset managers statewide and a portfolio of 156 projects in California, the project/asset management staff ratio is 22, which is in line with the industry standard of 20-25 recommended by NeighborWorks America. In addition, the Sponsor's asset management staff also includes Asset Management Analysts who support the Asset Managers. The full range of asset management responsibilities are covered by the asset managers and the analysts. With an increase of 15-16 projects in the Sponsor's portfolio anticipated over the next 5 years, the ration will increase but remain within the industry standard.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

N/A as developer procured under HSH's Chapter 21 emergency powers

Attachment F: Site Map with amenities



Attachment G: Elevations and Floor Plans



Attachment H: Comparison of City Investment in Other Housing Developments

Affordable Multifamily Housing New Construction Cost Comparison - San Francisco

Updated 3/29/2024		Acquisition costs by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs by Unit/Bed/SF			Total Development Cost (Not including Land)			Subsidy	
	Acq/Unit	Acq/BR	Acq/lot sq.ft	Const/Unit	Const/BR	Const/ sq.ft	Softunit	Soft/BR	Soft/ sq.ft	TDC/Unit	TDC/BR	TDC/ sq.ft	Subsidy / unit	Leveraging ¹	
Delta of Subject and Comparable Projects	\$ (659)	\$ (654)	-4.374499724	\$ (168,773)	\$ (167,458)	128	\$ 34,051	\$ 33,864	205	\$ (149,402)	\$ (148,173)	\$ 303	\$ (249,729)	-67.2%	
Delta Percentage	-67%	-67%	-63%	-30%	-22%	18%	103%	22%	103%	-20%	-20%	33%	-100%	-102%	
1633 Valencia	\$ 322	\$ 320	\$ 3	\$ 403,026	\$ 400,295	855	\$ 190,163	\$ 188,869	404	\$ 579,490	\$ 575,548	\$ 1,230	-	100.0%	
Comparable Projects	Average: \$ 982	\$ 975	\$ 6.92	\$ 571,799	\$ 567,742	\$ 727	\$ 156,112	\$ 155,005	\$ 199	\$ 728,892	\$ 723,722	\$ 927	\$ 249,729	66.7%	

Costs lower than comparable average (within 10%)	Costs higher than comparable average (within 10%)	Delta Compared to 1633 Valencia												Building Type	Stories	Cost Cert/Small commercial space	
		Delta Compared to 1633 Valencia	17%	17%	17%	147%	147%	147%	30%	30%	30%						
		Delta Compared to 1633 Valencia	\$ 59,109	\$ 58,721	\$ 137	\$ 13,000	\$ 12,298	\$ 740	\$ 130,217	\$ 127,200	\$ 299						
		833 Bryant - HAF/Modular	154	153	\$ 343,917	\$ 341,561	\$ 728	\$ 77,102	\$ 76,574	\$ 63	\$ 421,173	\$ 418,208	\$ 892	HAF/Modular	Type III	6	Cost Cert/Small commercial space

ALL PROJECTS	Average:	Building Square Footage						Total Project Costs							
		Lot sq.ft	Completion/ start date	# of Units	# of BR ²	Res. ¹	Non-Res.	Total sq. ft.	Total sq. ft.	Acq. Cost ³	Const. Cost ⁴	Soft Cost	Total Dev. Cost w/out costs	Local Subsidy	
ALL PROJECTS	Average:	32,206	119	194	119,969	13,412	131,603	131,603	\$ 170,790	\$ 81,881,876	\$ 20,655,167	\$ 102,706,150	\$ 30,739,292		
Comparable Projects Completed (filtered)	Average:	24,468	105	106	75,033	2,439	77,471	77,471	\$ 277,033	\$ 57,278,091	\$ 9,057,920	\$ 66,613,043	\$ 22,370,005		
Comparable Projects Under Construction (filtered)	Average:	9,058	77	77	52,395	2,809	55,204	55,204	\$ 15,813	\$ 42,915,131	\$ 17,628,631	\$ 60,559,575	\$ 19,710,358		
Comparable Projects In Predevelopment (filtered)	Average:	11,155	133	135	108,413	6,573	114,986	114,986	\$ 16,250	\$ 79,875,760	\$ 22,475,732	\$ 102,367,742	\$ 36,563,593		
Total Comparable Projects	Average:	14,894	106	106	78,614	3,940	82,554	82,554	\$ 103,032	\$ 60,022,994	\$ 16,387,427	\$ 76,513,453	\$ 26,214,652		
1633 Valencia	15,508	145	147	68,603	-	68,603	68,603	\$ 47,072	\$ 58,841,842	\$ 27,763,738	\$ 84,605,578	HAF	Type III	6	100% CO/Prosho commercial
Delta of Subject and Comp Project Averages	3.614	41	41	-9,811	-3,940	-13,751	-13,751	(\$5,960)	(\$1,181,152)	\$ 11,329,237	\$ 8,092,125	(\$26,214,652)			
Delta Percentage	24%	30%	30%	-12%	-100%	-17%	-17%	-54%	-2%	69%	11%	-100%			

PROJECTS COMPLETED		Building Square Footage						Total Project Costs									
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ²	Res. ¹	Non-Res.	Total	Acq. Cost ³	Const. Cost ⁴	Soft Cost	Total Dev. Cost w/out costs	Local Subsidy	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing, date of LC, unusual conditions such as childcare center)
95 Laguna Senior	95 Laguna	14,300	May-19	79	82	59,785	7,316	67,101	-	\$ 39,212,122	\$ 11,343,790	\$ 50,555,912	\$ 16,222,000	2% LHFC	Type II over 2 Type II	7	Ind Community Services space
1206 Divided Street	1206 Divided Street	11,887	Jan-20	84	85	473,556	86,153	559,709	\$ 83,096	\$ 19,706,948	\$ 23,344	\$ 19,730,048	\$ 23,810,014	4% LHFC+HOME AVE	Type IA	8	Ind Community Services space
Mission Bay S. Block 9	410 China Basin Street	47,437	Oct-22	141	141	96,160	-	96,160	\$ 91,960	\$ 78,361,265	\$ 15,596,625	\$ 93,959,846	\$ 20,078,000	HCD Loan	Type III FHI Type I	4	Factory built
833 Bryant - HAF Modular			Mar-22	145	146	67,000	1,500	68,500	22,268	49,867,941	11,179,863	61,070,802	HAF	Type III	6	Factory built	

PROJECTS UNDER CONSTRUCTION		Building Square Footage						Total Project Costs									
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ²	Res. ¹	Non-Res.	Total	Acq. Cost ³	Const. Cost ⁴	Soft Cost	Total Dev. Cost w/out costs	Local Subsidy	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing, date of LC, unusual conditions such as childcare center)
180 Jones Street	180 Jones Street	4,653	Nov-24	70	70	36,180	3,304	39,470	\$ 10,000	\$ 38,293,496	\$ 15,262,708	\$ 53,556,204	\$ 12,856,477	4% LHFC + MHP	Type I	9	Updated due to cost
Central Freeway Parcel U - 78 Height	78 Height Street	5,683	May-25	63	63	44,185	3,216	47,401	\$ 7,461	\$ 35,861,888	\$ 18,518,268	\$ 54,317,151	\$ 26,746,467	4% Fed & B. Credits MHP	Type I	9	Ind Community Services space
4200 Geary	4200 Geary	16,738	Dec-24	95	95	76,634	1,868	78,502	-	\$ 45,940,088	\$ 19,104,917	\$ 65,045,005	\$ 15,528,131	4% Credits HCD MHP AVE PH	Type II over Type I	7	Cont'd to 1633 Valencia 100% CO/Prosho 182 Oct 30/2023/CO/6/2023

PROJECTS IN PREDEVELOPMENT		Building Square Footage						Total Project Costs									
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ²	Res. ¹	Non-Res.	Total	Acq. Cost ³	Const. Cost ⁴	Soft Cost	Total Dev. Cost w/out costs	Local Subsidy	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing, date of LC, unusual conditions such as childcare center)
Laguna Honda Senior (325 LH)	325 Laguna Honda Blvd	14,300	Jan-25	200	204	213,000	13,900	226,900	\$ 16,000	\$ 97,790,000	\$ 20,222,441	\$ 117,982,441	\$ 47,273,441	4% Credits HCD MHP AVE	Type II over Type I	7	
772 Pacific Avenue	772 Pacific Avenue	9,219	Apr-24	85	85	45,458	8,847	54,305	-	\$ 58,205,200	\$ 17,129,912	\$ 75,335,112	\$ 25,178,182	4% Credits MHP AVE	Type IA	8	Cont'd to 1633 Valencia 100% CO/Prosho 182 Oct 30/2023/CO/6/2023
Transbay 2 WEST - Senior OCH (CCDC)	200 Fulton	13,091	Mar-24	151	152	190,710	2,845	193,555	-	\$ 190,188,963	\$ 31,988,544	\$ 222,177,507	\$ 64,967,269	4% Credits HCD	Type I	9	
Andrew Yard Senior - 1988 Bryant	1988 Bryant	5,211	Dec-25	90	90	69,044	1,500	70,544	\$ 60,000	\$ 63,298,048	\$ 20,964,028	\$ 84,262,076	\$ 8,848,084		Type II over Type I	4-5	

PROJECTS COMPLETED		Acquisition cost by Unit/Bed/SF (not including land cost)			Construction by Unit/Bed/SF			Soft Costs by Unit/Bed/SF			Development Cost (incl acq costs, not including L)			Subsidy	
Project Name	Compl. Date	Acq/Unit	Acq/BR	Acq/lot sq.ft	Const/Unit	Const/BR	Const/ sq.ft	Softunit	Soft/BR	Soft/ sq.ft	TDC/Unit	TDC/BR	TDC/ sq.ft	Subsidy / unit	Leveraging ¹
95 Laguna Senior	May-19	-	-	-	\$ 488,308	\$ 478,187	284	\$ 143,592	\$ 138,388	169	\$ 630,848	\$ 616,535	\$ 753	\$ 256,342	65.2%
Hunters View Phase 1 - Block 10	Jun-19	-	-	-	\$ 664,050	\$ 277,294	104	\$ 66,654	\$ 38,795	65	\$ 795,704	\$ 338,090	\$ 570	\$ 154,460	21.4%
Mission Bay Block 7 West	Nov-17	-	-	-	\$ 796,348	\$ 383,174	153	\$ 121,284	\$ 60,642	84	\$ 887,632	\$ 435,816	\$ 617	\$ 241,275	27.8%
Booker T Washington	Feb-18	-	-	-	\$ 803,967	\$ 773,006	469	\$ 120,387	\$ 115,787	99	\$ 624,944	\$ 688,792	\$ 787	\$ 180,526	80.5%
Noble Sub Commons (TBT)	Oct-18	292	108	1	\$ 699,210	\$ 351,467	193	\$ 130,954	\$ 78,430	132	\$ 745,495	\$ 430,070	\$ 726	\$ 210,000	71.4%
Mission Bay S66	Oct-18	-	-	-	\$ 663,967	\$ 388,659	167	\$ 74,812	\$ 49,721	66	\$ 528,178	\$ 417,798	\$ 643	\$ 201,186	69.4%
Mission Bay S66	Nov-18	1,036	537	2	\$ 669,181	\$ 346,713	167	\$ 106,454	\$ 55,158	89	\$ 778,671	\$ 400,406	\$ 646	\$ 250,000	67.8%
Mission Bay S. Block 3 East	Jan-20	-	-	-	\$ 647,865	\$ 401,541	202	\$ 21,049	\$ 13,046	20	\$ 669,914	\$ 418,497	\$ 641	\$ 199,854	69.4%
Andrew Block 3 (ownership)	Sep-20	298	146	-1	\$ 1,009,451	\$ 521,526	208	\$ 177,309	\$ 94,841	111	\$ 1,184,628	\$ 613,617	\$ 798	\$ 249,737	79.3%
Eddy & Taylor Family Housing	Jun-20	-	-	-	\$ 603,369	\$ 323,131	128	\$ 131,305	\$ 70,320	115	\$ 734,674	\$ 380,451	\$ 641	\$ 196,349	73.3%
Project 0	Jun-20	-	-	-	\$ 836,222	\$ 476,437	202	\$ 92,508	\$ 60,570	100	\$ 728,730	\$ 417,007	\$ 710	\$ 250,271	79.0%
1000 Divided St	Jun-20	8,641	8,841	-1	\$ 972,244	\$ 577,244	240	\$ 200,447	\$ 100,224	120	\$ 1,172,469	\$ 597,469	\$ 836	\$ 258,872	82.6%
Surrydale Parcel D	Jun-20	-	-	-	\$ 794,798	\$ 412,981	160	\$ 183,131	\$ 88,747	129	\$ 877,929	\$ 511,738	\$ 684	\$ 178,498	81.5%
400 South Van Ness	Nov-21	-	-	-	\$ 686,489	\$ 486,211	206	\$ 165,358	\$ 103,680	160	\$ 851,838	\$ 578,964	\$ 866	\$ 268,092	86.6%
1650 Mission Street	Mar-21	-	-	-	\$ 659,793	\$ 415,003	173	\$ 96,634	\$ 57,958	105	\$ 799,537	\$ 473,000	\$ 787	\$ 288,279	63.7%
2000 Fulton Street	May-21	1,062	235	-1	\$ 698,716	\$ 347,081	122	\$ 158,269	\$ 79,701	104	\$ 848,948	\$ 427,389	\$ 643	\$ 249,584	70.8%
1200 Divided Street Housing	May-21	-	-	-	\$ 680,960	\$ 417,162	172	\$ 223,017	\$ 131,623	120	\$ 903,980	\$ 586,689	\$ 1,021	\$ 349,548	61.7%
88 Broadway - Family Housing	Jul-21	-	-	-	\$ 650,627	\$ 396,707	174	\$ 222,005	\$ 120,603	105	\$ 865,763	\$ 512,309	\$ 780	\$ 223,289	75.4%
801 China Basin (BE South BV)	Aug-21	-	-	-	\$ 808,448	\$ 418,481	165	\$ 154,706	\$ 79,984	127	\$ 964,156	\$ 488,475	\$ 792	\$ 267,840	72.2%
410 China Basin (BE S)	Oct-21	-	-	-	\$ 453,073	\$ 253,073	102	\$ 160,336	\$ 80,826	105	\$ 614,868	\$ 318,699	\$ 577	\$ 204,154	57.0%
Casa de la Mission	Nov-21	-	-	-	\$ 470,022	\$ 437,622	167	\$ 175,468	\$ 175,468	167	\$ 612,933	\$ 612,933	\$ 927	\$ 29,193	69.2%
1900 Fulton	Nov-21	17,483	11,062	86	\$ 690,205	\$ 417,740	113	\$ 179,136	\$ 113,847	105	\$ 858,024	\$ 542,148	\$ 796	\$ 308,854	61.9%
Surrydale Block 6	Feb-22	-	-	-	\$ 718,525	\$ 318,425	126	\$ 172,048	\$ 77,948	105	\$ 891,473	\$ 509,699	\$ 592	\$ 186,703	63.0%
Mission Bay S. Block 9	Oct-22	-	-	-	\$ 558,793	\$ 315,793	120	\$ 110,619	\$ 110,619	117	\$ 666,982	\$ 395,952	\$ 948	\$ 153,600	75.4%
50 Colton (Bond only)	Jul-22	1,789	1,789	22	\$ 428,620	\$ 428,620	198	\$ 174,180	\$ 174,180	249	\$ 605,897	\$ 605,897	\$ 1,210	\$ 78,849	95.3%
1204 Mission Street	Dec-22	0	0	0	\$ 476,182	\$ 476,182	178	\$ 145,072	\$ 145,072	238	\$ 621,254	\$ 621,254	\$ 1,016	\$ 192,789	69.0%
Mission Bay	Feb-23	143	139	0	\$ 629,478	\$ 474,699	169	\$ 83,919	\$ 63,699	85	\$ 706,438	\$ 537,897	\$ 714	\$ 230,714	67.3%
500 Turk Street (550 Lanin)	Dec-22	6,719	3,901	38	\$ 590,027	\$ 336,776	173	\$ 276,065	\$ 160,296	273	\$ 867,367	\$ 507,973	\$ 852	\$ 300,000	69.2%
601 Franklin	Oct-22	962	956	-1	\$ 616,950	\$ 401,445	167	\$ 160,485	\$ 103,841	111	\$ 779,467	\$			

Attachment I:

N/A

Attachment J: Development Budget

Application Date: 2/1/24 # Units: 146
 Project Name: 1633 Valencia # Bedrooms: 147
 Project Address: 1633 Valencia St # Beds:
 Project Sponsor: Mercy Housing California LOSP Project

SOURCES	Total Sources						Comments
		16,000,000	39,036,048	27,569,430	100	2,000,000	
		SF HAF Permanent Loan	SF Health & Recovery (HSH) Loan	Tax Credit Equity	Sponsor Contribution	AHP Bridge	

USES

ACQUISITION

		5,209,464	45,230	330,240	100	5,585,034
Acquisition cost or value		5,209,464	45,230	330,240	100	5,585,034
Legal / Closing costs / Broker's Fee		10,000				10,000
Holding Costs						0
Transfer Tax		35,399				35,399
TOTAL ACQUISITION	0	5,254,863	45,230	330,240	100	5,630,433

CONSTRUCTION (HARD COSTS)

		1,329,321	37,139,167	3,013,162	2,000,000	43,481,650	
* Unit Construction/Rehab		1,329,321	37,139,167	3,013,162	2,000,000	43,481,650	Include FF&E
* Commercial Shell Construction						0	
* Demolition		456,786				456,786	
Environmental Remediation		196,022				196,022	
* Onsite Improvements/Landscaping		1,003,027	914,178			1,917,205	
* Offsite Improvements		739,728				739,728	
* Infrastructure Improvements						0	HOPE SF/OCII costs for streets etc.
Parking						0	
GC Bond Premium/GC Insurance/GC Taxes						0	Design-Builder contingency
GC Overhead & Profit				5,281,417		5,281,417	Includes bond/insurance/taxes
CG General Conditions				2,079,598		2,079,598	
<i>Sub-total Construction Costs</i>	<i>0</i>	<i>3,724,884</i>	<i>38,053,345</i>	<i>10,374,177</i>	<i>0</i>	<i>54,152,406</i>	
Design Contingency (remove at DD)						0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)						0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)						0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency		2,689,436				2,689,436	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>2,689,436</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,689,436</i>	
TOTAL CONSTRUCTION COSTS	0	6,414,320	38,053,345	10,374,177	0	2,000,000	56,841,842

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

		1,213,664		62,719		1,213,664	
Architect design fees		1,213,664		62,719		1,213,664	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)		771,000		489,586		833,719	
Architect Construction Admin						489,586	
Reimbursables						0	
Additional Services						0	
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>1,984,664</i>	<i>0</i>	<i>552,305</i>	<i>0</i>	<i>2,536,969</i>	
Other Third Party design consultants (not included under Architect contract)						0	Design-Build Engineering: \$921,000 (Intermountain Electric-\$375,000, Sullivan Plumbing-\$146,000, O'Brien Mech-\$200,000, Blackrock Concrete-\$100,000, Sit-co-\$10,000, OTIS-\$10,000, Solar-\$14,000, Site Lighting/fire protection/performance-\$51,000) + Owner contract consultants \$391,340 (Commissioning Agent-\$65,000, Permit Consultant-\$120,000, Peer Review Checklist-\$41,040, Joint-Trench Engineer-\$90,000)
Total Architecture & Design	0	2,621,661	0	1,152,348	0	3,774,009	

Engineering & Environmental Studies

		34,282		5,718		40,000	
Survey		34,282		5,718		40,000	
Geotechnical studies		29,105	90,000	6,195		125,300	Includes Corrosive and geotech engineering in construction
Phase I & II Reports		13,000				13,000	
CEQA / Environmental Review consultants		38,783		129,667		168,450	Vapor Mat Engineering, SMP, final report, Const observation
NEPA / 106 Review						0	
CNA/PNA (rehab only)						0	
Other environmental consultants				243,933		243,933	Kanyon Consulting (Tribal Monitoring)-\$175,000, Precita Eyes Mural Restoration-\$68,933
Total Engineering & Environmental Studies	0	115,170	90,000	385,513	0	590,683	

Financing Costs

Construction Financing Costs

				696,080		696,080	
Construction Loan Origination Fee				696,080		696,080	Tax-exempt construction loan, SFHAF Construction loan
Construction Loan Interest			72,703	5,571,173		5,643,876	Tax-exempt construction loan, SFHAF Construction loan, SFHAF perm construction loan interest
Title & Recording				75,000		75,000	
CDLAC & CDIAC fees				19,980		19,980	
Bond Issuer Fees				85,299		85,299	CalHFA App fee, Initial Fee and Monitoring Fee
Other Bond Cost of Issuance				27,000		27,000	Trustee Initial and Fees during construction
Construction Lender Expenses, Admin Fee for Loan Servicing				138,000		138,000	
<i>Sub-total Const. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>72,703</i>	<i>6,612,532</i>	<i>0</i>	<i>6,685,235</i>	
Permanent Financing Costs				160,000		160,000	
Permanent Loan Origination Fee				160,000		160,000	
Credit Enhance. & Appl. Fee				0		0	
Title & Recording				30,000		30,000	
<i>Sub-total Perm. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>190,000</i>	<i>0</i>	<i>190,000</i>	
Total Financing Costs	0	0	72,703	6,802,532	0	6,875,235	

Legal Costs

		5,000	8,500	186,500		200,000	
Borrower Legal fees		5,000	8,500	186,500		200,000	
Land Use / CEQA Attorney fees		5,652				5,652	
Tax Credit Counsel				50,000		50,000	
Bond Counsel				75,000		75,000	
Construction Lender Counsel		5,000		75,000		80,000	
Permanent Lender Counsel				175,000		175,000	
COI Contingency				25,920		25,920	
Total Legal Costs	0	15,652	8,500	587,420	0	611,572	

Other Development Costs

		10,688		1,813		12,500	
Appraisal		10,688		1,813		12,500	
Market Study		10,000				10,000	
* Insurance				694,000		694,000	
* Property Taxes				0		0	
Accounting / Audit				65,000		65,000	
* Organizational Costs		6,641		859		7,500	
Entitlement / Permit Fees		618,677		228,613		847,290	Includes Impact Fees, BOE Fees for Soil Offhaul
* Marketing / Rent-up		11,283		280,718		292,000	
* Furnishings				900,000		900,000	\$2,000/unit: See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees		62,800		269,562		332,362	
TCAC App / Alloc / Monitor Fees		30,002		59,860		89,862	
* Financial Consultant fees		25,000		55,000		80,000	CHPC
Construction Management fees / Owner's Rep		38,700		159,300		198,000	
Security during Construction				0		0	
Relocation				0		0	
Predevelopment Loan and LOC Interest		152,482		6,478		158,960	
Special Inspections				279,000		279,000	
Community Engagement				312,500		312,500	
Total Other Development Costs	0	966,272	0	3,312,702	0	4,278,974	

Cost Contingency as % of Total Soft Costs

Soft Cost Contingency

		332,062	16,270	546,666	0	894,998	
Contingency (Arch, Eng, Fin, Legal & Other Dev)		332,062	16,270	546,666	0	894,998	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	0	4,050,817	187,473	12,787,181	0	17,025,471	5.5%

RESERVES

				1,857,832		1,857,832	
* Operating Reserves				1,857,832		1,857,832	Capitalized 6 mo
* Replacement Reserves				0		0	
* Tenant Improvements Reserves				0		0	
* Lease-up and stabilization reserve			750,000			750,000	See loan evaluation for background
* Other (specify)				0		0	
* Other (specify)				0		0	
TOTAL RESERVES	0	0	750,000	1,857,832	0	2,607,832	

DEVELOPER COSTS

		280,000		500,000		780,000	
Developer Fee - Cash-out Paid at Milestones		280,000		500,000		780,000	
Developer Fee - Cash-out At Risk				1,720,000		1,720,000	
Commercial Developer Fee				0		0	
Developer Fee - GP Equity (also show as source)				0		0	
Developer Fee - Deferred (also show as source)				0		0	
Development Consultant Fees				0		0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)				0		0	
TOTAL DEVELOPER COSTS	0	280,000	0	2,220,000	0	2,500,000	

TOTAL DEVELOPMENT COST

		16,000,000	39,036,048	27,569,430	100	2,000,000	84,605,578
Development Cost/Unit by Source		109,589	267,370	188,832	1	13,699	579,490
Development Cost/Unit as % of TDC by Source		0.0%	18.9%	46.1%	32.6%	0.0%	2.4%

Acquisition Cost/Unit by Source

		35,681	310	2,262	1	38,254
Acquisition Cost/Unit by Source		35,681	310	2,262	1	38,254

Construction Cost (inc Const Contingency)/Unit By Source

		43,934	260,639	71,056	0	13,699	389,328
Construction Cost (inc Const Contingency)/Unit By Source		43,934	260,639	71,056	0	13,699	389,328

Construction Cost (inc Const Contingency)/SF

		93.23	553.08	150.78	0.00	29.07	826.17
Construction Cost (inc Const Contingency)/SF		93.23	553.08	150.78	0.00	29.07	826.17

*Possible non-eligible GO Bond/COP Amount: 0
 City Subsidy/Unit: -
 Tax Credit Equity Pricing: 0.965
 Construction Bond Amount: 42,799,116
 Construction Loan Term (in months): 28 months
 Construction Loan Interest Rate (as %): 7.08%

Attachment K: 1st Year Operating Budget

Application Date: 2/1/2024
 Total # Units: 146
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

Project Name: 1633 Valencia
 Project Address: 1633 Valencia St
 Project Sponsor: Mercy Housing California

Correct errors noted in Col N!

INCOME	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Residential - Tenant Rents	391,500	0	391,500	Links from 'New Proj - Rent & Unit Mix' Worksheet				2,682
Residential - Tenant Assistance Payments (SOS Payments)	0	0	0	Comments				-
Residential - Tenant Assistance Payments (Other Non-LOSP)	0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet				-
Residential - LOSP Tenant Assistance Payments	2,235,309	0	2,235,309	Links from 'New Proj - Rent & Unit Mix' Worksheet				15,416
Commercial Space	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
"LOSP B" Funding	0	0	0	This is "LOSP B" funding of \$1,158,969 for annual 18 year debt service; first payment due 1/1/2027 so zero for CY 2026.	0.00%	100.00%	Anne/Mike	-
Supportive Services Income	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Laundry and Vending	8,760	0	8,760	Links from 'Utilities & Other Income' Worksheet				60
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	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0					-
Gross Potential Income	2,635,569	0	2,635,569					
Vacancy Loss - Residential - Tenant Rents	(19,575)	0	(19,575)	Vacancy loss is 5% of Tenant Rents.				(134)
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0					-
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
EFFECTIVE GROSS INCOME	2,615,994	0	2,615,994	PUPA: 17,918				

OPERATING EXPENSES	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Management								
Management Fee	140,160	0	140,160	1st Year to be set according to HUD schedule.				960
Asset Management Fee	26,009	0	26,009	\$26,009 for Sponsor Asset Management Fee; \$2,500 for MOHCD asset management fee				178
Sub-total Management Expenses	166,169	0	166,169	PUPA: 1,138				
Salaries/Benefits								
Office Salaries	247,205	0	247,205	Links from 'Staffing' Worksheet				1,693
Manager's Salary	224,496	0	224,496	Links from 'Staffing' Worksheet				1,538
Health Insurance and Other Benefits	152,518	0	152,518	Health Benefits; Retirements				1,045
Other Salaries/Benefits	42,787	0	42,787	Office Salaries, Manager & Maintenance bonuses				293
Administrative Rent-Free Unit	0	0	0					-
Sub-total Salaries/Benefits	667,006	0	667,006	PUPA: 4,569				
Administration								
Advertising and Marketing	5,000	0	5,000					34
Office Expenses	31,000	0	31,000	Office supplies, postage, computer support and software, commuter checks, staff training				212
Office Rent	0	0	0					-
Legal Expense - Property	15,000	0	15,000					103
Audit Expense	11,500	0	11,500					79
Bookkeeping/Accounting Services	24,000	0	24,000					164
Bad Debts	0	0	0					-
Miscellaneous	2,200	0	2,200	Travel, Training, and Employee Recognition				15
Sub-total Administration Expenses	88,700	0	88,700	PUPA: 608				
Utilities								
Electricity	255,000	0	255,000	Based on comparable project actuals, with addition of E hot water				1,747
Water	75,000	0	75,000	Based on comparable project actuals				514
Gas	0	0	0	All Electric				-
Sewer	96,500	0	96,500	Based on comparable project actuals				661
Sub-total Utilities	426,500	0	426,500	PUPA: 2,921				
Taxes and Licenses								
Real Estate Taxes	10,000	0	10,000	100% Welfare Tax Exemption				68
Payroll Taxes	83,800	0	83,800					574
Miscellaneous Taxes, Licenses and Permits	1,500	0	1,500	Business Renewal, Loading Zone renewal				10
Sub-total Taxes and Licenses	95,300	0	95,300	PUPA: 653				
Insurance								
Property and Liability Insurance	265,000	0	265,000	Based on quote dated 3/20/24				1,815
Fidelity Bond Insurance	0	0	0					-
Worker's Compensation	15,000	0	15,000					103
Director's & Officers' Liability Insurance	0	0	0					-
Sub-total Insurance	280,000	0	280,000	PUPA: 1,918				
Maintenance & Repair								
Payroll	341,688	0	341,688	Links from 'Staffing' Worksheet				2,340
Supplies	30,000	0	30,000	Janitorial and maintenance supplies				205
Contracts	126,500	0	126,500	Window washing (25K), FA/FS (30K), Elevator (37.5K), Exterminating (7.5K), Grounds				866
Garbage and Trash Removal	68,000	0	68,000					466
Security Payroll/Contract	146,032	0	146,032	Links from 'Staffing' Worksheet				1,000
HVAC Repairs and Maintenance	20,000	0	20,000					137
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0					-
Miscellaneous Operating and Maintenance Expenses	25,000	0	25,000	Telecommunications				171
Sub-total Maintenance & Repair Expenses	757,220	0	757,220	PUPA: 5,186				
Supportive Services	0	0	0	Links from 'Staffing' Worksheet				-
Commercial Expenses	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-

TOTAL OPERATING EXPENSES	2,480,895	0	2,480,895	PUPA: 16,992				
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Reserves/Ground Lease Base Rent/Bond Fees	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Ground Lease Base Rent	0	0	0	Provide additional comments here, if needed.				-
Bond Monitoring Fee	14,000	0	14,000	Issuer Fee (\$7.5K), Trustee Fee (\$6.5K)	100.00%	0.00%	Anne/Mike	96
Replacement Reserve Deposit	87,600	0	87,600	\$600/PUPY				600
Operating Reserve Deposit	0	0	0					-
Other Required Reserve 1 Deposit	0	0	0					-
Other Required Reserve 2 Deposit	0	0	0					-
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	101,600	0	101,600	PUPA: 696				

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond)	2,582,495	0	2,582,495	PUPA: 17,688				
NET OPERATING INCOME (INCOME minus OP EXPENSES)	33,499	0	33,499	PUPA: 229				

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Hard Debt - First Lender	0	0	0	SFHAF Permanent Loan	0%	100.00%	Anne/Mike	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	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	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0				

CASH FLOW (NOI minus DEBT SERVICE)	33,499	0	33,499					
Commercial Only Cash Flow	0	0	0					-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	0	0	0					-
AVAILABLE CASH FLOW	33,499	0	33,499					

USES OF CASH FLOW BELOW (This row also shows DSCR.)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL								
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	2,500	0	2,500	MOHCD MONITORING FEE				-
Partnership Management Fee (see policy for limits)	25,999	0	25,999	Y1 - 2025 AMF = 26,009; AMF/PMF total: 52,008; PMF = 25,999; "below				3
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	0	5,000					2
Other Payments	0	0	0					1
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 (Enter amt <= Max Fee from cell I130)	0	0	0	#DIV/0!	0%	100.00%	Anne/Mike	-
TOTAL PAYMENTS PRECEDING MOHCD	33,499	0	33,499	PUPA: 229				

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS)	0	0	0					
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Residual Receipts Calculation	Yes	Project has MOHCD ground lease?	No					
Will Project Defer 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 if	67%							
Sum of DD F from LOSP and non-LOSP:	0							
Ratio of Sum of DDF and calculated 50%:	#VALUE!							

Soft Debt Lenders with Residual Receipts Obligations	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCIL - Soft Debt Loans		0.00%
MOHCD/OCIL - Ground Lease Value or Land Acq Cost	\$5,848,928	100.00%
HCD (soft debt loan) - Lender 3		0.00%
Other Soft Debt Lender - Lender 4		0.00%
Other Soft Debt Lender - Lender 5		0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE	0	MOHCD res recs to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS	0	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
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Enter order fo

Enter Total MOHCDIC

Attachment L: 20-year Operating Proforma

1633 Valencia

Total # Units:	LOSP Units		Comments	Year 1 2026			Year 2 2027			Year 3 2028		
	146	145		LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME	annual inc LOSP	% annual increase										
Residential - Tenant Rents	1.0%	2.5%		391,500	-	391,500	395,415	-	395,415	399,369	-	399,369
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		2,235,309	-	2,235,309	2,317,201	-	2,317,201	2,403,841	-	2,403,841
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	-	-	1,158,969	-	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		8,760	-	8,760	8,979	-	8,979	9,203	-	9,203
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				2,635,569	-	2,635,569	2,721,595	1,158,969	3,880,564	2,812,413	1,158,969	3,971,382
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(19,575)	-	(19,575)	(19,771)	-	(19,771)	(19,968)	-	(19,968)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				2,615,994	-	2,615,994	2,701,824	1,158,969	3,860,793	2,792,445	1,158,969	3,951,414
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	140,160	-	140,160	145,066	-	145,066	150,143	-	150,143
Asset Management Fee	3.5%	3.5%	per MOHCD policy	26,009	-	26,009	26,919	-	26,919	27,861	-	27,861
Sub-total Management Expenses				166,169	-	166,169	171,985	-	171,985	178,004	-	178,004
Salaries/Benefits												
Office Salaries	3.5%	3.5%		247,205	-	247,205	255,857	-	255,857	264,812	-	264,812
Manager's Salary	3.5%	3.5%		224,496	-	224,496	232,353	-	232,353	240,486	-	240,486
Health Insurance and Other Benefits	3.5%	3.5%		152,518	-	152,518	157,856	-	157,856	163,381	-	163,381
Other Salaries/Benefits	3.5%	3.5%		42,787	-	42,787	44,285	-	44,285	45,835	-	45,835
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				667,006	-	667,006	690,351	-	690,351	714,514	-	714,514
Administration												
Advertising and Marketing	3.5%	3.5%		5,000	-	5,000	5,175	-	5,175	5,356	-	5,356
Office Expenses	3.5%	3.5%		31,000	-	31,000	32,085	-	32,085	33,208	-	33,208
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		15,000	-	15,000	15,525	-	15,525	16,068	-	16,068
Audit Expense	3.5%	3.5%		11,500	-	11,500	11,903	-	11,903	12,319	-	12,319
Bookkeeping/Accounting Services	3.5%	3.5%		24,000	-	24,000	24,840	-	24,840	25,709	-	25,709
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		2,200	-	2,200	2,277	-	2,277	2,357	-	2,357
Sub-total Administration Expenses				88,700	-	88,700	91,805	-	91,805	95,018	-	95,018
Utilities												
Electricity	3.5%	3.5%		255,000	-	255,000	263,925	-	263,925	273,162	-	273,162
Water	3.5%	3.5%		75,000	-	75,000	77,625	-	77,625	80,342	-	80,342
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		96,500	-	96,500	99,878	-	99,878	103,373	-	103,373
Sub-total Utilities				426,500	-	426,500	441,428	-	441,428	456,877	-	456,877
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		10,000	-	10,000	10,350	-	10,350	10,712	-	10,712
Payroll Taxes	3.5%	3.5%		83,800	-	83,800	86,733	-	86,733	89,769	-	89,769
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		1,500	-	1,500	1,553	-	1,553	1,607	-	1,607
Sub-total Taxes and Licenses				95,300	-	95,300	98,636	-	98,636	102,088	-	102,088
Insurance												
Property and Liability Insurance	3.5%	3.5%		265,000	-	265,000	274,275	-	274,275	283,875	-	283,875
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		15,000	-	15,000	15,525	-	15,525	16,068	-	16,068
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				280,000	-	280,000	289,800	-	289,800	299,943	-	299,943
Maintenance & Repair												
Payroll	3.5%	3.5%		341,688	-	341,688	353,647	-	353,647	366,025	-	366,025
Supplies	3.5%	3.5%		30,000	-	30,000	31,050	-	31,050	32,137	-	32,137
Contracts	3.5%	3.5%		126,500	-	126,500	130,928	-	130,928	135,510	-	135,510
Garbage and Trash Removal	3.5%	3.5%		68,000	-	68,000	70,380	-	70,380	72,843	-	72,843
Security Payroll/Contract	3.5%	3.5%		146,032	-	146,032	151,143	-	151,143	156,433	-	156,433
HVAC Repairs and Maintenance	3.5%	3.5%		20,000	-	20,000	20,700	-	20,700	21,425	-	21,425
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		25,000	-	25,000	25,875	-	25,875	26,781	-	26,781
Sub-total Maintenance & Repair Expenses				757,220	-	757,220	783,723	-	783,723	811,153	-	811,153
Supportive Services	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				2,480,895	-	2,480,895	2,567,726	-	2,567,726	2,657,597	-	2,657,597
Reserves/Ground Lease Base Rent/Bond Fees												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				2,582,495	-	2,582,495	2,669,326	-	2,669,326	2,759,197	-	2,759,197
NET OPERATING INCOME (INCOME minus OP EXPENSES)				33,499	-	33,499	32,498	1,158,969	1,191,467	33,248	1,158,969	1,192,217
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	-	-	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	-	-	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)				33,499	-	33,499	32,498	-	32,498	33,248	-	33,248
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW				33,499	-	33,499	32,498	-	32,498	33,248	-	33,248
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)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	25,999	-	25,999	24,998	-	24,998	25,748	-	25,748
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase</									

1633 Valencia

	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 4 2029			Year 5 2030			Year 6 2031		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME														
Residential - Tenant Rents			1.0%	2.5%		403,363	-	403,363	407,396	-	407,396	411,470	-	411,470
Residential - SOS Payments				4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		2,493,604	-	2,493,604	2,586,604	-	2,586,604	2,682,953	-	2,682,953
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		9,434	-	9,434	9,669	-	9,669	9,911	-	9,911
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income						2,906,401	1,158,969	4,065,370	3,003,670	1,158,969	4,162,639	3,104,335	1,158,969	4,263,304
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(20,168)	-	(20,168)	(20,370)	-	(20,370)	(20,574)	-	(20,574)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						2,886,233	1,158,969	4,045,202	2,983,300	1,158,969	4,142,269	3,083,761	1,158,969	4,242,730
OPERATING EXPENSES														
Management														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	155,398	-	155,398	160,837	-	160,837	166,466	-	166,466
Asset Management Fee			3.5%	3.5%	per MOHCD policy	28,837	-	28,837	29,846	-	29,846	30,891	-	30,891
Sub-total Management Expenses						184,235	-	184,235	190,683	-	190,683	197,357	-	197,357
Salaries/Benefits														
Office Salaries			3.5%	3.5%		274,081	-	274,081	283,673	-	283,673	293,602	-	293,602
Manager's Salary			3.5%	3.5%		248,903	-	248,903	257,614	-	257,614	266,631	-	266,631
Health Insurance and Other Benefits			3.5%	3.5%		169,099	-	169,099	175,018	-	175,018	181,144	-	181,144
Other Salaries/Benefits			3.5%	3.5%		47,439	-	47,439	49,099	-	49,099	50,818	-	50,818
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						739,521	-	739,521	765,405	-	765,405	792,194	-	792,194
Administration														
Advertising and Marketing			3.5%	3.5%		5,544	-	5,544	5,738	-	5,738	5,938	-	5,938
Office Expenses			3.5%	3.5%		34,370	-	34,370	35,573	-	35,573	36,818	-	36,818
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		16,631	-	16,631	17,213	-	17,213	17,815	-	17,815
Audit Expense			3.5%	3.5%		12,750	-	12,750	13,197	-	13,197	13,658	-	13,658
Bookkeeping/Accounting Services			3.5%	3.5%		26,609	-	26,609	27,541	-	27,541	28,504	-	28,504
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		2,439	-	2,439	2,525	-	2,525	2,613	-	2,613
Sub-total Administration Expenses						98,343	-	98,343	101,785	-	101,785	105,348	-	105,348
Utilities														
Electricity			3.5%	3.5%		282,723	-	282,723	292,618	-	292,618	302,860	-	302,860
Water			3.5%	3.5%		83,154	-	83,154	86,064	-	86,064	89,076	-	89,076
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		106,991	-	106,991	110,736	-	110,736	114,612	-	114,612
Sub-total Utilities						472,868	-	472,868	489,419	-	489,419	506,548	-	506,548
Taxes and Licenses														
Real Estate Taxes			3.5%	3.5%		11,087	-	11,087	11,475	-	11,475	11,877	-	11,877
Payroll Taxes			3.5%	3.5%		92,911	-	92,911	96,162	-	96,162	99,528	-	99,528
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		1,663	-	1,663	1,721	-	1,721	1,782	-	1,782
Sub-total Taxes and Licenses						105,661	-	105,661	109,359	-	109,359	113,187	-	113,187
Insurance														
Property and Liability Insurance			3.5%	3.5%		293,810	-	293,810	304,094	-	304,094	314,737	-	314,737
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		16,631	-	16,631	17,213	-	17,213	17,815	-	17,815
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance						310,441	-	310,441	321,306	-	321,306	332,552	-	332,552
Maintenance & Repair														
Payroll			3.5%	3.5%		378,836	-	378,836	392,095	-	392,095	405,818	-	405,818
Supplies			3.5%	3.5%		33,262	-	33,262	34,426	-	34,426	35,631	-	35,631
Contracts			3.5%	3.5%		140,253	-	140,253	145,162	-	145,162	150,242	-	150,242
Garbage and Trash Removal			3.5%	3.5%		75,393	-	75,393	78,032	-	78,032	80,763	-	80,763
Security Payroll/Contract			3.5%	3.5%		161,908	-	161,908	167,575	-	167,575	173,440	-	173,440
HVAC Repairs and Maintenance			3.5%	3.5%		22,174	-	22,174	22,950	-	22,950	23,754	-	23,754
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		27,718	-	27,718	28,688	-	28,688	29,692	-	29,692
Sub-total Maintenance & Repair Expenses						839,543	-	839,543	868,927	-	868,927	899,340	-	899,340
Supportive Services			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses						-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES						2,750,613	-	2,750,613	2,846,884	-	2,846,884	2,946,525	-	2,946,525
Reserves/Ground Lease Base Rent/Bond Fees														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.														
Ground Lease Base Rent						-	-	-	-	-	-	-	-	-
Bond Monitoring Fee						14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit						87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)						2,852,213	-	2,852,213	2,948,484	-	2,948,484	3,048,125	-	3,048,125
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
						34,020	1,158,969	1,192,989	34,816	1,158,969	1,193,785	35,636	1,158,969	1,194,605
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.														
Hard Debt - First Lender						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% 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						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow						34,020	-	34,020	34,816	-	34,816	35,636	-	35,636
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW						34,020	-	34,020	34,816	-	34,816	35,636	-	35,636
USES OF CASH FLOW BELOW (This row also shows DSCR.)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
DSCR: 1.03														
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)			3.5%	3.5%	per MOHCD policy	26,520	-							

1633 Valencia

	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 7 2032			Year 8 2033			Year 9 2034		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME														
Residential - Tenant Rents			1.0%	2.5%		415,585	-	415,585	419,741	-	419,741	423,938	-	423,938
Residential - SOS Payments				4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		2,781,925	-	2,781,925	2,885,304	-	2,885,304	2,992,399	-	2,992,399
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		10,159	-	10,159	10,413	-	10,413	10,673	-	10,673
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income						3,207,669	1,158,969	4,366,638	3,315,458	1,158,969	4,474,427	3,427,011	1,158,969	4,585,980
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(20,779)	-	(20,779)	(20,987)	-	(20,987)	(21,197)	-	(21,197)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						3,186,889	1,158,969	4,345,858	3,294,471	1,158,969	4,453,440	3,405,814	1,158,969	4,564,783
OPERATING EXPENSES														
Management														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	172,292	-	172,292	178,323	-	178,323	184,564	-	184,564
Asset Management Fee			3.5%	3.5%	per MOHCD policy	31,972	-	31,972	33,091	-	33,091	34,249	-	34,249
Sub-total Management Expenses						204,264	-	204,264	211,413	-	211,413	218,813	-	218,813
Salaries/Benefits														
Office Salaries			3.5%	3.5%		303,878	-	303,878	314,514	-	314,514	325,522	-	325,522
Manager's Salary			3.5%	3.5%		275,963	-	275,963	285,622	-	285,622	295,618	-	295,618
Health Insurance and Other Benefits			3.5%	3.5%		187,484	-	187,484	194,045	-	194,045	200,837	-	200,837
Other Salaries/Benefits			3.5%	3.5%		52,596	-	52,596	54,437	-	54,437	56,342	-	56,342
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						819,921	-	819,921	848,618	-	848,618	878,320	-	878,320
Administration														
Advertising and Marketing			3.5%	3.5%		6,146	-	6,146	6,361	-	6,361	6,584	-	6,584
Office Expenses			3.5%	3.5%		38,107	-	38,107	39,441	-	39,441	40,821	-	40,821
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Audit Expense			3.5%	3.5%		14,136	-	14,136	14,631	-	14,631	15,143	-	15,143
Bookkeeping/Accounting Services			3.5%	3.5%		29,502	-	29,502	30,535	-	30,535	31,603	-	31,603
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		2,704	-	2,704	2,799	-	2,799	2,897	-	2,897
Sub-total Administration Expenses						109,035	-	109,035	112,851	-	112,851	116,801	-	116,801
Utilities														
Electricity			3.5%	3.5%		313,460	-	313,460	324,431	-	324,431	335,786	-	335,786
Water			3.5%	3.5%		92,194	-	92,194	95,421	-	95,421	98,761	-	98,761
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		118,623	-	118,623	122,775	-	122,775	127,072	-	127,072
Sub-total Utilities						524,277	-	524,277	542,627	-	542,627	561,619	-	561,619
Taxes and Licenses														
Real Estate Taxes			3.5%	3.5%		12,293	-	12,293	12,723	-	12,723	13,168	-	13,168
Payroll Taxes			3.5%	3.5%		103,012	-	103,012	106,617	-	106,617	110,349	-	110,349
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		1,844	-	1,844	1,908	-	1,908	1,975	-	1,975
Sub-total Taxes and Licenses						117,148	-	117,148	121,248	-	121,248	125,492	-	125,492
Insurance														
Property and Liability Insurance			3.5%	3.5%		325,753	-	325,753	337,154	-	337,154	348,954	-	348,954
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance						344,191	-	344,191	356,238	-	356,238	368,707	-	368,707
Maintenance & Repair														
Payroll			3.5%	3.5%		420,022	-	420,022	434,723	-	434,723	449,938	-	449,938
Supplies			3.5%	3.5%		36,878	-	36,878	38,168	-	38,168	39,504	-	39,504
Contracts			3.5%	3.5%		155,501	-	155,501	160,943	-	160,943	166,576	-	166,576
Garbage and Trash Removal			3.5%	3.5%		83,589	-	83,589	86,515	-	86,515	89,543	-	89,543
Security Payroll/Contract			3.5%	3.5%		179,511	-	179,511	185,793	-	185,793	192,296	-	192,296
HVAC Repairs and Maintenance			3.5%	3.5%		24,585	-	24,585	25,446	-	25,446	26,336	-	26,336
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		30,731	-	30,731	31,807	-	31,807	32,920	-	32,920
Sub-total Maintenance & Repair Expenses						930,817	-	930,817	963,395	-	963,395	997,114	-	997,114
Supportive Services			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses						-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES						3,049,653	-	3,049,653	3,156,391	-	3,156,391	3,266,865	-	3,266,865
Reserves/Ground Lease Base Rent/Bond Fees														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent						-	-	-	-	-	-	-	-	-
Bond Monitoring Fee						14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit						87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						3,151,253	-	3,151,253	3,257,991	-	3,257,991	3,368,465	-	3,368,465
NET OPERATING INCOME (INCOME minus OP EXPENSES)						35,636	1,158,969	1,194,605	36,480	1,158,969	1,195,449	37,349	1,158,969	1,196,318
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% 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						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)						35,636	-	35,636	36,480	-	36,480	37,349	-	37,349
Commercial Only Cash Flow						-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW						35,636	-	35,636	36,480	-	36,480	37,349	-	37,349
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)			3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)			3.5%	3.5%	per MOHCD policy									

1633 Valencia

INCOME	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 10 2035			Year 11 2036			Year 12 2037		
				LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
				100.00%								
Residential - Tenant Rents	1.0%	2.5%		428,178	-	428,178	432,460	-	432,460	436,784	-	436,784
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		3,103,341	-	3,103,341	3,218,264	-	3,218,264	3,337,310	-	3,337,310
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		10,940	-	10,940	11,214	-	11,214	11,494	-	11,494
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				3,542,459	1,158,969	4,701,428	3,661,937	1,158,969	4,820,906	3,785,588	1,158,969	4,944,557
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(21,409)	-	(21,409)	(21,623)	-	(21,623)	(21,839)	-	(21,839)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				3,521,050	1,158,969	4,680,019	3,640,314	1,158,969	4,799,283	3,763,749	1,158,969	4,922,718
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	191,024	-	191,024	197,710	-	197,710	204,629	-	204,629
Asset Management Fee	3.5%	3.5%	per MOHCD policy	35,448	-	35,448	36,688	-	36,688	37,972	-	37,972
Sub-total Management Expenses				226,471	-	226,471	234,398	-	234,398	242,602	-	242,602
Salaries/Benefits												
Office Salaries	3.5%	3.5%		336,915	-	336,915	348,707	-	348,707	360,912	-	360,912
Manager's Salary	3.5%	3.5%		305,965	-	305,965	316,674	-	316,674	327,757	-	327,757
Health Insurance and Other Benefits	3.5%	3.5%		207,866	-	207,866	215,142	-	215,142	222,672	-	222,672
Other Salaries/Benefits	3.5%	3.5%		58,314	-	58,314	60,355	-	60,355	62,468	-	62,468
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				909,061	-	909,061	940,878	-	940,878	973,809	-	973,809
Administration												
Advertising and Marketing	3.5%	3.5%		6,814	-	6,814	7,053	-	7,053	7,300	-	7,300
Office Expenses	3.5%	3.5%		42,250	-	42,250	43,729	-	43,729	45,259	-	45,259
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Audit Expense	3.5%	3.5%		15,673	-	15,673	16,222	-	16,222	16,790	-	16,790
Bookkeeping/Accounting Services	3.5%	3.5%		32,710	-	32,710	33,854	-	33,854	35,039	-	35,039
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		2,998	-	2,998	3,103	-	3,103	3,212	-	3,212
Sub-total Administration Expenses				120,889	-	120,889	125,120	-	125,120	129,499	-	129,499
Utilities												
Electricity	3.5%	3.5%		347,539	-	347,539	359,703	-	359,703	372,292	-	372,292
Water	3.5%	3.5%		102,217	-	102,217	105,795	-	105,795	109,498	-	109,498
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		131,520	-	131,520	136,123	-	136,123	140,887	-	140,887
Sub-total Utilities				581,276	-	581,276	601,620	-	601,620	622,677	-	622,677
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		13,629	-	13,629	14,106	-	14,106	14,600	-	14,600
Payroll Taxes	3.5%	3.5%		114,211	-	114,211	118,208	-	118,208	122,345	-	122,345
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		2,044	-	2,044	2,116	-	2,116	2,190	-	2,190
Sub-total Taxes and Licenses				129,884	-	129,884	134,430	-	134,430	139,135	-	139,135
Insurance												
Property and Liability Insurance	3.5%	3.5%		361,168	-	361,168	373,809	-	373,809	386,892	-	386,892
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				381,611	-	381,611	394,968	-	394,968	408,792	-	408,792
Maintenance & Repair												
Payroll	3.5%	3.5%		465,686	-	465,686	481,985	-	481,985	498,854	-	498,854
Supplies	3.5%	3.5%		40,887	-	40,887	42,318	-	42,318	43,799	-	43,799
Contracts	3.5%	3.5%		172,407	-	172,407	178,441	-	178,441	184,686	-	184,686
Garbage and Trash Removal	3.5%	3.5%		92,677	-	92,677	95,921	-	95,921	99,278	-	99,278
Security Payroll/Contract	3.5%	3.5%		199,027	-	199,027	205,993	-	205,993	213,202	-	213,202
HVAC Repairs and Maintenance	3.5%	3.5%		27,258	-	27,258	28,212	-	28,212	29,199	-	29,199
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		34,072	-	34,072	35,265	-	35,265	36,499	-	36,499
Sub-total Maintenance & Repair Expenses				1,032,013	-	1,032,013	1,068,134	-	1,068,134	1,105,518	-	1,105,518
Supportive Services	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				3,381,205	-	3,381,205	3,499,547	-	3,499,547	3,622,032	-	3,622,032
Reserves/Ground Lease Base Rent/Bond Fees												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				3,482,805	-	3,482,805	3,601,147	-	3,601,147	3,723,632	-	3,723,632
NET OPERATING INCOME (INCOME minus OP EXPENSES)												
				38,245	1,158,969	1,197,214	39,167	1,158,969	1,198,136	40,117	1,158,969	1,199,086
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)												
Commercial Only Cash Flow				38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW				38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
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)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	30,745	-	30,745	31,667	-	31,667	32,617	-	32,617
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000
Other Payments				-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)												
Does Project have a MOHCD Residual Receipt Obligation?												

1633 Valencia

	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 13 2038			Year 14 2039			Year 15 2040		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME														
Residential - Tenant Rents			1.0%	2.5%		441,152	-	441,152	445,564	-	445,564	450,019	-	450,019
Residential - SOS Payments				4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		3,459,644	-	3,459,644	3,587,345	-	3,587,345	3,719,618	-	3,719,618
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		11,781	-	11,781	12,076	-	12,076	12,378	-	12,378
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income						3,912,577	1,158,969	5,071,546	4,044,984	1,158,969	5,203,953	4,182,015	1,158,969	5,340,984
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,058)	-	(22,058)	(22,278)	-	(22,278)	(22,501)	-	(22,501)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						3,890,520	1,158,969	5,049,489	4,022,706	1,158,969	5,181,675	4,159,514	1,158,969	5,318,483
OPERATING EXPENSES														
Management														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	211,791	-	211,791	219,204	-	219,204	226,876	-	226,876
Asset Management Fee			3.5%	3.5%	per MOHCD policy	39,301	-	39,301	40,677	-	40,677	42,101	-	42,101
Sub-total Management Expenses						251,093	-	251,093	259,881	-	259,881	268,977	-	268,977
Salaries/Benefits														
Office Salaries			3.5%	3.5%		373,544	-	373,544	386,618	-	386,618	400,149	-	400,149
Manager's Salary			3.5%	3.5%		339,229	-	339,229	351,102	-	351,102	363,390	-	363,390
Health Insurance and Other Benefits			3.5%	3.5%		230,465	-	230,465	238,531	-	238,531	246,880	-	246,880
Other Salaries/Benefits			3.5%	3.5%		64,654	-	64,654	66,917	-	66,917	69,259	-	69,259
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						1,007,892	-	1,007,892	1,043,168	-	1,043,168	1,079,679	-	1,079,679
Administration														
Advertising and Marketing			3.5%	3.5%		7,555	-	7,555	7,820	-	7,820	8,093	-	8,093
Office Expenses			3.5%	3.5%		46,843	-	46,843	48,483	-	48,483	50,180	-	50,180
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Audit Expense			3.5%	3.5%		17,377	-	17,377	17,985	-	17,985	18,615	-	18,615
Bookkeeping/Accounting Services			3.5%	3.5%		36,266	-	36,266	37,535	-	37,535	38,849	-	38,849
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		3,324	-	3,324	3,441	-	3,441	3,561	-	3,561
Sub-total Administration Expenses						134,032	-	134,032	138,723	-	138,723	143,578	-	143,578
Utilities														
Electricity			3.5%	3.5%		385,323	-	385,323	398,809	-	398,809	412,767	-	412,767
Water			3.5%	3.5%		113,330	-	113,330	117,297	-	117,297	121,402	-	121,402
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		145,818	-	145,818	150,922	-	150,922	156,204	-	156,204
Sub-total Utilities						644,471	-	644,471	667,027	-	667,027	690,373	-	690,373
Taxes and Licenses														
Real Estate Taxes			3.5%	3.5%		15,111	-	15,111	15,640	-	15,640	16,187	-	16,187
Payroll Taxes			3.5%	3.5%		126,628	-	126,628	131,060	-	131,060	135,647	-	135,647
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		2,267	-	2,267	2,346	-	2,346	2,428	-	2,428
Sub-total Taxes and Licenses						144,005	-	144,005	149,045	-	149,045	154,262	-	154,262
Insurance														
Property and Liability Insurance			3.5%	3.5%		400,433	-	400,433	414,448	-	414,448	428,954	-	428,954
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance						423,099	-	423,099	437,908	-	437,908	453,234	-	453,234
Maintenance & Repair														
Payroll			3.5%	3.5%		516,314	-	516,314	534,385	-	534,385	553,088	-	553,088
Supplies			3.5%	3.5%		45,332	-	45,332	46,919	-	46,919	48,561	-	48,561
Contracts			3.5%	3.5%		191,150	-	191,150	197,840	-	197,840	204,765	-	204,765
Garbage and Trash Removal			3.5%	3.5%		102,753	-	102,753	106,349	-	106,349	110,071	-	110,071
Security Payroll/Contract			3.5%	3.5%		220,664	-	220,664	228,388	-	228,388	236,381	-	236,381
HVAC Repairs and Maintenance			3.5%	3.5%		30,221	-	30,221	31,279	-	31,279	32,374	-	32,374
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		37,777	-	37,777	39,099	-	39,099	40,467	-	40,467
Sub-total Maintenance & Repair Expenses						1,144,211	-	1,144,211	1,184,259	-	1,184,259	1,225,708	-	1,225,708
Supportive Services			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses														
TOTAL OPERATING EXPENSES						3,748,803	-	3,748,803	3,880,011	-	3,880,011	4,015,811	-	4,015,811
Reserves/Ground Lease Base Rent/Bond Fees														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent						-	-	-	-	-	-	-	-	-
Bond Monitoring Fee						14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit						87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						3,850,403	-	3,850,403	3,981,611	-	3,981,611	4,117,411	-	4,117,411
NET OPERATING INCOME (INCOME minus OP EXPENSES)						40,117	1,158,969	1,199,086	41,095	1,158,969	1,200,064	42,103	1,158,969	1,201,072
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender					Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service					from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE						-	1,158,969							

1633 Valencia

Total # Units:
146
LOSP Units
145
100.00%

	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 19 2044			Year 20 2045		
				LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME									
Residential - Tenant Rents	1.0%	2.5%		468,292	-	468,292	472,975	-	472,975
Residential - SOS Payments		4.0%		-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		4,251,296	-	4,251,296	4,407,794	-	4,407,794
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,969 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	-	-
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		13,663	-	13,663	14,004	-	14,004
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-
Gross Potential Income				4,733,250	1,158,969	5,892,219	4,894,773	-	4,894,773
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(23,415)	-	(23,415)	(23,649)	-	(23,649)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-
EFFECTIVE GROSS INCOME				4,709,836	1,158,969	5,868,805	4,871,124	-	4,871,124
OPERATING EXPENSES									
Management									
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	260,346	-	260,346	269,458	-	269,458
Asset Management Fee	3.5%	3.5%	per MOHCD policy	48,311	-	48,311	50,002	-	50,002
Sub-total Management Expenses				308,657	-	308,657	319,460	-	319,460
Salaries/Benefits									
Office Salaries	3.5%	3.5%		459,181	-	459,181	475,252	-	475,252
Manager's Salary	3.5%	3.5%		416,999	-	416,999	431,594	-	431,594
Health Insurance and Other Benefits	3.5%	3.5%		283,301	-	283,301	293,216	-	293,216
Other Salaries/Benefits	3.5%	3.5%		79,476	-	79,476	82,258	-	82,258
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-
Sub-total Salaries/Benefits				1,238,956	-	1,238,956	1,282,320	-	1,282,320
Administration									
Advertising and Marketing	3.5%	3.5%		9,287	-	9,287	9,613	-	9,613
Office Expenses	3.5%	3.5%		57,582	-	57,582	59,598	-	59,598
Office Rent	3.5%	3.5%		-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		27,862	-	27,862	28,838	-	28,838
Audit Expense	3.5%	3.5%		21,361	-	21,361	22,109	-	22,109
Bookkeeping/Accounting Services	3.5%	3.5%		44,580	-	44,580	46,140	-	46,140
Bad Debts	3.5%	3.5%		-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		4,086	-	4,086	4,230	-	4,230
Sub-total Administration Expenses				164,759	-	164,759	170,526	-	170,526
Utilities									
Electricity	3.5%	3.5%		473,660	-	473,660	490,238	-	490,238
Water	3.5%	3.5%		139,312	-	139,312	144,188	-	144,188
Gas	3.5%	3.5%		-	-	-	-	-	-
Sewer	3.5%	3.5%		179,248	-	179,248	185,521	-	185,521
Sub-total Utilities				792,219	-	792,219	819,947	-	819,947
Taxes and Licenses									
Real Estate Taxes	3.5%	3.5%		18,575	-	18,575	19,225	-	19,225
Payroll Taxes	3.5%	3.5%		155,658	-	155,658	161,106	-	161,106
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		2,786	-	2,786	2,884	-	2,884
Sub-total Taxes and Licenses				177,019	-	177,019	183,214	-	183,214
Insurance									
Property and Liability Insurance	3.5%	3.5%		492,235	-	492,235	509,463	-	509,463
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		27,862	-	27,862	28,838	-	28,838
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance				520,097	-	520,097	538,300	-	538,300
Maintenance & Repair									
Payroll	3.5%	3.5%		634,682	-	634,682	656,896	-	656,896
Supplies	3.5%	3.5%		55,725	-	55,725	57,675	-	57,675
Contracts	3.5%	3.5%		234,972	-	234,972	243,196	-	243,196
Garbage and Trash Removal	3.5%	3.5%		126,309	-	126,309	130,730	-	130,730
Security Payroll/Contract	3.5%	3.5%		271,253	-	271,253	280,747	-	280,747
HVAC Repairs and Maintenance	3.5%	3.5%		37,150	-	37,150	38,450	-	38,450
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		46,437	-	46,437	48,063	-	48,063
Sub-total Maintenance & Repair Expenses				1,406,528	-	1,406,528	1,455,756	-	1,455,756
Supportive Services	3.5%	3.5%		-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				4,608,236	-	4,608,236	4,769,524	-	4,769,524
Reserves/Ground Lease Base Rent/Bond Fees									
PUPA (w/o Reserves/GL Base Rent/Bond Fees)									
Ground Lease Base Rent				-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)				4,709,836	-	4,709,836	4,871,124	-	4,871,124
NET OPERATING INCOME (INCOME minus OP EXPENSES)				-	1,158,969	1,158,969	-	-	-
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)									
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	1,158,969	1,158,969	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)									
Commercial Only Cash Flow				-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-
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)	3.5%	3.5%	MOHCD Asset Management Fee	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	-	-	-	-	-	-
Other Payments				-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)									
Does Project have a MOHCD Residual Receipt Obligation?		Yes							
Will Project Defer Developer Fee?		No							
Residual Receipts split for all years. - Lender/Owner		67% / 33%							
MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due		100.00%	Dist. Soft Debt Loans						
Proposed MOHCD Residual Receipts Amount to Loan Repayment			Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy						
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
HCD Residual Receipts Amount Due		0.00%	No HCD Financing						
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/Uses									
Final Balance (should be zero)									
REPLACEMENT RESERVE - RUNNING BALANCE									
Replacement Reserve Starting Balance						1,576,800			1,664,400
Replacement Reserve Withdrawals (ideally tied to CNA)						-			-
Replacement Reserve Interest						-			-
RR Running Balance						1,664,400			1,752,000
						\$11,400			\$12,000
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 Exps + Debt Service			0.0%			0.0%
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									

LOSP FUNDING SCHEDULE	
Project Address:	1633 Valencia
Project Start Date:	1/1/2026

Exhibit A

annual %age increase (uses Full Year Funding Amount)	Calendar Year		Full Year Funding Amount	# Months to Fund	Total "LOSP - A" Disbursement for Calendar Year	Total "LOSP - B" Disbursement for Calendar Year	Total Disbursement for Calendar Year	Estimated Disbursement Date
	CY-1	2026						
	CY-1	2026	\$2,235,309	12	\$2,235,309	\$0	\$2,235,309	1/1/2026
3.66%	CY-2	2027	\$2,317,201	12	\$2,317,201	\$1,158,969	\$3,476,170	1/1/2027
3.74%	CY-3	2028	\$2,403,841	12	\$2,403,841	\$1,158,969	\$3,562,810	1/1/2028
3.73%	CY-4	2029	\$2,493,604	12	\$2,493,604	\$1,158,969	\$3,652,573	1/1/2029
3.73%	CY-5	2030	\$2,586,604	12	\$2,586,604	\$1,158,969	\$3,745,573	1/1/2030
3.72%	CY-6	2031	\$2,682,953	12	\$2,682,953	\$1,158,969	\$3,841,922	1/1/2031
3.69%	CY-7	2032	\$2,781,925	12	\$2,781,925	\$1,158,969	\$3,940,894	1/1/2032
3.72%	CY-8	2033	\$2,885,304	12	\$2,885,304	\$1,158,969	\$4,044,273	1/1/2033
3.71%	CY-9	2034	\$2,992,399	12	\$2,992,399	\$1,158,969	\$4,151,368	1/1/2034
3.71%	CY-10	2035	\$3,103,341	12	\$3,103,341	\$1,158,969	\$4,262,310	1/1/2035
3.70%	CY-11	2036	\$3,218,264	12	\$3,218,264	\$1,158,969	\$4,377,233	1/1/2036
3.70%	CY-12	2037	\$3,337,310	12	\$3,337,310	\$1,158,969	\$4,496,279	1/1/2037
3.67%	CY-13	2038	\$3,459,644	12	\$3,459,644	\$1,158,969	\$4,618,613	1/1/2038
3.69%	CY-14	2039	\$3,587,345	12	\$3,587,345	\$1,158,969	\$4,746,314	1/1/2039
3.69%	CY-15	2040	\$3,719,618	12	\$3,719,618	\$1,158,969	\$4,878,587	1/1/2040
2.52%	CY-16	2041	\$3,813,484	12	\$3,813,484	\$1,158,969	\$4,972,453	1/1/2041
3.69%	CY-17	2042	\$3,954,322	12	\$3,954,322	\$1,158,969	\$5,113,291	1/1/2042
3.69%	CY-18	2043	\$4,100,200	12	\$4,100,200	\$1,158,969	\$5,259,169	1/1/2043
3.69%	CY-19	2044	\$4,251,296	12	\$4,251,296	\$1,158,969	\$5,410,265	1/1/2044
3.64%	Total "LOSP - A" Amount-->				\$59,923,964	\$20,861,442	<--Total "LOSP - B" Amount	
Total Contract Amount:							\$80,785,406	

Citywide Affordable Housing Loan Committee

Mayor’s Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller’s Office of Public Finance

1633 Valencia Street

Up to \$41,036,048 Permanent Financing (including
\$2M million AHP Bridge Loan Commitment)

20 Year LOSP Contract to support operations and debt
totaling \$80,785,406

Total Request: \$121,821,454

Evaluation of Request for:	Permanent Funding and LOSP Contract
Loan Committee Date:	April 5, 2024
Prepared By:	Anne Romero, Senior Project Mgr.
MOHCD Construction Representative:	Holly Faust
MOHCD Asset Manager:	TBD
Sources and Amounts of New Funds Recommended for <u>Perm Financing</u> :	HSH SF Health & Recovery GO Bond Loan Up to \$41,036,048
Sources and Amounts of New Funds Recommended for <u>“enhanced” LOSP for operations and debt</u> :	General Fund 20 Year Term Up to \$80,785,406
Sources and Amounts of Previous City Funds Committed:	None
NOFA/PROGRAM/RFP:	HSH Sole Source Emergency Procurement
Applicant/Sponsor(s) Name:	Mercy Housing California

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	1633 Valencia	Sponsor(s):	Mercy Housing California
Project Address (w/ cross St):	1633 Valencia, San Francisco, CA 94110 (at Cesar Chavez St.)	Ultimate Borrower Entity:	Mercy Housing California 108, L.P.

Project Summary:

Mercy Housing California in partnership with the San Francisco Housing Accelerator Fund (SFHAF) requests permanent financing in the amount of up to \$41,036,048 (including a \$2M AHP bridge loan) as well as funding through the Local Operating Subsidy Program (LOSP) in the amount of \$80,785,406 over an 18-year LOSP term to support program operations and to service the \$16M SFHAF Innovation loan to create permanent supportive housing at 1633 Valencia. The proposed development will create 145 newly constructed studio units, plus one staff unit, for a total of 146 units, to be made available as permanent supportive housing for seniors ages 55 and above experiencing homelessness (Project). The Project is being proposed as further iteration of the Tahanan (833 Bryant) permanent supportive housing project, utilizing the same floorplate and efficient design (though not using modular construction) as well as other cost-saving and time-saving measures and similarly deferring City investment until the operations phase and conversion to permanent financing. This innovative approach diversifies the housing production models to bring on line 145 PSH units more quickly and cost effectively without an initial City capital investment.

Development costs through construction for the Project are anticipated to total approximately \$84.6M. The Project is being constructed using philanthropic and private funding that will make possible completion of the Project for approximately \$580K per unit including site acquisition, and \$541K per unit without acquisition costs. This total development cost per unit is approximately 20% below the \$729K cost per unit for comparable projects. The City permanent loan subsidy is up to \$281K per unit. (The specific goal of the Sponsor is to achieve total development cost of approximately \$530K/unit removing land acquisition, developer fee and reserves, within three years from site acquisition to construction loan closing, using the same metrics as they used for Tahanan.) Once completed, the Project will rely on an "enhanced" LOSP agreement with a 19-year term to subsidize operations at project completion as well as to pay down the 18-year construction loan from SFHAF.

1633 Valencia will provide 145 permanent supportive studios restricted by the City loan at 50% MOHCD AMI (and ranging from 30%-60% Area Median Income as restricted by the California Tax Credit Allocation Committee), with residents paying 30% of their income in rent. The ground floor features a residential lobby near elevator access. Each residential floor has similar floor layouts to maximize efficiency of design. Resident-serving common spaces will include one community room, two offices for property management and a supportive services suite as well as building maintenance spaces.

The Project will be financed with 4% Low Income Housing Tax Credits, tax-exempt bonds from CalHFA, and a below-market philanthropically supported permanent loan provided by SFHAF. An accelerated procurement using HSH's emergency authorization, coupled with an ability to forego state tax credits (accessing only federal tax credits) based on lower total development costs, all but assured the project's ability to receive a tax credit award on its first application, further expediting the predevelopment process. To-date, the Project has utilized no City capital financing and is anticipated to complete construction and

begin lease up in January 2026. The investment at completion will come in the form of a City SF Health and Recovery GO Bond Permanent loan totaling up to \$41,036,048, a General Fund LOSP grant agreement for debt and operations, and HSH services funding. Approval is being requested now to enable the construction loan closing in mid-May 2024. The permanent loan commitment includes \$2M in the form of a bridge loan to cover an application for AHP funds which the Sponsor will apply for in 2025, and once awarded, the City commitment will be reduced by the amount of the AHP award.

Project Description:

Construction Type:	Type IIIA over I	Project Type:	New Construction
Number of Stories:	6	Lot Size (acres and sf):	0.42 acres / 18,508 sf
Number of Units:	146	Architect:	David Baker Architects
Total Residential Area:	57,594 sf	General Contractor:	Cahill Contractors
Total Commercial Area:	0 sf	Property Manager:	Mercy Housing Management Group
Total Building Area:	68,802 sf	Supervisor and District:	Sup. Ronen D-9
Land Owner:	Mercy Housing California 108, L.P.		
Total Development Cost (TDC):	\$84,605,578	Total Acquisition Cost:	\$5,630,433
TDC/unit:	\$579,490	TDC less land cost/unit:	\$541,236
Loan Amount Requested:	Up to \$41,036,048	Request Amount / unit including AHP Bridge loan:	\$281,068
HOME Funds?	N	Parking?	N

PRINCIPAL DEVELOPMENT ISSUES

1. Selection of the Sponsor is authorized under HSH’s Chapter 21B waiver of competitive bidding requirements for “Projects Addressing Homelessness” to bring new PSH units quickly online. Selection of a supportive services provider which will be selected under a competitive procurement process. See Section 1.2 Applicable NOFA/RFQ/RFP.

2. This request is the first LOSP project to include a debt service component, required to repay the HAF loan over an 18 year term to replicate the model of Tahanan to bring PSH units on line quickly and at lower cost. The requested LOSP term is 19 years to start the operating subsidy at project completion, which exceeds MOHCD’s typical 15-year LOSP term. See Section 7.2.3 LOSP Commitment.

3. The development budget includes a \$750K lease up and stabilization reserve as a one-time pilot to cover additional management and maintenance staffing, overtime and security, repair damages and insurance deductibles during lease up and the initial two year stabilization period when residents are adjusting to the new building during and after lease up. Any remainder of this reserve not needed during the transition period will go to

reduce the LOSP A for operations funding amount to be disbursed in January 2029. See Section 6.5.3 Permanent Uses Evaluation.

4. Cost containment measures include a design build approach with locked in subcontractor pricing and with projected fewer change orders and less impact on contingencies, potentially rendering savings which could reduce the City loan at permanent conversion. See Section 4.3 Construction Representative Evaluation.
5. Maintaining low construction costs depends primarily on the seamless coordination among Mechanical/Electrical Plumbing (MEP) design-build subcontractors' design, other trade designs, and the architectural/structural drawings already submitted to DBI. The project incorporates Building Information Modeling (BIM) clash prevention (3-D visualization of the trades to make it easy to see any conflicts before construction starts) and the design contingency to protect against cost overruns. However, as additional safeguard, the Project team will be held responsible for regular check ins with MOHCD staff regarding DBI status on the MEPs plan check and any potential new pricing from subs related to plan check. See Section 4.3 Construction Representative Evaluation.
6. MOHCD's long-term policy is to own the land on which affordable housing projects are built. Because of the Project's proposed ownership and financing structures, which require greater risk on behalf of the Sponsor, the Project and the land on which it is being built will both be owned by the Limited Partnership. Mercy Housing California 108, L.P. will provide the City with an Option Agreement to acquire the land and improvements in the event of default or disposition of the property after the tax credit compliance period. See Section 4.1. Site Control.
7. Loan commitment includes a bridge AHP amount and requirement that the Sponsor apply for AHP in the next round after start of construction, which if awarded, would reduce the amount of the capital loan commitment dollar for dollar. See Section 6.3.1 Permanent Financing.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Per Unit	Terms	Status
SFHAF Predev Loan	\$4,826,022	\$33,055	3 yrs @ 3% simple interest	Closed
Total	\$4,826,022	\$33,055		

Permanent Sources	Amount	Per Unit	Terms	Status
SFHAF Permanent Loan	\$16,000,000	\$109,589	20 yrs @ 3% / Res Rec	Committed
SF Health & Recovery GO Bond Loan	\$39,036,048	\$267,370	55 yrs @ 1% / Res Rec	THIS REQUEST
AHP	\$2,000,000	\$13,699	Grant	Application 2025
Tax Credit Equity	\$27,569,430	\$188,832	\$0.965 tax credit pricing	Committed
Sponsor Contribution	\$100	\$1		Committed
Total	\$84,605,578	\$579,490		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$5,630,433	\$38,565	\$82
Hard Costs	\$56,841,842	\$389,328	\$826
Soft Costs	\$17,025,471	\$116,613	\$247
Reserves	\$2,607,832	\$17,862	\$38
Developer Fee	\$2,500,000	\$17,123	\$36
Total	\$84,605,578	\$579,490	\$1,230

1. BACKGROUND

1.1. Project History Leading to This Request.

When the San Francisco Housing Accelerator Fund (SFHAF) and Tipping Point Community (TPC) created the Homes for the Homeless Fund, their intent was to build high-quality permanent supportive housing in less than three years and for less than \$400,000 per unit – and then to replicate that model. SFHAF staff began looking for a second housing development parcel soon after Tahanan closed its bond financing and construction was successfully underway to replicate the model of creating new permanent supportive housing units at lower cost and faster timeframe. (Per the Tahanan Cost Certification, total development costs minus acquisition came in at \$420K/unit, and under \$400K/unit using the initiative’s metric of removing acquisition, developer fee and reserves¹).

In December 2020 SFHAF identified a new development opportunity at 3435 Cesar Chavez Street (Site) in San Francisco’s Mission-Bernal neighborhood. The opportunity came to the SFHAF through Sequoia Living (SL, formerly Northern California Presbyterian Homes and Services), a senior housing provider that works throughout the Bay Area. SL made an offer of \$13,500,000 on the 1+ acre Parcel, expressing interest in entering into separate acquisition agreement with the SFHAF for a portion of the Parcel due to its large size exceeding what SL needed for its planned future development of affordable senior housing. SL formally acquired the site on August 21, 2022.

Envisioned as the ‘Tahanan Replication’ project, SFHAF brought this innovative development opportunity to Mercy Housing California (MHC) in 2021 with the goal of replicating the total development cost per unit and timeline successes of Tahanan, to build 145 studio units serving seniors experiencing and at-risk of homelessness. SFHAF had selected Mercy Housing, David Baker Architects (DBA), and Cahill Contractors through a competitive process for Tahanan Street and wanted to incorporate lessons learned from that project into an improved 2.0 version. In lieu of modular factory-built housing which was the model for Tahanan alongside three other permanent supportive housing projects in 2020, this Project utilizes design-replication and design-build contract innovations, partnering with Cahill Contractors and DBA to target a cost goal of \$530k/unit (removing land acquisition, developer fee and reserves) and to bring units to market within 3 years of entitlement approval. A higher per-unit cost goal was

¹ See evaluation study <https://ternercenter.berkeley.edu/wp-content/uploads/2021/02/833-Bryant-February-2021.pdf>

established based on significant construction cost escalation in the years since Tahanan construction bids were finalized. The Project is presently meeting the timeline goal and reflecting TDC/unit of under \$520k/unit not including land acquisition, developer fee and reserves. SFHAF has provided a predevelopment loan of \$4,826,022 to complete predevelopment activities through construction closing date of May 2024.

In the fall of 2022 as Mercy began the entitlement process for 1633 Valencia, SFHAF and Mercy began meeting with MOHCD, HSH and D9 Supervisor Ronen to discuss an innovative financing approach that would leverage private/philanthropic capital to finance projects that can meet aggressive cost and time goals. By spring of 2023, SFHAF had secured commitments for \$50M from prospective investors for a new innovation-focused fund, with 1633 Valencia as the inaugural project. The below market, “innovation” loan would replace a key part of the Project’s capital stack – the State tax credits, a scarce and competitive source. By eliminating the need for State Tax Credits, 1633 Valencia could apply for 4% tax credits and tax-exempt bonds in the third round of 2023, all but ensuring the Project would receive an allocation. In preparation for this application, SFHAF and Mercy approached MOHCD/HSH with a request for funding commitments that would enable the Project to seize this unique financing opportunity. HSH issued a commitment for a LOSP contract and Mercy submitted the application for tax credits and bonds on September 6th. MOHCD approved CalHFA serving as the conduit issuer for private activity bonds and the Project received an award from CalHFA in December of 2023.

1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

SFHAF and Mercy were selected to develop this permanent supportive housing under HSH’s Chapter 21 emergency procurement waiver authorization to bring new PSH units quickly online with reduced cost. This waiver does not cover the supportive services provider, which will be selected under a separate HSH formal procurement process.

1.3. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

1.3.1. Borrower. The borrower entity for the residential loan is Mercy Housing California 108, L.P. The managing general partner is Mercy Housing California 108 LLC, a subsidiary of Mercy. See Exhibit B.

1.3.2. Joint Venture Partnership. N/A.

1.3.3. Demographics of Board of Directors, Staff and People Served. See table below for gender identity and race demographics for the Mercy board and staff. Mercy does not collect sexual orientation data from board members or staff.

	Gender Identity	Race
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Mercy Housing California Board	M: 43% F: 57%	Asian: 14.29% African American: 7.14% Caucasian: 43.86% Latinx: 14.29% Biracial: 21.43%
Mercy Housing, Inc. Board	M: 50% F: 50%	Asian: 5% African American: 15% Caucasian: 75% Latinx: 5%
Mercy Housing, Inc. - All Staff	M: 42% F: 58%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	M: 43% F: 57%	2 or More Races – 5% American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2% Not specified – 1% White – 22%
Mercy Housing California - Development Staff	M: 50% F: 50%	Asian – 20% Not specified – 20% White – 60%

MHC owns and operates 4,217 units of affordable housing in San Francisco. The chart below represents the total number of people currently living in MHC owned properties (7,176), disaggregated by race and ethnicity.

	Race	Ethnicity
Mercy Housing California San Francisco resident responses to US Census definitions	Asian: 42% White: 19% Black or African American: 16% Other: 15% Did not specify: 3% Native Hawaiian or Other Pacific Islander: 2% American Indian or Alaska Native: 2% Blank: 1%	Not-Hispanic or Latino: 77% Hispanic or Latino: 19% Did not specify: 3% Blank 1%

**Responses are from US Census definitions which cause overlap between race and ethnicity categories.*

From January 2022 through November 2022 MHC had 17 resident evictions. Currently, Mercy does not track move out reasons and does not track evictions by race.

1.3.4. Racial Equity Vision. Mercy is dedicated to moving forward racial equity work. Mercy Housing was founded on the belief that housing justice is social justice. Mercy's organizational values of respect, justice, and mercy are integral to its racial equity work. To advance its racial equity and social justice, Mercy's national office launched the Racial Equity, Diversity, and Inclusion (REDI) initiative. In 2021, Mercy Housing Inc. hired Web Brown as SVP for Racial Equity, Diversity, and Inclusion. Mr. Brown has created a coordinated approach to REDI that includes creating an organizational framework that consists of focus areas to produce action plans throughout the organization in areas of internal culture, resident empowerment, education, and training, hiring and recruitment, communication, and advocacy.

Mercy has also established REDI goals for each department. The California real estate development team generated five goals in 2020 and created workplans around achieving each of the goals. Goals include: expanding the pipeline of diverse real estate staff, creating a national contracting and procurement policy, developing REDI evaluation standards for each stage in the development process, incorporating equitable digital access in development projects, and creating a legislative advocacy strategy. San Francisco real estate staff have been central in elevating these conversations and moving the goals forward. In 2023, Mercy Housing Inc. published its organization wide racial equity mission and goals.

1.3.5. Relevant Experience. Mercy Housing, Inc. (MHI) is the largest non-profit owner of affordable housing in the United States. MHI owns and provides property management (through Mercy Housing Management Group or "MHMG") to more than 23,000 units of affordable housing and currently serves more than 50,000 people. Mercy Housing California is the California affiliate of MHI. In San Francisco, the company owns and/or manages 56 properties with 4,551 homes and 7,620 residents. Of the rental housing completed, approximately 52% is for families, 32% for seniors, and 16% supportive housing for formerly unhoused households. In addition, Mercy has nearly 6,000 units in its development pipeline with a team of 38 development staff members to support the process. In San Francisco, the company owns and/or manages 56 properties with 4,551 homes and 7,620 residents.

Mercy's San Francisco portfolio includes Casa de la Mision, which is a 45-unit permanent supportive housing for seniors experiencing homelessness located at 3001 24th Street, as well as Tahanan located at 833 Bryant Street, which served as the basis of design for 1633 Valencia, and similarly provides 145 studio units of permanent supportive housing for individuals experiencing homelessness.

1.3.6. Project Management Capacity. Clare Murphy is the Associate Director of Real Estate Development and dedicates approximately 50% of her time to the Project. Chris Hacnik is the Project Manager and dedicates approximately 50% of his time to 1633 Valencia. Clare and Chris are supported by Ramie Dare (Director of Real Estate Development), and Doug Shoemaker (President). (See Attachment C.)

1.3.7. Past Performance. There are no past performance issues.

1.3.7.1. City audits/performance plans. Mercy Housing participated in the last citywide fiscal and compliance monitoring program in December 2021, and there are no known findings or issues with the audits. MOHCD community development staff have found no performance issues working with Mercy, and identified the agency as a strong City partner, compliant with regulations.

1.3.7.2. Marketing/lease-up/operations. MOHCD’s DAHLIA / Marketing manager did not note any concerns and does not manage lease-up of Coordinated Entry HSH referral units. See Section 1.3.3 for resident demographic data.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	NCD - MISSION BERNAL NEIGHBORHOOD COMMERCIAL DISTRICT
Maximum units allowed by current zoning (N/A if rehab):	50-X Height and Bulk District, Project was granted a waiver from height limit pursuant to SB35? State Density Bonus Law.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	N/A
Soil type:	The Sponsor completed Phase I and II reports and testing. The Project design includes a vapor mitigation system (VMS) consisting of a sub-slab ventilation layer, ventilation piping, membrane barrier, and monitoring system, which was designed by a professional engineer based on the identified soil conditions. See Section 2.6 below.
Environmental Review:	Project is exempt from CEQA under SB35. [please confirm] Phase I completed on May 11, 2021 Phase II completed on May 10, 2021
Adjacent uses (North):	One-story Commercial
Adjacent uses (South):	Commercial
Adjacent uses (East):	Multi-family residential
Adjacent uses (West):	Hospital
Neighborhood Amenities within 0.5 miles:	Precita Park, San Francisco Public Library– Mission Branch Library, Safeway (3350 Mission Street), , Walgreens Pharmacy (3398 Mission Street)

Public Transportation within 0.5 miles:	SFMTA MUNI Lines 27/14/14R/48/49, 24 th and Mission BART
Article 34:	Required
Article 38:	Not exempt. The site is within the Air Pollutant Exposure Zone. The design is subject to relevant guidelines and requirements.
Accessibility:	Fifteen percent of the units (22) will meet Chapter 11B accessibility standards with all remaining units specified to meet Chapter 11A adaptability standards; ten percent of the units (15) in the building will include communication features. All common areas will be accessible. 50% of the units will have roll-in showers.
Green Building:	Based on current design, the project plans to achieve a Green Point rating of "Platinum". The Sponsor has engaged a sustainability consultant and will continue to monitor green standards throughout construction.
Recycled Water:	Exempt
Storm Water Management:	The Preliminary Stormwater Management Plan was approved on 9/19/23 by the Public Utility Commission (PUC).

2.1. Description. The Site is located at the southeast corner of the intersection of Valencia Street and Cesar Chavez Street and will be developed independently from the adjacent SL site, which will be developed into 100% affordable senior housing of around 100 plus units. The Sponsor submitted for a subdivision of the existing parcel to develop the 1633 Valencia Project on the newly formed assessor parcel known as Block 6574, Lot 071. The parcel is an 18,508 square foot undeveloped lot in the Mission neighborhood, bounded by Cesar Chavez, Valencia, and Mission Streets. Prior to demolition of existing structures, the site consisted of two one-story vacant commercial metal buildings, and a parking lot.

2.2. Zoning. Under SB-35, given the Project is providing 145 units of housing affordable to low- and very low-income households, and is located within one-half mile of a major transit stop, the Project is not subject to any maximum control on density and is entitled to receive up to four concessions/incentives and an additional three stories, or 33 feet of height and unlimited waivers. The project sponsor is requesting no concessions/incentives from the development standards. The project is located in a 50-X Height and Bulk District and proposes a maximum building height of 64 feet, excepting those features specified as exemptions to the height limit under Planning Code Section 260(b).

2.3. Probable Maximum Loss. N/A.

2.4. Local/Federal Environmental Review. On July 28, 2023, the San Francisco Planning Department determined that the proposed Project was eligible for SB-35 and is exempt from CEQA review. There are no federal funds triggering federal environmental review.

2.5. Environmental Issues.

- Phase I/II Site Assessment Status and Results. The Site is within the Maher Area and therefore subject to the requirements of Article 22A of the San Francisco Public

Health Code (Maher Ordinance). Article 22A states that construction projects in San Francisco, which are bayward of the historic 1852 high tide line or within the expanded Maher Area and disturb more than 50 cubic yards of soil, require assessment of the site history (Phase I Environmental Site Assessment) and soil quality (Phase II ESA or Environmental Site Characterization (ESC)) of the material that will be encountered during construction in accordance with Article 22A.

A Phase I report was completed as of April 6, 2021; revised report is dated May 11, 2021. Phase II Report was completed May 10, 2021.

The Phase II report indicates Site is underlain by a layer of fill material with elevated concentrations of petroleum hydrocarbons and heavy metals classified as State of California Class I non-RCRA hazardous waste criteria. The remainder of the fill material at the site not classified as State of California Class I non-RCRA hazardous waste will most likely be classified as Class II non-hazardous waste.

In soil gas, VOCs (benzene, PCE, and vinyl chloride) were detected above 2019 ESLs. The detected concentrations of VOCs are low, likely associated with limited localized sources.

The site work includes a vapor mitigation system to ensure that soil gasses from past industrial uses of the land are contained. The system includes a vapor barrier below the slab with perforated pipe to collect the gas and solid pipe up to the roof of the building to vent the area under the slab.

As of December 29, 2023, the San Francisco Department of Public Health (SFDPH) approved the Site Mitigation Plan (SMP) and Vapor Mat System (VMS) design and the Project will be constructed in accordance with these documents.

- Potential/Known Hazards. As noted above, hazardous soil is present on the site and will need to be removed and transported to appropriate facilities during construction.

In 1988, Ashfield & Co., Inc. of San Francisco, California closed-in-place six Underground Storage Tanks (USTs) that reportedly contained motor oil at the former AAMCO Transmission shop located at 1633 Valencia Street. SFDPH approved the closure of the six USTs based on analytical results collected at the site in their letter dated February 9, 1989. Since there is no analytical data available for review, the developer is relying on the SFDPH review of the data and issuance of a case closure letter. If the results were elevated at time of closure letter, SFDPH would have required additional sampling at that point. The USTs are planned for removal for construction of the project.

2.6. Adjacent uses and neighborhood amenities. The Site is in the Mission-Bernal Neighborhood of San Francisco. This location is well-served by public transit along Mission Street, including the 24th Street BART station. It is nearby parks including Juri Commons, Precita Park and Bernal Heights Park, in addition to being near several grocers on Mission Street and other amenities such as banks, barbers, restaurants, and more. See Attachment F for Amenities list and map.

2.7. Green Building. The Project requires certification under the Green Point Rated (GPR) program with a minimum of 125 points. As currently envisioned the Project exceeds the

minimum and will achieve “Platinum” certification under the GPR program. Among the key sustainable design features are the heat pump hot water system, highly efficient envelope and all low-VOC paints coatings and sealants.

3. COMMUNITY SUPPORT

- 3.1. Prior Outreach. The Sponsor, in partnership with SFHAF and Dolores Street Community Services (DSCS), mailed out project introduction sheets to SF Planning’s Bernal Neighborhood Contact list and 300 ft radius surrounding the Project Site; the mailing included translations. The project introduction sheet and translations were also distributed to community partners and neighbors by email. The Sponsor has also publicized a Project website (www.1633valencia.org) providing project updates, additional information, and options for the public to contact the Sponsor for additional information or be added to contact lists for future outreach. To date, the Sponsor has met with following community organizations to provide project information: Calle 24 Land Use Committee Meeting in November 2022, the Council of Community Housing Organizations in December 2022, the adjacent Sears Building Resident Meeting in June 2023, and meetings with the Mission Neighborhood Health Center, legacy neighborhood businesses, and the American Indian Cultural District? in November 2023. The Sponsor and DSCS also met with the Latino Task Force Street Safety Committee in November 2023 and presented to the Latino Task Force full board on February 12, 2024. The Sponsor and SFHAF continuously met with District 9 Supervisor Ronen to provide project updates in 2023. The Project team has received positive feedback and support for the Project vision, across meetings with Mission-based CBOs and partners.
- 3.2. Future Outreach. The Sponsor will continue to conduct outreach throughout the remainder of predevelopment and through construction to garner support for the Project, and keep the community apprised of the Project plans and schedule. The Project team intends to hold a neighborhood meeting in March 2024 prior to commencement of construction. Throughout construction, the Sponsor plans to provide continued outreach to the community through email, mail, website updates, and continue meetings with local organizations and neighbors.
- 3.3. 1998 Proposition I Citizens’ Right-To-Know. Sponsor will post Proposition I Neighborhood Notification at the Site by April 8, 2024, to ensure notice is provided at least 30 days prior to the Mayor’s signature on the Board Resolution.

4. DEVELOPMENT PLAN

- 4.1. Site Control. Fee ownership
 - 4.1.1. Site Acquisition. The Site, 3485 Cesar Chavez, is currently owned by Sequoia Living (SL, formerly Northern California Presbyterian Homes and Services). Mercy Housing California 108, L.P., the limited partnership owner entity, executed a Purchase and Sale Agreement (PSA) on September 5, 2023 to purchase and develop one of the two parcels, pending a lot split. A PSA Amendment was signed on January 4, 2024.

The original parcel required a lot split and demolition of an existing vacant commercial structure to be completed in order to record a new parcel map, due to an existing structure's location on the proposed lot line. The lot split map, parcel map 11671, was recorded on December 21, 2023 and demolition permits, issued October 24, 2023, were officially signed off by DBI as of January 26, 2024. The subdivision created two separate land parcels for two proposed affordable housing communities which will have separate ownership, financing, and development plans. 1633 Valencia is located on Parcel B (Block 6574, Lot 071). SL will retain ownership of Parcel A (Block 6574, Lot 070). As outlined in the PSA Amendment, acquisition will take place concurrently with closing of construction financing.

4.1.2. Proposed Property Ownership Structure The borrower entity, Mercy Housing California 108, L.P., will own the land and improvements, which is not the standard policy for MOHCD-financed affordable housing and ground lease policy. This LP ownership is being maintained to enable the structure of no City financing or ground lease prior to completion and conversion to permanent financing in order to develop the Project at reduced cost, and replicates the Tahanan ownership model. The managing general partner is Mercy Housing California 108 LLC, a subsidiary of Mercy. Mercy Housing California 108, L.P. will provide the City with an Option Agreement to acquire the land and improvements in the event of default or disposition of the property after the tax credit compliance period.

4.2. Proposed Design. This Project utilizes design-replication and design-build contract innovations, partnering with Cahill Contractors and David Baker Architects, who designed and built Tahanan, to keep costs low and to bring units to market within 3 years of entitlement approval. Under the design replication model, the architect and contractor were selected to design and construct 1633 Valencia using lessons-learned and post-occupancy evaluations of the completed unique pilot project Tahanan.

As of January 2024, the Project has completed 95% construction drawings and bought out the design-build subcontractors' contracts for 95% of the overall construction cost. The Sponsor intends to execute a design-build contract with Cahill and assign the architecture contract over to Cahill to complete the balance of Construction Design work and Construction Administration. The architect and contractor have worked closely together on design, permitting and bidding under the design-build process throughout the design stages. There has been a high level of Building Information Modeling involving design-build subcontractors throughout design development and construction documentation. This is a 3-D program that brings all the trades into the picture to show how they all interact and to detect anything that is out of alignment or which "clashes." It is costly upfront but pays off later, reducing the change orders and mistakes in the field.

In addition, the Sponsor has contracted with a Quality Assurance and Quality Control consultant to review drawings at 100% design development and 100% construction documentation milestones.

The Project is six stories and consists of a Type I ground floor concrete podium for common areas and Type IIIA wood frame construction at the upper floors 2-6. The Project will include 145 studio units as well as a two-bedroom manager’s unit for a total of 146 units. The units range in size from 309 GSF to 322 GSF (270-279 Net SF). The units have been carefully planned to have adequate space for a full-sized bed and kitchen table. There will be a built-in closet, and a galley kitchen that will include built-in storage, apartment sized refrigerator and 2 burner cook top, and counter space for resident’s microwave and other cooking items. Fifteen percent (15%) of the units (22) will meet Chapter 11B accessibility standards with all remaining units specified to meet Chapter 11A adaptability standards; 5% of the units (8) will include communication features. The building is served by two elevators. Each residential floor has a trash room with chutes for recycle, trash and compost disposal. Each residential floor has duplicated stacked floor layouts .

Ground floor interior common spaces include community room, laundry room, offices for property management and a supportive services suite area with case management and resident services offices. The ground floor also includes maintenance spaces. All common areas will be accessible.

The bike room provides spaces for 51 bikes. There is no vehicle parking proposed on the site.

The rear courtyard will be developed with areas of planting and permeable paving and landscape furnishings for private gathering areas. The courtyard has been designed with specific needs of the population to be served in mind including a dog relief area and a smoking area located as far as possible from building entries.

The Project will be “all-electric”, as required by City Ordinance, with centralized heat pump domestic hot water heating. Pumps will be required for domestic water service and fire protection. The office spaces will have split package units for HVAC with the compressors located on the roof. In the apartment units, heating and cooling will be provided by super-efficient and individually operated Packaged Terminal Air Conditioners (PTACs) within each unit. All corridor and bathroom ventilation fans will vent directly to the exterior, and tempered fresh air with MERV 13 filtration for the units and corridors will be provided. The fire protection system will meet NFPA 13 requirements throughout and include a fully monitored fire alarm system. The building will include a closed circuit television monitoring system, card-key access control system and a door monitoring and alarm system.

Residential SF:	68,802
Commercial SF:	-
Building Total SF:	68,802

UNIT TYPES	Avg Unit SF – This Project	CTCAC-Required Minimum SF
Studio:	316	200
2BR:	896	700
Do all units meet CTCAC minimum SF?	Y	

4.3. Construction Representative's Evaluation. The building design is a straightforward rectangle with double-loaded corridor units and floors exactly stacked for the greatest efficiency. The Site design takes advantage of the unorthodox shape of the lot by placing the outdoor spaces in the non-rectilinear areas. All community amenities – community room and kitchen, and laundry – face out and open to the outdoor spaces, providing the best possible spaces tailored for the residents and staff. These studio micro-units – larger than an SRO but smaller than a typical MOHCD PSH or senior studio unit – are well-equipped and laid out for both efficiency and comfort. There is relatively little square footage allotted to circulation: units are arranged on one double-loaded corridor and the ground floor reception area doubles as circulation.

Much like a factory-built approach, for maximum efficiency, there is one kitchenette design, two resident unit designs (one with bay windows to create rhythm and texture at the street façade), and only two bathroom designs. (The manager's two-bedroom ground floor unit is the exception.) With 146 units in 6 floors and sufficient community and outdoor spaces for the residents, the Site has been fully maximized.

The mechanical/electrical systems proposed – PTAC space cooling and heating systems for the units – are appropriate for the units and cost effective for both construction and operations.

While the Tahanan replication model was a factory-built project, and 1633 Valencia is stick/site-built, this Project is applying a very similar process, with subcontractor design-build instead of factory design-build. This approach should ensure cost controls by locking in pricing based on the subs' own designs that meet the architect's performance specifications, and by putting the responsibility for constructability, costs goals, and schedule firmly in the general contractor's hands. This approach lends itself to predictability with fewer (if any) change orders and no alterations to design or specifications during construction except as directed by the Owner or those pertaining to utility coordination.

The 1633 Valencia and Tahanan buildings are virtually the same, with the same footprint and similar amenities and outdoor space. The Valencia stick-built units will be the same dimensions as Tahanan's factory-built, and with the exception of the PTAC space conditioning at Valencia, the major systems equipment is the same as Tahanan's. An exception is the location of the transformer: most of San Francisco's urban affordable buildings utilize the underground sidewalk vaults for transformers, as did Tahanan, because of limited space in the buildings. Approvals for the street improvement permit take much longer for underground vaults, so for this Project, as a lesson-learned, the team carved out space inside the building. Also, of late, PGE's lead time for underground transformers has been precarious, and currently double that for pad-mounted transformers. Pad-mounted transformers are also less expensive than the underground equipment and vault. Since the Project team has recently gone through all the City regulatory processes with Tahanan, little should be left to chance about approvals for 1633 Valencia.

Tahanan had some post-occupancy problems with poor elevator function and bathroom floor drainage. The Project team made corrections for the elevators for 1633 Valencia. The problems with drainage pertain specifically to the improper sloping with factory-built units, so the same drainage issues will not befall the new Project.

The proposed construction cost of \$56,841,842 is considered reliable given the replication from Tahanan project and that buy-outs are 95% complete, and the Project team is in the process of executing a design-build agreement that forecloses on any future escalation. The total construction cost includes the demo of the existing structure and soil hazards mitigations. The Guaranteed Maximum Price does not include a contractor's contingency. Total costs include a 5% hard cost contingency which is appropriate given the project has been bought out, and Mercy will allow Cahill to share this contingency up to 2% at Mercy's discretion.

The deep foundation and vertical superstructure addenda have been fully approved by DBI, and Mechanical/Electric/Plumbing addendum is in plan check, through it has been well-reviewed according to the Project team. Fire Service approval is still outstanding with SFFD. PUC Water application is pending and depends on SFFD approvals. The risk of plan check changes affecting costs has been significantly mitigated, but MEPs and Fire are often rough spots with DBI, warranting the plan check contingency.

At \$403,026/unit construction cost, the Project compares favorably to comparable permanent supportive housing and senior developments in the MOHCD portfolio, the average of which is \$572K / unit or 30% more costly per unit. As with the MOHCD portfolio, the Project costs are based on prevailing wages (required by SB35). The square footage cost for 1633 Valencia at \$855/sf is 18% higher than the comparable MOHCD PSH/senior portfolio, due to the small, dense unit structure. However it is significantly less than 180 Jones, a recently completed close comp. 180 Jones, is 70 units (half PSH) in a 4,850 sf footprint, at \$979/sf. 1633 Valencia packs 146 units into a 11,600 sf footprint at \$855/sf. Like 1633 Valencia, 180 Jones' square foot costs are relatively high because of the small footprint and small units, and the unit costs are relatively low, but costs for this Project are 13%/sf and \$149K or 27%/unit less than that of 180 Jones (all escalated with Construction Cost Index for San Francisco (CCI)). The efficiency of design and the design-build process with locked in costs appear to deliver a less expensive project that can be approved and built faster.

Tahanan's construction costs, based on the cost certification and escalated to today's dollars with the CCI are \$344K/unit (146 units) and \$728/sf. The proposed 1633 Valencia costs per unit and square foot are 17% and 18% higher, respectively, than Tahanan. On-site stick-built construction versus factory-built may primarily account for this delta. Should the replication be successful, the contingencies built into the costs could potentially be saved to bring the costs more in line with Tahanan.

4.4. Commercial Space. N/A

4.5. Service Space. The ground floor services suite includes 8 offices for case management and resident services.

4.6. Interim Use. N/A

4.7. Infrastructure. N/A

4.8. Communications Wiring and Internet Access. 1633 Valencia will comply with the 2021 MOHCD Communications Systems Standards. Units will be equipped with Category 6, coax, and fiber optic cabling. In addition, Sponsor intends to provide wireless access in common areas.

4.9. Public Art Component. N/A. The Project is not required to include a public art component, however, the developer is working with the neighboring building (Harley Davidson) and Precita Eyes Muralists on plans to restore and preserve the historical Chevrolet Mural that was uncovered via the demolition of vacant commercial structures.

4.10. Marketing, Occupancy, and Lease-Up. The population served will be seniors (age 55+) experiencing, or at imminent risk of, homelessness, and referrals will be provided through Coordinated Entry (CE) or a referral process to be approved by HSH. Similar to 1064 Mission Senior, the 55 year plus senior designation allows the Project to serve people experiencing homelessness who are typically physically older than their counterparts due to the health impacts of living on the streets.

HSH has committed to working with project partners to guarantee a neighborhood prioritization process in the referral of unhoused adults from the Mission neighborhood or with ties to the Mission. The Mission neighborhood prioritization will be codified in the Resident Selection Plan. While referrals may come from different Access Points, the Mission neighborhood Access Point will be a key referral source for the Project. HSH, in cooperation with other stakeholders, will ensure that the referral process for the Project is in alignment with the City’s strategic and equity goals, provider’s ability to make timely referrals, and adherence to federal and state requirements for the City’s Coordinated Entry System. HSH is convening a Coordinated Entry Redesign Workgroup with a broad set of stakeholders, including Mercy, and expects that the workgroup will make recommendations to inform changes to Coordinated Entry referrals in the future.

Under the LOSP program, residents will pay 30% of their income towards rent; based on comparable senior permanent supportive housing projects in Mercy’s portfolio, the assumed tenant paid portion of rent is \$225/unit/month.

4.11. Relocation. Not applicable.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	David Baker Architects	N	N
Landscape Architect	Fletcher Studio	N	N
General Contractor	Cahill Contractors	N	N

Owner's Rep/Construction Manager	Regent Construction Management	Y	N
Financial Consultant	CHPC	N	N
Community Engagement	DSCS	Y	N
Legal	Gubb & Barshay	N	N

5.1. Procurement Plan. N/A as there is no City capital funding during construction.

5.2. Opportunities for BIPOC-Led Organizations. The Sponsor partnered with Dolores Street Community Services (DSCS) as the community engagement partner for 1633 Valencia. DSCS will receive a community engagement and service fee of \$300K for their work on the Project, which will allow them to further build capacity as a BIPOC-led organization doing work in the Mission-Bernal neighborhoods.

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Prior MOHCD/OCII Funding: Not applicable – no prior City funding.

6.2. Prior Predevelopment Funding: SFHAF provided a predevelopment loan in the amount of up to \$4,926,022 to get to construction loan closing, of which \$2,987,407 has been expended. The terms are 3% simple interest with 0.75% origination fee. Mercy's line of credit was used to pay one-off expenses which could not go through the lengthier draw process and were paid off immediately upon receipt of the predevelopment loan funds.

6.3. Proposed Permanent Financing

6.3.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project:

- City Permanent Loan (up to \$41,036,048): City and County of San Francisco, 55-years, 1% interest residual receipts loan, made up of 2020 Health and Recovery GO Bond funds. The loan includes a \$2 million AHP bridge loan, which the Sponsor has committed to apply to in Spring 2025. The bonds have not yet been sold, which will be done by the Office of Public Finance (OPF) before the conversion to permanent financing. The loan will have the standard term of 55 years. 1% interest is requested to avoid issues with capital accounts at LP exit.
- Permanent Loan (\$16,000,000): SFHAF Loan, 20 years fully amortizing, 3% interest rate.
- 4% Tax Credit Equity (\$27,569,430): National Equity Fund, committed at a price of \$0.965 per credit.
- GP Capital (\$100): Sponsor contribution
- Tax-exempt Construction Loan (\$42,634,766): While not a permanent source, the construction loan terms are California Bank and Trust, 29 months, 6.350% interest rate.

- Below-Market SFHAF Construction Loan (\$18,815,937): While not a permanent source, the construction loan terms are SFHAF, 29 months, 4.9% interest rate.

6.3.2. CDLAC Tax-Exempt Bond Application: On December 6, 2023, CDLAC adopted a resolution to transfer \$42,799,116 of 2023 State Ceiling on Qualified Private Bonds to CalHFA for the Project, which imposes a construction closing deadline of June 2024.

6.5.3 Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$389K/unit is low (nearly 30% reduction) compared to other similar sized studio units in the pipeline; construction cost of \$855 / sf is above comparable projects by 18% and reflects the dense, small unit structure; see Section 4.3 Construction Rep evaluation for further detail on hard cost
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%
Architecture and Engineering Fees are within standards	Y	Total Architecture and Engineering Fees (including owner-engineers) total \$3,774,009, which is approximately 7% of hard costs (without contingencies). The higher design costs are due to the design-build nature of the project.
Construction Management Fees are within standards	Y	12 months of predevelopment at \$4,200/month, and 23 months of construction at \$6,000/month.
Developer Fee is within standards, see also disbursement chart below	Y	<p>The developer fee is sized at \$2.5 million, under the max allowable developer fee of \$2.660M for this size project.</p> <p>Under agreement with SFHAF, Mercy is restricting the developer fee to \$2.5 million to limit the Project cost, as well as putting a greater portion of fee at risk (68%).</p> <p>PROPOSED: Project management fee: \$780,000 At risk fee: \$1,720,000 Deferred fee: \$0 GP equity: \$100 Commercial fee: \$0 Total fee: \$2,500,000</p>

Consultant and legal fees are reasonable	Y	Consultant and legal fees are reasonable
Entitlement fees are accurately estimated	Y	Yes, based on actuals
Construction Loan interest is appropriately sized	Y	Committed construction loan terms are 6.350% variable rate with a cap for 29 month term for CB&T Tax-Exempt Construction Loan and 4.9% fixed rate for 29 month term for SFHAF Construction Loan
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 5.5%, lower than Underwriting Guidelines standard of 10% given that the design costs under the GC are not included in the soft cost contingency sizing and don't pose risk to the developer (including architecture and subconsultant soft costs)
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 6 months, common for PSH
Furnishings	Y	Furnishings meet underwriting guideline standard for PSH units and common areas
Request for lease up and stabilization reserve in amount of \$750K as PSH pilot	N	The Project budget includes a \$750K capitalized lease up and stabilization reserve as a one-time pilot to cover additional management and maintenance staffing, overtime and security, repair damages and insurance deductibles during lease up and the initial two year stabilization period when residents are adjusting to the new building during and after lease up. This reserve will assist the building to fully lease up on schedule and hit its stabilization period for conversion to permanent financing while addressing the risk of LOSP funding shortfalls in the most challenging initial period of operations. Any remainder of this reserve not needed during the transition period will go to reduce the LOSP A disbursement for the operations' funding amount to be disbursed in January 2029.

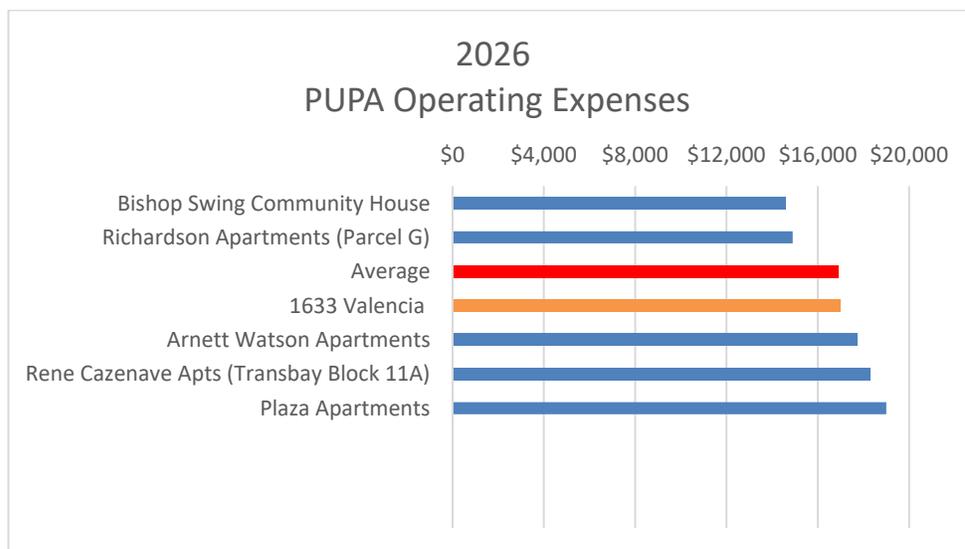
6.5.4 Developer Fee Evaluation: The milestones for the payment of the developer fee to the sponsor are specified below:

Total Developer Fee:	\$2,500,000	
Project Management Fee Paid to Date:	\$ 280,000	
Amount of Remaining Project Management Fee:	\$ 500,000	

Amount of Fee at Risk (the "At Risk Fee"):	\$1,720,000	
Amount of Fee Deferred (the "Deferred Fee"):	\$ 0	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$ 100	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Acquisition / Construction Loan Closing	\$150,000	20%
50% Completion	\$150,000	20%
TCO	\$100,000	12%
Reach Certificate of Final Completion	\$100,000	12%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$344,000	20%
Permanent conversion	\$860,000	50%
Project close-out	\$344,000	30%

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

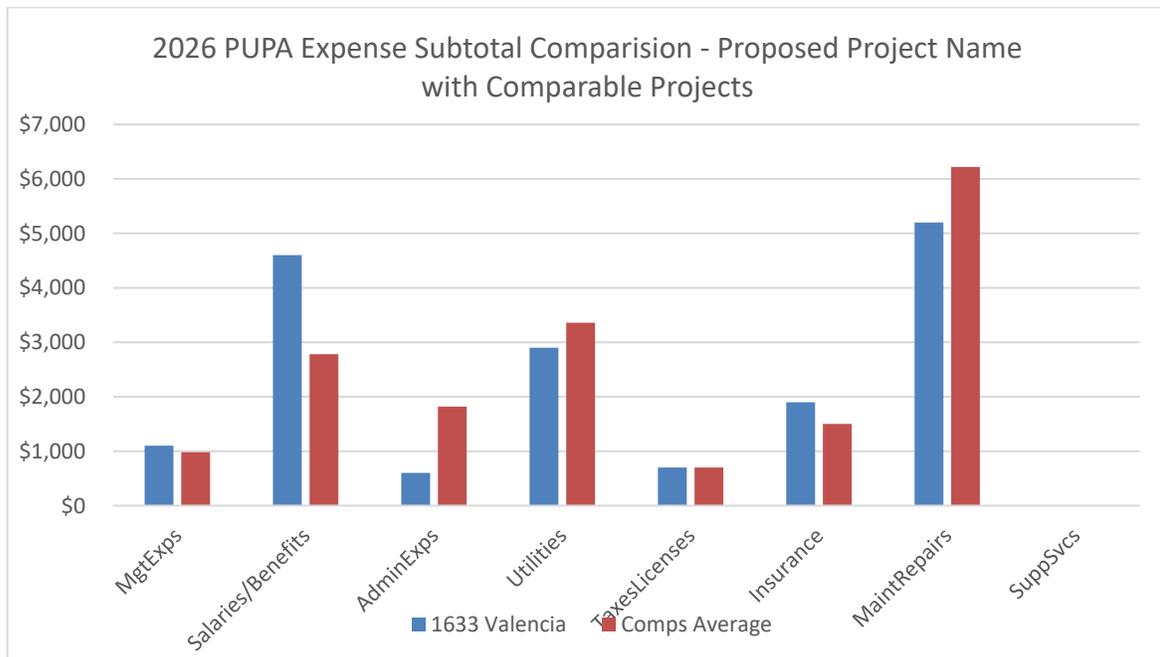
7.1. Annual Operating Budget. The proposed annual operating budget is \$2,480,895, or \$16,992 PUPA before reserves, fees and debt service. Operating costs are reasonable for a permanent supportive housing project of this size, and slightly above average of comparable 100% permanent supportive housing projects escalated to 2026. The operating budget includes lessons learned from Tahanan’s first two years of operations, which has needed increased staffing and part time site security for the same size building and population.



Operating costs are subsidized by LOSP program, allowing residents to pay 30% of their income in rent and a per unit LOSP cost of \$15,415 PUPA as shown in

column LOSP A. Projected staffing level is high at 15.4 FTE, or 1 FTE per 9 households, including full time desk clerk coverage, vacation & holiday desk clerk coverage, one Property Manager and two Assistant Property Managers, .5 FTE Housing Support Specialist (Mercy’s position that supports housing stabilization and has been successful at other PSH projects); 3 FTE janitors and 3 maintenance staff. The budget includes a security services contract for 5 hours / day 7 days a week to provide assistance both inside and outside of the building. Within the building, the security service would visit floors and report any incidents to the front desk staff; they would assist with de-escalation when there is an altercation, as well as help secure the front desk area when the desk clerk needs to step away from the desk. They would help block unauthorized guests into the property, which has been an ongoing issue at Tahanan. Outside the building, security would help de-escalate incidents between residents. The request for security is based on the last two years of operations at Tahanan, the same size PSH Project, but budgeted at half of the level implemented at Tahanan.

The staffing plan and proposed security will be further discussed with HSH and MOHCD before the LOSP contract underwriting is taken to Loan Committee in 2025 prior to entering into the LOSP agreement. It is worth noting that while proposed staffing and salary costs are higher than comparable PSH projects, administrative costs are lower than comps, bringing the per unit operating cost in line with average.



The LOSP agreement is requested to be for 19 years to cover the 18 year mortgage term for the SFHAF \$16 million loan with the first disbursement to be made in January

Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$26,009/yr; annual PM Fee is \$25,999/yr (includes escalation to 2026).
<i>For TCAC projects:</i> Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$600 per unit per year, which exceeds MOHCD and State replacement reserve standard, but is warranted for permanent supportive housing units
Limited Partnership Asset Management Fee meets standards	Y	\$5,000/year with no escalation
MOHCD monitoring fee		Included at \$2,500 / year to cover MOHCD AMR review and project monitoring

7.2.1. Income Restrictions for All Sources. The TCAC and CDLAC AMI restrictions are between 30% - 60% TCAC AMI. The City loan will restrict units at 50% MOHCD AMI. The requirement for the project to serve people who have experienced homelessness and income restrictions will be included the SF Health and Recovery permanent loan documents for as long as the City enters into service and operating subsidy contracts and provides the subsidies. If Mercy is not in default of those contracts, and the LOSP or service funding ends, the Project would stop serving the homeless population and would float up rents to the underlying restricted levels or higher if needed to maintain project feasibility. Existing project reserves would cover this transition.

NON-LOTTERY		No. of Units	MOHCD	TCAC / Bond
STUDIO – [LOSP]		72	50% MOHCD AMI	30% TCAC AMI
STUDIO – [LOSP]		29	50% MOHCD AMI	50% TCAC AMI
STUDIO – [LOSP]		44	50% MOHCD AMI	60% TCAC AMI
Sub-Total		145		
STAFF UNITS				
2 BR		1		
TOTAL		146		
PROJECT AVERAGE			50%	43.1%

7.2.2. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
Studio	145	50% of Median Income
2-BR	1	Manager’s Unit – not restricted

The Sponsor requests standard float up language in the event of loss of LOSP or service subsidy to ensure the Project can operate and no longer serve people experiencing homelessness.

7.2.3. LOSP Commitment for senior loan repayment.

Senior Permanent Loan Repayment: The Project requests a LOSP portion (LOSP B in the operating budget) at the fixed annual amount of \$1,158,969 for Mercy to make annual payments on the SFHAF permanent loan starting in January 2027 through January 2044.

8. SUPPORT SERVICES

8.1. Services Plan. Mercy and their support services partner to be selected by HSH will provide supportive services for all senior residents. A preliminary services plan was prepared for the CDLAC / TCAC application, and a more defined services plan will be developed once HSH has selected the services agency through an RFP. The scope of work in the services plan will include:

- outreach, intake and assessment
- case management
- Income or benefits obtainment and maintenance
- housing stability support which includes coordination with property management and eviction prevention
- wellness and emergency safety support, support groups, social events, and organized activities
- all services provided in alignment with housing first, harm reduction, and trauma informed care

Anticipated staffing is as follows:

Position	FTE	Description
Senior Case Manager (bilingual)	7.0	Provides psychological assessments, supportive counseling, and individualized wrap-around case management. 1:20 Case Management Ratio
Resident Services Coordinator II – Mercy (serving all residents)	1.5	Coordinates on site services programs, partnerships with outside organizations, and property management. Implements community engagement, health and wellness initiatives, and housing stability.
Total FTE	8.5	

8.2. Services Budget. Services will be funded through a separate contract with HSH; HSH will fund case management services for the LOSP units at a rate of \$576/unit/month (\$1,002,240 / year). The funding amount is based on the new client case management ratio and PUPM HSH allocations. Ratios now at 1:25 as there are no specific behavioral health target population

requirements (such as for MHSA or NPLH) for this site, so additional services dollars are not allocated.

1633 Valencia	145	
100 %PSH		
FTE	7	1.5
Staffing	Case managers	
		RSCII
CM Salary - 5.8 FTEs	\$ 353,800.00	\$ 100,500.00
Program Supervisor 1 FTE/0.2FTE	\$ 90,000.00	\$ 18,000.00
Clinical Supervisor 1 FTE	\$ 100,000.00	
Director Oversight 0.2 FTE/0.1FTE	\$ 26,000.00	\$ 13,000.00
Data Analyst 0.2FTE	\$ 10,000.00	
Benefits @ 34%	\$ 99,064.00	\$ 33,180.00
Total Salary	\$ 678,864.00	\$ 164,680.00
Client Supplies/Program Supplies \$200/\$100	\$ 29,000.00	\$ 14,500.00
Training	\$ 5,800.00	\$ 1,000.00
Travel	\$ 866.25	\$ 350.00
15% Indirect	\$ 107,179.54	\$ 27,079.50
Subtotal	\$ 821,709.79	\$ 180,530.00
Cost Per Unit	\$ 5,666.96	\$ 4,513.25

HSH payment standard	\$576	Per unit per month
	\$1,002,240	
CM ratio	1:25	
# of CMs	5.8	

8.3. HSH Assessment of Service Plan and Budget. The proposed budget is reasonable and the preliminary services plan meets expectations for the intended target population at this point in planning. HSH will procure the services provider, and then a more detailed services plan will be due in April 2025.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms.

Financial Description of Proposed Loan	
Loan Amount:	Up to \$41,036,048
Loan Term:	55 years
Loan Maturity Date:	2081 (55 years from conversion date)
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	1%
Date Loan Committee approves prior expenses can be paid:	Loan Committee Approval April 5, 2024

Financial Description of Enhanced LOSP Agreement requested	
LOSP Amount for operations and debt:	\$80,785,406
Grant Term:	19 years
Grant Maturity Date:	December 2044 (19 years from start date)
LOSP A – Operations:	\$59,923,964 over 19 year term
LOSP B - Annual Debt Service:	\$20,861,442 over 18 year term with annual debt payments of \$1,158,969 January 2027 – January 2044

9.2. Recommended Loan Conditions

1. Sponsor must apply for AHP in CY 2025 round after start of construction, which if awarded, would reduce the amount of the capital loan.
2. Under the proposed design build structure, the GC is responsible for most cost overruns, and there may be savings that will reduce the City loan at permanent conversion.
3. The \$750K capitalized lease up and stabilization reserve is a one-time pilot to cover additional management and maintenance staffing, overtime and security, repair damages and insurance deductibles during lease up and the initial two year stabilization period when residents are adjusting to the new building during and after lease up. Any remainder of this reserve not needed after CY 2028 will go to reduce the LOSP A for the operations funding amount to be disbursed in January 2029. Mercy will report on utilization of this reserve in the Project's submittal of Annual Monitoring Reports.

4. Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update, including on:
 1. Community outreach completed, and
 2. Outcomes achieved related to racial equity goals
 3. DBI status on the MEPs plan check and any potential new pricing from subs related to plan check
5. Sponsor must provide HSH and MOHCD with an updated services plan in April 2025 after the services contractor has been selected by HSH through a competitive procurement process.
6. While the up to amount of the LOSP contract has been approved for construction closing, Sponsor must submit an updated 1st year operating budget and 20-year cash flow by December 1 before the City's fiscal year in which the project will achieve TCO (FY 2025-26) for Loan Committee review prior to the LOSP contract being executed.
7. Sponsor must provide initial draft tenant selection criteria within 12 months of anticipated TCO.
8. Sponsor must provide quarterly updated response to any letters requesting corrective action.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Daniel Adams, Director
Mayor's Office of Housing and Community Development

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Salvador Menjivar, Director of Housing
Department of Homelessness and Supportive Housing

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Anna Van Degna, Director
Controller's Office of Public Finance

Date: _____

- Attachments:
- A. Project Milestones/Schedule
 - B. Borrower Org Chart
 - C. Developer Resumes
 - D. Asset Management Analysis of Sponsor
 - E. Threshold Eligibility Requirements and Ranking Criteria – N/A
 - F. Site Map with amenities
 - G. Elevations and Floor Plans, if available
 - H. Comparison of City Investment in Other Housing Developments
 - I. Predevelopment Budget N/A
 - J. Development Budget
 - K. 1st Year Operating Budget
 - L. 20-year Operating Pro Forma

REQUEST FOR PERMANENT LOAN AND LOFP FINANCING FOR 1633 VALENCIA STREET

Adams, Dan (MYR) <Dan.Adams@sfgov.org>

Tue 4/9/2024 6:45 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Hi Vanessa – I vote yes to approve the above listed request.

Daniel Adams

Director

Mayor's Office of Housing and Community Development

City and County of San Francisco

1633 Valencia

Menjivar, Salvador (HOM) <salvador.menjivar1@sfgov.org>

Tue 4/9/2024 2:30 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I support Mercy Housing request for permanent financing in the amount of up to \$41,036,048 (including a \$2M AHP bridge loan) as well as funding through the Local Operating Subsidy Program (LOSP) in the amount of \$80,785,406 over an 18-year LOSP term to support program operations and to service the \$16M SFHAF Innovation loan to create 145 new units of permanent supportive housing at 1633 Valencia.



Salvador Menjivar
Director of Housing
Pronouns: He/Him

San Francisco Department of Homelessness and Supportive Housing
salvador.menjivar1@sfgov.org | 415-308-2843

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Request for Permanent Loan and LOSP Financing for 1633 Valencia Street

Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>

Fri 4/5/2024 11:56 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks

Marc



Marc Slutzkin
Deputy Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

🏠 www.sfocii.org

REQUEST FOR PERMANENT LOAN AND LOSP FINANCING FOR 1633 VALENCIA STREET

Katz, Bridget (CON) <bridget.katz@sfgov.org>

Fri 4/5/2024 11:57 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Approve, subject to City Attorney and counsel's determination that Health and Recovery GO Bonds can be used for loans

Bridget Katz

Deputy Director, Office of Public Finance
Controller's Office | City & County of San Francisco
Office Phone: (415) 554-6240
Cell Phone: (858) 442-7059
E-mail: bridget.katz@sfgov.org

Attachment A: Project Milestones and Schedule

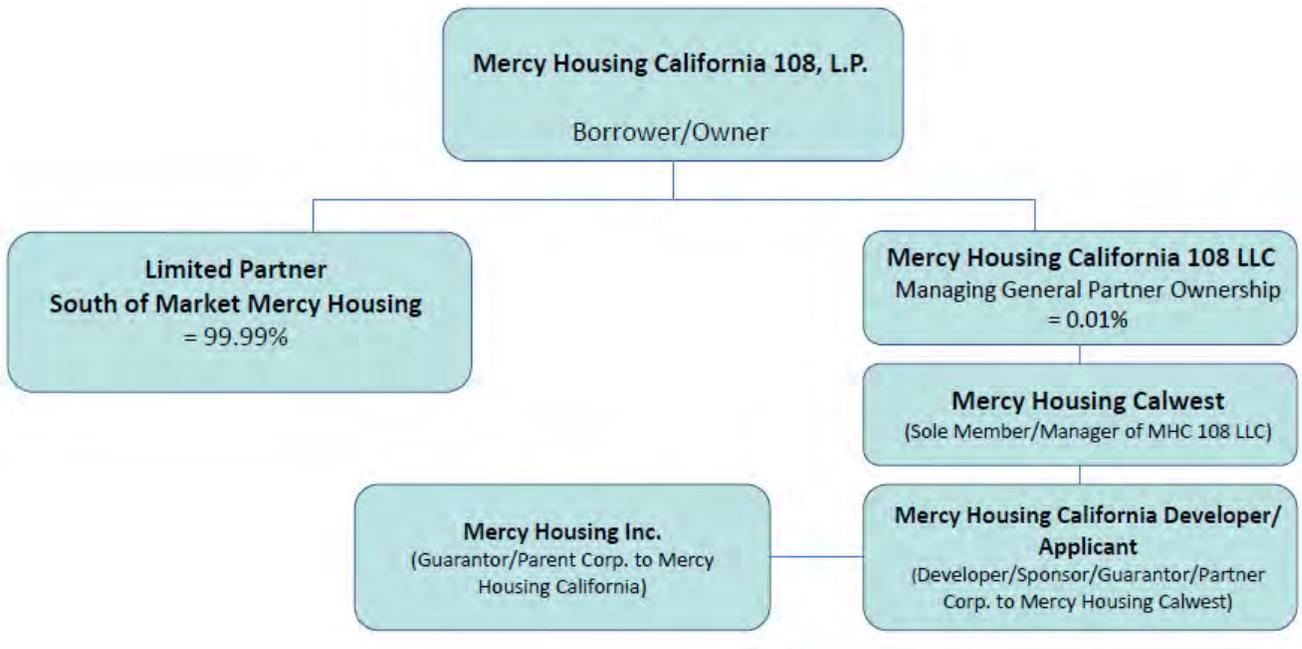
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	4/8/24	To be posted 30-days prior to Mayor execution of BOS Resolution
1	Acquisition/Predev Financing Commitment	3/21/22	Execution of Predevelopment Loan Agreement
2.	Site Acquisition	5/7/24	SL acquisition 08/2022
3.	Development Team Selection		
a.	Architect	07/2022	
b.	General Contractor	07/2022	
c.	Owner's Representative	08/2022	
d.	Property Manager	8/1/23	
e.	Service Provider	11/2024	Subject to HSH timing
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	11/21/22	
b.	Submittal of Design Development & Cost Estimate	8/18/23	
c.	Submittal of 50% CD Set & Cost Estimate	10/13/23	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	12/8/23	
5.	Commercial Space	N/A	
a.	Commercial Space Plan Submission	N/A	
b.	LOI/s Executed	N/A	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	12/19/22	
b.	CEQA Environ Review Submission	N/A	
c.	NEPA Environ Review Submission	N/A	
d.	CUP/PUD/Variances Submission	N/A	
7.	PUC/PG&E		
a.	Temp Power Application Submission	6/2/23	

b.	Perm Power Application Submission	6/2/23	
8.	Permits		
a.	Building / Site Permit Application Submitted	12/19/22	
b.	Addendum #1 Submitted	2/15/24	
c.	Addendum #2 Submitted	9/20/23	<u>Approved 2/16/2024</u>
d.	Addendum #3 Submitted	10/13/23	
e.	Addendum #4 Submitted	10/19/23	
f.	Addendum #5 Submitted	TBD	
g.	Addendum #6 Submitted	TBD	
h.	Addendum #7 Submitted	TBD	
i.	Addendum #8 Submitted	TBD	
j.	Addendum #9 Submitted	TBD	
k.	Addendum #10 Submitted	TBD	
l.	Addendum #11 Submitted	TBD	
9.	Request for Bids Issued	N/A	
10.	Service Plan Submission		
a.	Preliminary	3/5/24	
b.	Final	4/5/2025	
11.	Additional City Financing	N/A	
a.	Preliminary Gap Financing Application	N/A	
b.	Gap Financing Application	N/A	
c.	Preliminary Gap Financing Term Sheet	12/22/23	
12.	Other Financing		
a.	HCD Application	N/A	
b.	Preliminary Construction Financing Term Sheet	10/17/23	
c.	AHP Application	Spring 2025	
d.	CDLAC Application	9/6/23	
e.	TCAC Application	9/6/23	
f.	LOSP Commitment	7/26/23	
g.	LOSP Funding Request	12/1/2024	

13.	Closing		
a.	Construction Loan Closing	5/13/24	
b.	Conversion of Construction Loan to Permanent Financing; funding of City loan	10/2026	
14.	Construction		
a.	Notice to Proceed	5/14/24	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	12/15/25	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	12/15/24	
b.	Commence CES process	7/20/25	
c.	95% Occupancy	5/20/26	
16.	Cost Certification/8609	2/2027	

Attachment B: Borrower Org Chart



Attachment C: Development Staff Resumes



RAMIE K. DARE

Director, Real Estate

PROFESSIONAL EXPERIENCE

Mercy Housing California, San Francisco, California

Senior Housing Developer, May 1997 to Present

Developer of affordable rental housing for families, seniors, and people with special needs utilizing 4% and 9% tax credits, tax exempt bonds, conventional financing and rental subsidies. Experienced in all aspects of development, including feasibility study, contract negotiation, project management, financing and community acceptance planning. Developments include Bermuda Garden Apartments (80 unit rehab), Eden House Apartments (116 unit rehab) Marlton Manor (150 unit special needs, rehab), Tolton Court and Montclair Court (26 units urban infill), La Costa Paloma Apartments (180 units inclusionary housing), Carter Terrace (106 family units), 10th and Mission Family Housing (136 high rise family units, mixed use), and 9th and Jessie Senior Housing (107 high rise senior units, HUD 202 mixed finance) and Sunnydale HOPE SF (50 acre master planned mixed income community).

CREDO Housing, Inc, Oakland, California

Housing Developer, September 1993 - April 1997

Developer of affordable rental housing in Oakland, Berkeley and unincorporated Alameda County totaling \$19 million and 273 units. Experience in developing projects financed by low income housing tax credits, tax exempt bond, cities of Oakland and Berkeley, Alameda County, HUD and institutional lenders.

EDUCATION

University of California Los Angeles

Bachelor of Arts, Urban Studies major, 1991

Harvard University, John F. Kennedy School of Government

Master in Public Policy, 1993

Bank of America Leadership Academy

Development Training Institute, 2002

PROFESSIONAL & COMMUNITY INVOLVEMENT

Member of Board of Directors of Community Housing Partnership, which develops permanent affordable housing and services for formerly homeless individuals and families in San Francisco, April 2004 to Present.

Co-Chair of EBHO Community Acceptance Strategies Committee to build community acceptance of affordable housing amongst policymakers and the public. Served on EBHO Board of Directors, January 1996 to February 1997.

Member of Board of Directors of Californians for Justice, a statewide organization engaged in community organizing in low-income communities for racial justice, 1995 - 2001

Clare Murphy
33 Southern Heights Avenue, San Francisco, CA 94107
Phone: (415) 259-1605 Email: cmurphy@mercyhousing.org

EDUCATION

University of Oregon – Eugene, Oregon
Bachelor of Arts: Planning, Public Policy and Non-profit Management Major, June 2015
Economics Minor, June 2015

- Dean’s Scholarship & Dean’s List

EXPERIENCE

Associate Director – Real Estate Development November 2022 – Current

Mercy Housing, San Francisco, California

- 1633 Valencia Street – Predevelopment
- Sunnydale Masterplan Development
 - o Phase 3 Infrastructure – Predevelopment

Project Developer II – Real Estate Development December 2021 – November 2022

Mercy Housing, San Francisco, California

- 1939 Market Street – Predevelopment
- 1633 Valencia – Predevelopment
- Casa de la Mision – Construction, Close-out
- Bermuda Gardens Renovation – Predevelopment, Construction, Close-out
- Dorothy Day Renovation– Close-out

Project Developer I – Portfolio Syndication January 2019 – December 2021

Mercy Housing, San Francisco, California

- Bermuda Gardens Renovation – Predevelopment, Construction
- Dorothy Day Renovation – Predevelopment, Construction
- Francis of Assisi Renovation – Close-out
- Dudley (Elevator Replacement) – Construction, Close-out

Assistant Project Manager II – Portfolio Syndication March 2018 – January 2019

Mercy Housing, San Francisco, California

- Dorothy Day Renovation – Predevelopment
- Francis of Assisi Renovation – Predevelopment, Construction
- Bennett House Renovation – Predevelopment
- Britton Courts Renovation – Predevelopment, Closing

Assistant Project Manager I – Portfolio Syndication April 2015 – March 2018

Mercy Housing, San Francisco, California

- Columbia Park Renovation – Predevelopment, Construction, Close-out
- 111 Jones/Padre Palou Scattered Site Renovation – Predevelopment
- Santa Cruz Scattered Site Renovation – Predevelopment

Asset Management Intern June – September 2014

Mercy Housing, San Francisco, California

Asset Management Intern July – September 2013

Community Housing Partnership, San Francisco, California

Administrative Intern March – May 2010

San Francisco Housing Action Coalition, San Francisco, California

Christopher J. Hacnik
San Francisco Bay Area
Phone: (480) 298-1037 Email: chris.hacnik@mercyhousing.org

EDUCATION

University of California, Berkeley, College of Environmental Design
Master of City Planning - Housing, Community & Economic Development
Interdisciplinary Graduate Certificate in Real Estate

American University, Washington, DC
B.A. History; B.A. Music Performance - Cum Laude

EXPERIENCE

Project Developer I – Real Estate Development January 2024 - Present

Mercy Housing, San Francisco, California

- 1633 Valencia – Predevelopment
- 600 7th Street - Construction

Senior Development Associate June 2021 – June 2022

The Related Companies of California, Los Angeles, California

- Southwest Village Apartments in San Diego – Construction Loan Closing, Construction
- Chapel Avenue Apartments in Alhambra - Construction Loan Closing, Construction
- 1405 S. Broadway (Alveare Ph I, II, III) – Predevelopment
- Union at Echo Park – Predevelopment
- Acts Cherry Hill Apartments – Construction, Lease-Up

Development Associate, Affordable Housing Intern June 2021 – June 2022

The Related Companies of California, San Francisco, California

- Santa Rosa Mendocino Avenue Phase I – Construction Loan Closing
- Santa Rosa Mendocino Avenue Phase II – Predevelopment (Financing), Construction Loan Closing

Graduate Student Researcher January 2022 – July 2022

Turner Center for Housing Innovation, UC Berkeley

- Co-Author of “New Pathways to Create More Deeply Affordable Housing: Early Lessons from HUD’s Faircloth-to-RAD Program,” Turner Center for Housing Innovation at UC Berkeley, Published January 31, 2023

Development Consultant/Intern September 2021 – December 2021

Housing Authority of the City of Alameda, California

- Advised management staff on federal regulations and underwriting requirements related to the agency’s use of underutilized federal rental subsidies under the Public Housing program using HUD’s Faircloth-to-RAD Conversion tool

Business Development & Marketing Coordinator February 2020 – January 2021

Reno & Cavanaugh, PLLC, Washington, DC

Legal Assistant May 2018 – January 2020

Reno & Cavanaugh, PLLC, Washington, DC

- Drafted, reviewed, and finalized real estate contracts for over 60 multifamily affordable housing financial closings involving federal housing programs, preserving 3,474 public housing units nationwide

Attachment D: Asset Management Evaluation of Project Sponsor

Mercy Housing California (MHC) will assume asset management duties for 1633 Valencia. Asset Management falls under the National Portfolio Management department of Mercy Housing Inc.

Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio

California represents the largest portion of the portfolio with 156 operating properties across the state; 55 Mercy owned and occupied properties are located in the City of San Francisco.

Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)

Yelena Zilberfayn is the Vice President of Asset Management at Mercy Housing where she has worked for the past 22 years, 9 of which in the Asset Management Department, and is responsible for a portfolio of real estate assets serving families, seniors, and special needs individuals. She leads a team of five Asset Managers, four in San Francisco, one in Sacramento. Two Asset Management Analysts and one Commercial Asset Management Analyst based in the National Office in Denver, CO, and one Commercial Asset Manager based in San Francisco are supporting Yelena's team. In addition, there are two Asset Managers overseeing other regions in CA and one Capital Project Investment Manager, reporting directly to Melissa Clayton.

Yelena is located in the San Francisco office and interfaces directly with Doug Shoemaker, President of Mercy Housing California (MHC), and Lilli Lew-Hailer, Vice President of Operations of MHC. Yelena and her team act as Mercy Housing's representatives in relation to the physical and financial status of each asset and protect its financial health and long-term viability. Mercy's portfolio management also includes Transaction Team comprised of 2 staff devoted to other specialized needs such as the Year 15 buy out and the refinance of properties.

All positions are currently filled and they are all full time. The breakdown of the Bay Area asset management staff positions is as follows:

- (1) Vice President of Asset Management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (2) Asset Management Analysts
- (1) Commercial Asset Management Analyst
- (1) Commercial Asset Manager

Each Asset Manager oversees a portfolio of up to 25 assets. The Asset Managers in the San Francisco office currently have 90 assets in their portfolio. Eight of these properties are in predevelopment, under construction or in rehab in the City of San Francisco or Bay Area. In San Francisco, Asset Managers manage fewer than the maximum of 25 assets in order to free up capacity for future developments. Once development is complete, a San Francisco based Asset Manager will assume asset management duties for 1530 18th Street.

Description of Scope and Range of Duties of Developer's Asset Management Team

Asset Management staff has oversight over all operations of the properties. The portfolio is analyzed monthly through the Portfolio Scorecard, which looks at physical and economic occupancy, trade and intercompany payables. In addition, the team performs quarterly risk ratings according to Affordable Housing Investment Council (AHIC) standards, of every property to evaluate occupancy, reserves, management, capital needs and available reserves. If a property is placed on the watchlist, there is a quarterly meeting with the Asset Management team, Mercy Housing Management Group and Mercy Housing California President to find a solution to get the property off the watchlist.

Asset Managers are responsible for tracking all capital needs on their portfolio on a quarterly basis as part of Mercy's watchlist process. They are assisted by various staff of Mercy Housing Management Group, including the Regional Facilities Manager and the various Area Directors of Operations assigned to the properties. Using various analysis including our watchlist and budget planning, reviewing CNAs, and Reserve analysis, the Asset Managers determine when the necessary capital needs can be completed in the short and long term.

The analyst team submits reserve replacement requests bi-annually. In addition, the analyst team helps with the compliance with financing requirements and various reporting regulatory requirements by sending quarterly and annual reporting to investors and funders. Portfolio preservation planning is accomplished through balancing the use of reserves with the payment of scheduled partnership and deferred development fees through cash flow.

The transaction team handles some of the longer term needs of the portfolio such as Year 15 analysis and investor buyout and a property restructuring such as a refinance.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is ongoing coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center (nationwide)

Asset Management staffing budget is \$2,460,839.

Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

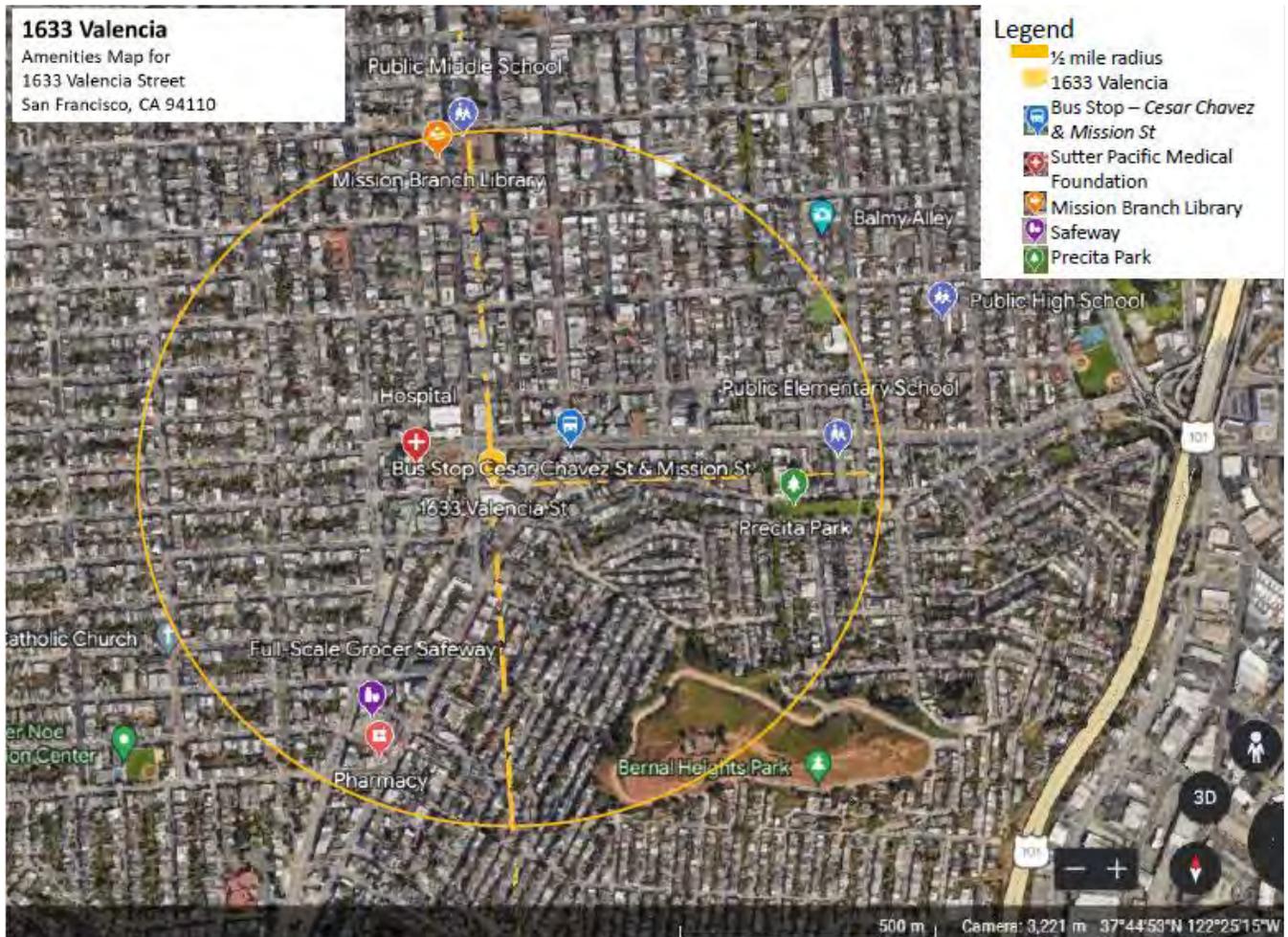
Mercy Housing anticipates that the portfolio will grow from 156 buildings to approximately 170 buildings in the next 5 years. Two new Asset Manager positions based in San Francisco were added in 2017 and one in 2019.

MOHCD Asset Management Staff assessment of Sponsor's asset management capacity: The Sponsor's description of their asset management functions, duties and coordination with related teams within the organization demonstrate an adequate asset management operation for their existing portfolio. With 7 FTE asset managers statewide and a portfolio of 156 projects in California, the project/asset management staff ratio is 22, which is in line with the industry standard of 20-25 recommended by NeighborWorks America. In addition, the Sponsor's asset management staff also includes Asset Management Analysts who support the Asset Managers. The full range of asset management responsibilities are covered by the asset managers and the analysts. With an increase of 15-16 projects in the Sponsor's portfolio anticipated over the next 5 years, the ration will increase but remain within the industry standard.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

N/A as developer procured under HSH's Chapter 21 emergency powers

Attachment F: Site Map with amenities



Attachment G: Elevations and Floor Plans



Attachment H: Comparison of City Investment in Other Housing Developments

Affordable Multifamily Housing New Construction Cost Comparison - San Francisco

Updated 3/29/2024		Acquisition costs by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs by Unit/Bed/SF			Total Development Cost (Not including Land)			Subsidy	
	Acq/Unit	Acq/BR	Acq/lot sq.ft	Const/Unit	Const/BR	Const/ sq.ft	Softunit	Soft/BR	Soft/ sq.ft	TDC/Unit	TDC/BR	TDC/ sq.ft	Subsidy / unit	Leveraging ¹	
Delta of Subject and Comparable Projects	\$ (659)	\$ (654)	-4.374499724	\$ (168,773)	\$ (167,458)	128	\$ 34,051	\$ 33,864	205	\$ (149,402)	\$ (148,173)	\$ 303	\$ (249,729)	-67.2%	
Delta Percentage	-67%	-67%	-63%	-30%	-22%	18%	126%	22%	103%	-20%	-20%	33%	-100%	-102%	
1633 Valencia	\$ 322	\$ 320	\$ 3	\$ 403,026	\$ 400,295	855	\$ 190,163	\$ 188,869	404	\$ 579,490	\$ 575,548	\$ 1,230	-	100.0%	
Comparable Projects	Average: \$ 982	\$ 975	\$ 6.92	\$ 571,799	\$ 567,742	\$ 727	\$ 156,112	\$ 155,005	\$ 199	\$ 728,892	\$ 723,722	\$ 927	\$ 249,729	66.7%	

Costs lower than comparable average (within 10%)	Costs higher than comparable average (within 10%)	Delta Compared to 1633 Valencia												Building Type	Stories	Cost Cert/Small commercial space	
		Delta Compared to 1633 Valencia	17%	17%	17%	147%	147%	147%	30%	30%	30%						
		Delta Compared to 1633 Valencia	\$ 59,109	\$ 58,721	\$ 137	\$ 13,000	\$ 12,295	\$ 703	\$ 130,217	\$ 127,201	\$ 296						
		833 Bryant - HAF/Modular	154	153	\$ 343,917	\$ 341,561	\$ 728	\$ 77,102	\$ 76,574	\$ 63	\$ 421,173	\$ 418,208	\$ 892	HAF/Modular	Type III	6	Cost Cert/Small commercial space

ALL PROJECTS	Average:	Building Square Footage						Total Project Costs							
		Lot sq.ft	Completion/ start date	# of Units	# of BR ²	Res. ¹	Non-Res.	Total sq. ft.	Total sq. ft.	Acq. Cost ³	Const. Cost ⁴	Soft Cost	Total Dev. Cost w/out w/accq costs	Local Subsidy	
ALL PROJECTS	Average:	32,206	119	194	119,969	13,412	131,603	131,603	\$ 170,790	\$ 81,881,876	\$ 20,655,167	\$ 102,706,150	\$ 30,739,292		
Comparable Projects Completed (filtered)	Average:	24,468	105	106	75,033	2,439	77,471	77,471	\$ 277,033	\$ 57,278,091	\$ 9,057,920	\$ 66,613,043	\$ 22,370,005		
Comparable Projects Under Construction (filtered)	Average:	9,058	77	77	52,395	2,809	55,204	55,204	\$ 15,813	\$ 42,915,131	\$ 17,628,631	\$ 60,559,575	\$ 19,710,358		
Comparable Projects In Predevelopment (filtered)	Average:	11,155	133	135	108,413	6,573	114,986	114,986	\$ 16,250	\$ 79,875,760	\$ 22,475,732	\$ 102,367,742	\$ 36,563,593		
Total Comparable Projects	Average:	14,894	105	106	78,614	3,940	82,554	82,554	\$ 103,032	\$ 60,022,994	\$ 16,387,427	\$ 76,513,453	\$ 26,214,652		
1633 Valencia	15,508	146	147	68,603	-	68,603	68,603	\$ 47,072	\$ 58,841,842	\$ 27,763,738	\$ 84,605,578	HAF	Type III	6	100% CD/prosimo commercial
Delta of Subject and Comp Project Averages	3.614	41	41	-8,111	-3,940	-13,751	-13,751	(\$5,960)	(\$1,181,152)	\$ 11,329,237	\$ 8,092,125	(\$26,214,652)			
Delta Percentage	24%	30%	30%	-12%	-100%	-17%	-17%	-54%	-2%	69%	11%	-100%			

PROJECTS COMPLETED		Building Square Footage						Total Project Costs										
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ²	Res. ¹	Non-Res.	Total	Acq. Cost ³	Const. Cost ⁴	Soft Cost	Total Dev. Cost w/out w/accq costs	Local Subsidy	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing, date of LC, unusual conditions such as childcare center)	
95 Laguna Senior	95 Laguna	14,300	May-19	79	82	59,785	7,316	67,101	\$ -	\$ -	\$ 39,212,122	\$ 11,343,790	\$ 50,555,912	\$ 16,222,000	100% LHFC	Type II over 2 Type III	7	Ind Community Services space
1206 Divided Street	1206 Divided Street	11,887	Jan-20	84	85	473,556	388,327	861,883	\$ 69,474	\$ 83,096	\$ 19,296,948	\$ 23,366	\$ 49,205,518	\$ 27,819,014	100% LHFC/HOME AVE	Type IA	8	Ind Community Services space
Mission Bay S. Block 9	410 China Basin Street	47,437	Oct-22	141	141	96,180	-	96,180	\$ 91,960	\$ -	\$ 15,596,625	\$ 93,699,630	\$ 109,356,215	\$ -	100% LHFC	Type IIIA FHN Type I	4	Factory built
833 Bryant - HAF Modular			Mar-22	145	146	67,000	1,500	68,500	22,268	49,857,941	11,179,853	61,070,652	HAF	Type III	6	Factory built		

PROJECTS UNDER CONSTRUCTION		Building Square Footage						Total Project Costs										
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ²	Res. ¹	Non-Res.	Total	Acq. Cost ³	Const. Cost ⁴	Soft Cost	Total Dev. Cost w/out w/accq costs	Local Subsidy	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing, date of LC, unusual conditions such as childcare center)	
180 Jones Street	180 Jones Street	4,863	Nov-24	70	70	36,180	3,304	39,474	\$ 39,474	\$ 10,000	\$ 38,295,496	\$ 15,262,708	\$ 53,668,204	\$ 12,856,477	4% LHFC + MHP	Type I	9	Updated due to cost
Central Freeway Parcel U - 78 Height	78 Height Street	5,683	May-25	63	63	44,185	3,216	47,401	\$ 47,401	\$ 37,430	\$ 35,961,808	\$ 45,417,515	\$ 89,380,744	\$ 26,746,467	100% Fed & St. Credits MHP	Type I	9	Ind Community Services space
4200 Geary	4200 Geary	16,738	Dec-24	95	95	70,634	1,808	72,442	\$ -	\$ -	\$ 4,546,088	\$ 19,104,917	\$ 23,651,005	\$ -	100% LHFC	Type II over Type I	7	Cont. to 1633 Valencia 100% CD/prosimo commercial

PROJECTS IN PREDEVELOPMENT		Building Square Footage						Total Project Costs										
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ²	Res. ¹	Non-Res.	Total	Acq. Cost ³	Const. Cost ⁴	Soft Cost	Total Dev. Cost w/out w/accq costs	Local Subsidy	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing, date of LC, unusual conditions such as childcare center)	
Laguna Honda Senior (325 LH)	325 Laguna Honda Blvd	14,300	Jan-25	200	204	213,000	13,900	226,900	\$ 16,000	\$ -	\$ 97,790,000	\$ 20,222,441	\$ 117,982,441	\$ 47,273,441	4% Credits, MHP, AVE	Type II over Type I	7	
772 Pacific Avenue	772 Pacific Avenue	9,219	Apr-24	85	85	45,458	8,847	54,305	\$ -	\$ -	\$ 58,205,200	\$ 17,129,912	\$ 75,335,112	\$ 25,176,182	4% Credits, MHP, AVE	Type IA	8	Cont. to 1633 Valencia 100% CD/prosimo commercial
Transbay 2 WEST - Senior OCH (CCDC)	200 Fulton	13,091	Mar-24	151	152	190,710	2,945	193,655	\$ -	\$ -	\$ 190,186,963	\$ 31,985,544	\$ 222,172,507	\$ 64,967,269	4% Credits, no HCD	Type I	9	Cont. to 1633 Valencia 100% CD/prosimo commercial
Andrew Yard Senior - 1988 Bryant	1988 Bryant	5,211	Dec-25	90	90	69,044	1,500	70,544	\$ 60,000	\$ 60,000	\$ 60,000	\$ 20,964,028	\$ 61,624,028	\$ 84,000,000		Type II over Type I	4-5	

PROJECTS COMPLETED		Acquisition cost by Unit/Bed/SF (not including land cost)			Construction by Unit/Bed/SF			Soft Costs by Unit/Bed/SF			Development Cost (incl acq costs, not including L)			Subsidy	
Project Name	Compl. Date	Acq/Unit	Acq/BR	Acq/lot sq.ft	Const/Unit	Const/BR	Const/ sq.ft	Softunit	Soft/BR	Soft/ sq.ft	TDC/Unit	TDC/BR	TDC/ sq.ft	Subsidy / unit	Leveraging ¹
95 Laguna Senior	May-19	-	-	-	\$ 488,308	\$ 478,107	284	\$ 143,592	\$ 138,388	169	\$ 630,848	\$ 616,535	\$ 753	\$ 256,342	65.2%
Hunters View Phase 1 - Block 10	Jun-19	-	-	-	\$ 664,050	\$ 277,294	104	\$ 66,654	\$ 38,795	65	\$ 795,704	\$ 339,090	\$ 570	\$ 154,480	21.4%
Mission Bay Block 7 West	Nov-17	-	-	-	\$ 796,348	\$ 383,174	153	\$ 121,284	\$ 60,642	84	\$ 887,632	\$ 435,816	\$ 617	\$ 241,275	27.8%
Booker T Washington	Feb-18	-	-	-	\$ 803,957	\$ 773,006	469	\$ 120,387	\$ 115,787	99	\$ 624,944	\$ 688,792	\$ 787	\$ 180,526	80.5%
Noble Sub Commons (TBT)	Oct-18	292	108	1	\$ 699,210	\$ 351,467	393	\$ 130,954	\$ 78,430	132	\$ 745,495	\$ 430,070	\$ 726	\$ 210,000	71.4%
Mission Bay S66	Oct-18	-	-	-	\$ 663,967	\$ 388,659	467	\$ 74,812	\$ 74,812	66	\$ 628,779	\$ 417,798	\$ 563	\$ 201,198	69.4%
Mission Bay S66	Nov-18	1,036	537	2	\$ 669,181	\$ 346,713	367	\$ 106,454	\$ 55,158	89	\$ 778,671	\$ 400,406	\$ 646	\$ 250,000	67.8%
Mission Bay S. Block 3 East	Jan-20	-	-	-	\$ 647,865	\$ 401,541	323	\$ 21,049	\$ 13,046	20	\$ 669,914	\$ 418,607	\$ 541	\$ 199,854	69.4%
Andrew Block 3 (ownership)	Sep-20	298	146	-1	\$ 1,009,451	\$ 521,526	528	\$ 177,309	\$ 94,841	111	\$ 1,186,628	\$ 613,617	\$ 798	\$ 249,732	79.3%
Eddy & Taylor Family Housing	Jun-20	-	-	-	\$ 603,309	\$ 323,131	328	\$ 131,305	\$ 70,320	115	\$ 734,674	\$ 393,451	\$ 641	\$ 196,349	73.3%
Project 0	Jun-20	-	-	-	\$ 836,222	\$ 476,437	460	\$ 92,508	\$ 60,570	100	\$ 728,700	\$ 417,007	\$ 710	\$ 250,271	79.0%
1000 Divided St	Jun-20	8,641	8,841	-1	\$ 972,244	\$ 577,244	592	\$ 200,447	\$ 100,224	100	\$ 1,172,469	\$ 677,468	\$ 836	\$ 258,872	82.0%
Surrydale Block 7	Jun-20	-	-	-	\$ 794,798	\$ 412,981	360	\$ 183,131	\$ 88,747	129	\$ 977,929	\$ 511,738	\$ 684	\$ 178,498	81.5%
4000 Geary	Jun-21	-	-	-	\$ 686,489	\$ 486,211	336	\$ 165,368	\$ 110,880	160	\$ 852,848	\$ 597,060	\$ 866	\$ 268,002	86.6%
1633 Valencia	Mar-21	-	-	-	\$ 659,733	\$ 415,003	473	\$ 96,634	\$ 57,958	365	\$ 759,337	\$ 473,000	\$ 787	\$ 288,279	63.7%
2000 Fulton Street	May-21	1,062	235	-1	\$ 698,716	\$ 347,081	322	\$ 158,269	\$ 79,791	204	\$ 848,948	\$ 427,289	\$ 643	\$ 249,584	70.8%
1988 Bryant	Dec-21	-	-	-	\$ 680,960	\$ 417,064	497	\$ 223,017	\$ 213,017	203	\$ 903,984	\$ 686,049	\$ 1,021	\$ 349,548	61.7%
88 Broadway - Family Housing	Jul-21	-	-	-	\$ 650,627	\$ 356,707	474	\$ 222,005	\$ 120,603	185	\$ 876,703	\$ 512,309	\$ 790	\$ 223,295	75.4%
801 China Basin (BE South Bay)	Aug-21	-	-	-	\$ 808,448	\$ 418,481	465	\$ 154,706	\$ 79,984	127	\$ 963,432	\$ 498,475	\$ 792	\$ 267,840	72.2%
410 China Basin (MS 10)	Oct-21	-	-	-	\$ 453,073	\$ 253,073	460	\$ 160,336	\$ 80,168	205	\$ 614,498	\$ 314,609	\$ 577	\$ 204,154	57.0%
Casa de la Mission	Sep-21	-	-	-	\$ 470,022	\$ 437,022	497	\$ 175,468	\$ 175,468	197	\$ 645,496	\$ 412,078	\$ 497	\$ 29,105	69.2%
1900 Fulton	Sep-21	17,483	11,062	86	\$ 690,205	\$ 417,740	413	\$ 179,136	\$ 113,847	185	\$ 868,024	\$ 542,149	\$ 796	\$ 308,054	61.9%
Surrydale Block 6	Feb-22	-	-	-	\$ 718,512	\$ 318,512	318	\$ 228,000	\$ 114,000	159	\$ 846,512	\$ 502,512	\$ 555	\$ 186,703	63.0%
Mission Bay S. Block 9	Oct-22	-	-	-	\$ 558,733	\$ 315,733	390	\$ 110,619	\$ 110,619	137	\$ 669,352	\$ 469,352	\$ 948	\$ 153,000	75.4%
50 Colton (Bond only)	Jul-22	1,789	1,789	22	\$ 428,620	\$ 428,620	498	\$ 174,180	\$ 174,180	349	\$ 604,807	\$ 404,807	\$ 1,210	\$ 78,849	95.3%
1204 Mission Street	Dec-22	0	0	1	\$ 476,182	\$ 476,182	477	\$ 145,072	\$ 145,072	238	\$ 621,254	\$ 476,182	\$ 1,016	\$ 192,789	69.0%
Mission Bay	Feb-23	143	139	0	\$ 629,478	\$ 474,699	493	\$ 83,719	\$ 83,699	85	\$ 706,436	\$ 537,617	\$ 714	\$ 230,714	67.3%
500 Turk Street (550 Lanin)	Dec-22	6,719	3,901	38	\$ 590,027	\$ 336,776	373	\$ 276,065	\$ 160,296	273	\$ 866,767	\$ 507,073	\$ 652	\$ 300,000	69.2%
601 Franklin	Oct-22	962	956	-1	\$ 616,950	\$									

Attachment I:

N/A

Attachment J: Development Budget

Application Date: 2/1/24 # Units: 146
 Project Name: 1633 Valencia # Bedrooms: 147
 Project Address: 1633 Valencia St # Beds:
 Project Sponsor: Mercy Housing California LOSP Project

SOURCES	Total Sources						Comments
		16,000,000	39,036,048	27,569,430	100	2,000,000	
		SF Health & Recovery (HSH) Loan	Tax Credit Equity	Sponsor Contribution	AHP Bridge		

USES

ACQUISITION

		5,209,464	45,230	330,240	100	5,585,034
Acquisition cost or value		5,209,464	45,230	330,240	100	5,585,034
Legal / Closing costs / Broker's Fee		10,000				10,000
Holding Costs						0
Transfer Tax		35,399				35,399
TOTAL ACQUISITION	0	5,254,863	45,230	330,240	100	5,630,433

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		1,329,321	37,139,167	3,013,162		2,000,000	43,481,650	Include FF&E
* Commercial Shell Construction							0	
* Demolition		456,786					456,786	
Environmental Remediation		196,022					196,022	
* Onsite Improvements/Landscaping		1,003,027	914,178				1,917,205	
* Offsite Improvements		739,728					739,728	
* Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking							0	
GC Bond Premium/GC Insurance/GC Taxes							0	Design-Builder contingency
GC Overhead & Profit				5,281,417			5,281,417	Includes bond/insurance/taxes
CG General Conditions				2,079,598			2,079,598	
Sub-total Construction Costs	0	3,724,884	38,053,345	10,374,177	0	2,000,000	54,152,406	
Design Contingency (remove at DD)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency		2,689,436					2,689,436	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	2,689,436	0	0	0	0	2,689,436	
TOTAL CONSTRUCTION COSTS	0	6,414,320	38,053,345	10,374,177	0	2,000,000	56,841,842	

SOFT COSTS

Architecture & Design

Architect design fees		1,213,664					1,213,664	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)		771,000		62,719			833,719	
Architect Construction Admin				489,586			489,586	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract	0	1,984,664	0	552,305	0	0	2,536,969	
Other Third Party design consultants (not included under Architect contract)								Design-Build Engineering: \$921,000 (Intermountain Electric-\$375,000, Sullivan Plumbing-\$146,000, O'Brien Mech-\$200,000, Blackrock Concrete-\$100,000, Sit-co-\$10,000, OTIS-\$10,000, Solar-\$14,000, Site Lighting/fire protection/performance-\$51,000) + Owner contract consultants \$391,340 (Commissioning Agent-\$65,000, Permit Consultant-\$120,000, Peer Review Checklist-\$41,040, Joint-Trench Engineer-\$90,000)
Total Architecture & Design	0	2,621,661	0	600,043	0	0	1,237,043	

Engineering & Environmental Studies

Survey		34,282		5,718			40,000	
Geotechnical studies		29,105	90,000	6,195			125,300	Includes Corrosive and geotech engineering in construction
Phase I & II Reports		13,000					13,000	
CEQA / Environmental Review consultants		38,783		129,667			168,450	Vapor Mat Engineering, SMP, final report, Const observation
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants				243,933			243,933	Kanyon Consulting (Tribal Monitoring)-\$175,000, Precita Eyes Mural Restoration-\$68,933
Total Engineering & Environmental Studies	0	115,170	90,000	385,513	0	0	590,683	

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee				696,080			696,080	Tax-exempt construction loan, SFHAF Construction loan
Construction Loan Interest			72,703	5,571,173			5,643,876	Tax-exempt construction loan, SFHAF Construction loan, SFHAF perm construction loan interest
Title & Recording				75,000			75,000	
CDLAC & CDIAC fees				19,980			19,980	
Bond Issuer Fees				85,299			85,299	CalHFA App fee, Initial Fee and Monitoring Fee
Other Bond Cost of Issuance				27,000			27,000	Trustee Initial and Fees during construction
Construction Lender Expenses, Admin Fee for Loan Servicing				138,000			138,000	
Sub-total Const. Financing Costs	0	0	72,703	6,612,532	0	0	6,685,235	
Permanent Financing Costs								
Permanent Loan Origination Fee				160,000			160,000	
Credit Enhance. & Appl. Fee							0	
Title & Recording				30,000			30,000	
Sub-total Perm. Financing Costs	0	0	0	190,000	0	0	190,000	
Total Financing Costs	0	0	72,703	6,802,532	0	0	6,875,235	

Legal Costs

Borrower Legal fees		5,000	8,500	186,500			200,000	
Land Use / CEQA Attorney fees		5,652					5,652	
Tax Credit Counsel				50,000			50,000	
Bond Counsel				75,000			75,000	
Construction Lender Counsel		5,000		75,000			80,000	CHPC
Permanent Lender Counsel				175,000			175,000	
COI Contingency				25,920			25,920	
Total Legal Costs	0	15,652	8,500	587,420	0	0	611,572	

Other Development Costs

Appraisal		10,688		1,813			12,500	
Market Study		10,000					10,000	
Insurance				694,000			694,000	
Property Taxes							0	
Accounting / Audit				65,000			65,000	
Organizational Costs		6,641		859			7,500	
Entitlement / Permit Fees		618,677		228,613			847,290	Includes Impact Fees, BOE Fees for Soil Offhaul
Marketing / Rent-up		11,283		280,718			292,000	
Furnishings				900,000			900,000	\$2,000/unit: See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees		62,800		269,562			332,362	
TCAC App / Alloc / Monitor Fees		30,002		59,860			89,862	
Financial Consultant fees		25,000		55,000			80,000	CHPC
Construction Management fees / Owner's Rep		38,700		159,300			198,000	
Security during Construction							0	
Relocation							0	
Predevelopment Loan and LOC Interest		152,482		6,478			158,960	
Special Inspections				279,000			279,000	
Community Engagement				312,500			312,500	
Total Other Development Costs	0	966,272	0	3,312,702	0	0	4,278,974	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	332,062	16,270	546,666	0	0	894,998	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	0	4,050,817	187,473	12,787,181	0	0	17,025,471	5.5%

RESERVES

* Operating Reserves				1,857,832			1,857,832	Capitalized 6 mo
* Replacement Reserves							0	
* Tenant Improvements Reserves							0	
* Lease-up and stabilization reserve			750,000				750,000	See loan evaluation for background
* Other (specify)							0	
* Other (specify)							0	
TOTAL RESERVES	0	0	750,000	1,857,832	0	0	2,607,832	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones		280,000		500,000			780,000	
Developer Fee - Cash-out At Risk				1,720,000			1,720,000	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	0	280,000	0	2,220,000	0	0	2,500,000	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	0	16,000,000	39,036,048	27,569,430	100	2,000,000	84,605,578
Development Cost/Unit as % of TDC by Source	0.0%	18.9%	46.1%	32.6%	0.0%	2.4%	100.0%

Acquisition Cost/Unit by Source

	0	35,681	310	2,262	1	0	38,254
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Construction Cost (inc Const Contingency)/Unit By Source

	0	43,934	260,639	71,056	0	13,699	389,328
Construction Cost (inc Const Contingency)/SF	0.00	93.23	553.08	150.78	0.00	29.07	826.17

*Possible non-eligible GO Bond/COP Amount: 0
 City Subsidy/Unit: -
 Tax Credit Equity Pricing: 0.965
 Construction Bond Amount: 42,799,116
 Construction Loan Term (in months): 28 months
 Construction Loan Interest Rate (as %): 7.08%

Attachment K: 1st Year Operating Budget

Application Date: 2/1/2024
 Total # Units: 146
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

Project Name: 1633 Valencia
 Project Address: 1633 Valencia St
 Project Sponsor: Mercy Housing California

Correct errors noted in Col N!

INCOME	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Residential - Tenant Rents	391,500	0	391,500	Links from 'New Proj - Rent & Unit Mix' Worksheet				2,682
Residential - Tenant Assistance Payments (SOS Payments)	0	0	0	Comments				-
Residential - Tenant Assistance Payments (Other Non-LOSP)	0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet				-
Residential - LOSP Tenant Assistance Payments	2,235,309	0	2,235,309	Links from 'New Proj - Rent & Unit Mix' Worksheet				15,416
Commercial Space	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
"LOSP B" Funding	0	0	0	This is "LOSP B" funding of \$1,158,969 for annual 18 year debt service; first payment due 1/1/2027 so zero for CY 2026.	0.00%	100.00%	Anne/Mike	-
Supportive Services Income	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Laundry and Vending	8,760	0	8,760	Links from 'Utilities & Other Income' Worksheet				60
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	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0					-
Gross Potential Income	2,635,569	0	2,635,569					
Vacancy Loss - Residential - Tenant Rents	(19,575)	0	(19,575)	Vacancy loss is 5% of Tenant Rents.				(134)
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0					-
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
EFFECTIVE GROSS INCOME	2,615,994	0	2,615,994	PUPA: 17,918				

OPERATING EXPENSES	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Management								
Management Fee	140,160	0	140,160	1st Year to be set according to HUD schedule.				960
Asset Management Fee	26,009	0	26,009	\$26,009 for Sponsor Asset Management Fee; \$2,500 for MOHCD asset management fee				178
Sub-total Management Expenses	166,169	0	166,169	PUPA: 1,138				
Salaries/Benefits								
Office Salaries	247,205	0	247,205	Links from 'Staffing' Worksheet				1,693
Manager's Salary	224,496	0	224,496	Links from 'Staffing' Worksheet				1,538
Health Insurance and Other Benefits	152,518	0	152,518	Health Benefits; Retirements				1,045
Other Salaries/Benefits	42,787	0	42,787	Office Salaries, Manager & Maintenance bonuses				293
Administrative Rent-Free Unit	0	0	0					-
Sub-total Salaries/Benefits	667,006	0	667,006	PUPA: 4,569				
Administration								
Advertising and Marketing	5,000	0	5,000					34
Office Expenses	31,000	0	31,000	Office supplies, postage, computer support and software, commuter checks, staff training				212
Office Rent	0	0	0					-
Legal Expense - Property	15,000	0	15,000					103
Audit Expense	11,500	0	11,500					79
Bookkeeping/Accounting Services	24,000	0	24,000					164
Bad Debts	0	0	0					-
Miscellaneous	2,200	0	2,200	Travel, Training, and Employee Recognition				15
Sub-total Administration Expenses	88,700	0	88,700	PUPA: 608				
Utilities								
Electricity	255,000	0	255,000	Based on comparable project actuals, with addition of E hot water				1,747
Water	75,000	0	75,000	Based on comparable project actuals				514
Gas	0	0	0	All Electric				-
Sewer	96,500	0	96,500	Based on comparable project actuals				661
Sub-total Utilities	426,500	0	426,500	PUPA: 2,921				
Taxes and Licenses								
Real Estate Taxes	10,000	0	10,000	100% Welfare Tax Exemption				68
Payroll Taxes	83,800	0	83,800					574
Miscellaneous Taxes, Licenses and Permits	1,500	0	1,500	Business Renewal, Loading Zone renewal				10
Sub-total Taxes and Licenses	95,300	0	95,300	PUPA: 653				
Insurance								
Property and Liability Insurance	265,000	0	265,000	Based on quote dated 3/20/24				1,815
Fidelity Bond Insurance	0	0	0					-
Worker's Compensation	15,000	0	15,000					103
Director's & Officers' Liability Insurance	0	0	0					-
Sub-total Insurance	280,000	0	280,000	PUPA: 1,918				
Maintenance & Repair								
Payroll	341,688	0	341,688	Links from 'Staffing' Worksheet				2,340
Supplies	30,000	0	30,000	Janitorial and maintenance supplies				205
Contracts	126,500	0	126,500	Window washing (25K), FA/FS (30K), Elevator (37.5K), Exterminating (7.5K), Grounds				866
Garbage and Trash Removal	68,000	0	68,000					466
Security Payroll/Contract	146,032	0	146,032	Links from 'Staffing' Worksheet				1,000
HVAC Repairs and Maintenance	20,000	0	20,000					137
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0					-
Miscellaneous Operating and Maintenance Expenses	25,000	0	25,000	Telecommunications				171
Sub-total Maintenance & Repair Expenses	757,220	0	757,220	PUPA: 5,186				
Supportive Services	0	0	0	Links from 'Staffing' Worksheet				-
Commercial Expenses	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-

TOTAL OPERATING EXPENSES	2,480,895	0	2,480,895	PUPA: 16,992				
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Reserves/Ground Lease Base Rent/Bond Fees	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Ground Lease Base Rent	0	0	0	Provide additional comments here, if needed.				-
Bond Monitoring Fee	14,000	0	14,000	Issuer Fee (\$7.5K), Trustee Fee (\$6.5K)	100.00%	0.00%	Anne/Mike	96
Replacement Reserve Deposit	87,600	0	87,600	\$600/PUPY				600
Operating Reserve Deposit	0	0	0					-
Other Required Reserve 1 Deposit	0	0	0					-
Other Required Reserve 2 Deposit	0	0	0					-
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	101,600	0	101,600	PUPA: 696				

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond)	2,582,495	0	2,582,495	PUPA: 17,688				
NET OPERATING INCOME (INCOME minus OP EXPENSES)	33,499	0	33,499	PUPA: 229				

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Hard Debt - First Lender	0	0	0	SFHAF Permanent Loan	0%	100.00%	Anne/Mike	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	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	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0				

CASH FLOW (NOI minus DEBT SERVICE)	33,499	0	33,499					
Commercial Only Cash Flow	0	0	0					-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	0	0	0					-
AVAILABLE CASH FLOW	33,499	0	33,499					

USES OF CASH FLOW BELOW (This row also shows DSCR.)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL								
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	2,500	0	2,500	MOHCD MONITORING FEE				-
Partnership Management Fee (see policy for limits)	25,999	0	25,999	Y1 - 2025 AMF = 26,009; AMF/PMF total: 52,008; PMF = 25,999; "below				3
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	0	5,000					2
Other Payments	0	0	0					1
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 (Enter amt <= Max Fee from cell 1130)	0	0	0	#DIV/0!	0%	100.00%	Anne/Mike	-
TOTAL PAYMENTS PRECEDING MOHCD	33,499	0	33,499	PUPA: 229				

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS)	0	0	0					
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Residual Receipts Calculation	Yes	Project has MOHCD ground lease?	No	
Will Project Defer 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 if	67%			

Sum of DD F from LOSP and non-LOSP:	0
Ratio of Sum of DDF and calculated 50%:	#VALUE!

Soft Debt Lenders with Residual Receipts Obligations	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCIL - Soft Debt Loans		0.00%
MOHCD/OCIL - Ground Lease Value or Land Acq Cost	\$5,848,928	100.00%
HCD (soft debt loan) - Lender 3		0.00%
Other Soft Debt Lender - Lender 4		0.00%
Other Soft Debt Lender - Lender 5		0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE	0	MOHCD res recs to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS	0	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	
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Enter order fo

Enter Total MOHCDIC

Attachment L: 20-year Operating Proforma

1633 Valencia

Total # Units:	LOSP Units		Comments	Year 1 2026			Year 2 2027			Year 3 2028		
	146	145		LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME	annual inc LOSP	% annual increase	(related to annual inc assumptions)									
Residential - Tenant Rents	1.0%	2.5%		391,500	-	391,500	395,415	-	395,415	399,369	-	399,369
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		2,235,309	-	2,235,309	2,317,201	-	2,317,201	2,403,841	-	2,403,841
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	-	-	1,158,969	-	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		8,760	-	8,760	8,979	-	8,979	9,203	-	9,203
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				2,635,569	-	2,635,569	2,721,595	1,158,969	3,880,564	2,812,413	1,158,969	3,971,382
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(19,575)	-	(19,575)	(19,771)	-	(19,771)	(19,968)	-	(19,968)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				2,615,994	-	2,615,994	2,701,824	1,158,969	3,860,793	2,792,445	1,158,969	3,951,414
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	140,160	-	140,160	145,066	-	145,066	150,143	-	150,143
Asset Management Fee	3.5%	3.5%	per MOHCD policy	26,009	-	26,009	26,919	-	26,919	27,861	-	27,861
Sub-total Management Expenses				166,169	-	166,169	171,985	-	171,985	178,004	-	178,004
Salaries/Benefits												
Office Salaries	3.5%	3.5%		247,205	-	247,205	255,857	-	255,857	264,812	-	264,812
Manager's Salary	3.5%	3.5%		224,496	-	224,496	232,353	-	232,353	240,486	-	240,486
Health Insurance and Other Benefits	3.5%	3.5%		152,518	-	152,518	157,856	-	157,856	163,381	-	163,381
Other Salaries/Benefits	3.5%	3.5%		42,787	-	42,787	44,285	-	44,285	45,835	-	45,835
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				667,006	-	667,006	690,351	-	690,351	714,514	-	714,514
Administration												
Advertising and Marketing	3.5%	3.5%		5,000	-	5,000	5,175	-	5,175	5,356	-	5,356
Office Expenses	3.5%	3.5%		31,000	-	31,000	32,085	-	32,085	33,208	-	33,208
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		15,000	-	15,000	15,525	-	15,525	16,068	-	16,068
Audit Expense	3.5%	3.5%		11,500	-	11,500	11,903	-	11,903	12,319	-	12,319
Bookkeeping/Accounting Services	3.5%	3.5%		24,000	-	24,000	24,840	-	24,840	25,709	-	25,709
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		2,200	-	2,200	2,277	-	2,277	2,357	-	2,357
Sub-total Administration Expenses				88,700	-	88,700	91,805	-	91,805	95,018	-	95,018
Utilities												
Electricity	3.5%	3.5%		255,000	-	255,000	263,925	-	263,925	273,162	-	273,162
Water	3.5%	3.5%		75,000	-	75,000	77,625	-	77,625	80,342	-	80,342
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		96,500	-	96,500	99,878	-	99,878	103,373	-	103,373
Sub-total Utilities				426,500	-	426,500	441,428	-	441,428	456,877	-	456,877
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		10,000	-	10,000	10,350	-	10,350	10,712	-	10,712
Payroll Taxes	3.5%	3.5%		83,800	-	83,800	86,733	-	86,733	89,769	-	89,769
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		1,500	-	1,500	1,553	-	1,553	1,607	-	1,607
Sub-total Taxes and Licenses				95,300	-	95,300	98,636	-	98,636	102,088	-	102,088
Insurance												
Property and Liability Insurance	3.5%	3.5%		265,000	-	265,000	274,275	-	274,275	283,875	-	283,875
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		15,000	-	15,000	15,525	-	15,525	16,068	-	16,068
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				280,000	-	280,000	289,800	-	289,800	299,943	-	299,943
Maintenance & Repair												
Payroll	3.5%	3.5%		341,688	-	341,688	353,647	-	353,647	366,025	-	366,025
Supplies	3.5%	3.5%		30,000	-	30,000	31,050	-	31,050	32,137	-	32,137
Contracts	3.5%	3.5%		126,500	-	126,500	130,928	-	130,928	135,510	-	135,510
Garbage and Trash Removal	3.5%	3.5%		68,000	-	68,000	70,380	-	70,380	72,843	-	72,843
Security Payroll/Contract	3.5%	3.5%		146,032	-	146,032	151,143	-	151,143	156,433	-	156,433
HVAC Repairs and Maintenance	3.5%	3.5%		20,000	-	20,000	20,700	-	20,700	21,425	-	21,425
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		25,000	-	25,000	25,875	-	25,875	26,781	-	26,781
Sub-total Maintenance & Repair Expenses				757,220	-	757,220	783,723	-	783,723	811,153	-	811,153
Supportive Services	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				2,480,895	-	2,480,895	2,567,726	-	2,567,726	2,657,597	-	2,657,597
Reserves/Ground Lease Base Rent/Bond Fees												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				2,582,495	-	2,582,495	2,669,326	-	2,669,326	2,759,197	-	2,759,197
NET OPERATING INCOME (INCOME minus OP EXPENSES)				33,499	-	33,499	32,498	1,158,969	1,191,467	33,248	1,158,969	1,192,217
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	-	-	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	-	-	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)				33,499	-	33,499	32,498	-	32,498	33,248	-	33,248
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW				33,499	-	33,499	32,498	-	32,498	33,248	-	33,248
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)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	25,999	-	25,999	24,998	-	24,998	25,748	-	25,748
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase									

1633 Valencia

	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 4 2029			Year 5 2030			Year 6 2031		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME														
Residential - Tenant Rents			1.0%	2.5%		403,363	-	403,363	407,396	-	407,396	411,470	-	411,470
Residential - SOS Payments				4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		2,493,604	-	2,493,604	2,586,604	-	2,586,604	2,682,953	-	2,682,953
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		9,434	-	9,434	9,669	-	9,669	9,911	-	9,911
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income						2,906,401	1,158,969	4,065,370	3,003,670	1,158,969	4,162,639	3,104,335	1,158,969	4,263,304
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(20,168)	-	(20,168)	(20,370)	-	(20,370)	(20,574)	-	(20,574)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						2,886,233	1,158,969	4,045,202	2,983,300	1,158,969	4,142,269	3,083,761	1,158,969	4,242,730
OPERATING EXPENSES														
Management														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	155,398	-	155,398	160,837	-	160,837	166,466	-	166,466
Asset Management Fee			3.5%	3.5%	per MOHCD policy	28,837	-	28,837	29,846	-	29,846	30,891	-	30,891
Sub-total Management Expenses						184,235	-	184,235	190,683	-	190,683	197,357	-	197,357
Salaries/Benefits														
Office Salaries			3.5%	3.5%		274,081	-	274,081	283,673	-	283,673	293,602	-	293,602
Manager's Salary			3.5%	3.5%		248,903	-	248,903	257,614	-	257,614	266,631	-	266,631
Health Insurance and Other Benefits			3.5%	3.5%		169,099	-	169,099	175,018	-	175,018	181,144	-	181,144
Other Salaries/Benefits			3.5%	3.5%		47,439	-	47,439	49,099	-	49,099	50,818	-	50,818
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						739,521	-	739,521	765,405	-	765,405	792,194	-	792,194
Administration														
Advertising and Marketing			3.5%	3.5%		5,544	-	5,544	5,738	-	5,738	5,938	-	5,938
Office Expenses			3.5%	3.5%		34,370	-	34,370	35,573	-	35,573	36,818	-	36,818
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		16,631	-	16,631	17,213	-	17,213	17,815	-	17,815
Audit Expense			3.5%	3.5%		12,750	-	12,750	13,197	-	13,197	13,658	-	13,658
Bookkeeping/Accounting Services			3.5%	3.5%		26,609	-	26,609	27,541	-	27,541	28,504	-	28,504
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		2,439	-	2,439	2,525	-	2,525	2,613	-	2,613
Sub-total Administration Expenses						98,343	-	98,343	101,785	-	101,785	105,348	-	105,348
Utilities														
Electricity			3.5%	3.5%		282,723	-	282,723	292,618	-	292,618	302,860	-	302,860
Water			3.5%	3.5%		83,154	-	83,154	86,064	-	86,064	89,076	-	89,076
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		106,991	-	106,991	110,736	-	110,736	114,612	-	114,612
Sub-total Utilities						472,868	-	472,868	489,419	-	489,419	506,548	-	506,548
Taxes and Licenses														
Real Estate Taxes			3.5%	3.5%		11,087	-	11,087	11,475	-	11,475	11,877	-	11,877
Payroll Taxes			3.5%	3.5%		92,911	-	92,911	96,162	-	96,162	99,528	-	99,528
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		1,663	-	1,663	1,721	-	1,721	1,782	-	1,782
Sub-total Taxes and Licenses						105,661	-	105,661	109,359	-	109,359	113,187	-	113,187
Insurance														
Property and Liability Insurance			3.5%	3.5%		293,810	-	293,810	304,094	-	304,094	314,737	-	314,737
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		16,631	-	16,631	17,213	-	17,213	17,815	-	17,815
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance						310,441	-	310,441	321,306	-	321,306	332,552	-	332,552
Maintenance & Repair														
Payroll			3.5%	3.5%		378,836	-	378,836	392,095	-	392,095	405,818	-	405,818
Supplies			3.5%	3.5%		33,262	-	33,262	34,426	-	34,426	35,631	-	35,631
Contracts			3.5%	3.5%		140,253	-	140,253	145,162	-	145,162	150,242	-	150,242
Garbage and Trash Removal			3.5%	3.5%		75,393	-	75,393	78,032	-	78,032	80,763	-	80,763
Security Payroll/Contract			3.5%	3.5%		161,908	-	161,908	167,575	-	167,575	173,440	-	173,440
HVAC Repairs and Maintenance			3.5%	3.5%		22,174	-	22,174	22,950	-	22,950	23,754	-	23,754
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		27,718	-	27,718	28,688	-	28,688	29,692	-	29,692
Sub-total Maintenance & Repair Expenses						839,543	-	839,543	868,927	-	868,927	899,340	-	899,340
Supportive Services			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses						-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES						2,750,613	-	2,750,613	2,846,884	-	2,846,884	2,946,525	-	2,946,525
Reserves/Ground Lease Base Rent/Bond Fees														
<i>e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i>														
Ground Lease Base Rent			-	-		-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			14,000	-		14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit			87,600	-		87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit			-	-		-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-		-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-		-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-		-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			101,600	-		101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)			2,852,213	-		2,852,213	2,948,484	2,948,484	3,048,125	-	3,048,125	3,048,125	-	3,048,125
NET OPERATING INCOME (INCOME minus OP EXPENSES)			34,020	1,158,969		1,192,989	34,816	1,158,969	1,193,785	35,636	1,158,969	1,194,605		
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
<i>e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i>														
Hard Debt - First Lender			-	1,158,969		1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% 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			-	1,158,969		1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)			34,020	-		34,020	34,816	34,816	34,816	35,636	34,816	35,636	-	35,636
Commercial Only Cash Flow														
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)			-	-		-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW			34,020	-		34,020	34,816	34,816	34,816	35,636	34,816	35,636	-	35,636
USES OF CASH FLOW BELOW (This row also shows DSCR.)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
<i>e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i>														
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			3.5%	3.5%										

1633 Valencia

INCOME	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 7 2032			Year 8 2033			Year 9 2034		
				LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
Residential - Tenant Rents	1.0%	2.5%		415,585	-	415,585	419,741	-	419,741	423,938	-	423,938
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		2,781,925	-	2,781,925	2,885,304	-	2,885,304	2,992,399	-	2,992,399
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		10,159	-	10,159	10,413	-	10,413	10,673	-	10,673
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				3,207,669	1,158,969	4,366,638	3,315,458	1,158,969	4,474,427	3,427,011	1,158,969	4,585,980
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(20,779)	-	(20,779)	(20,987)	-	(20,987)	(21,197)	-	(21,197)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				3,186,889	1,158,969	4,345,858	3,294,471	1,158,969	4,453,440	3,405,814	1,158,969	4,564,783
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	172,292	-	172,292	178,323	-	178,323	184,564	-	184,564
Asset Management Fee	3.5%	3.5%	per MOHCD policy	31,972	-	31,972	33,091	-	33,091	34,249	-	34,249
Sub-total Management Expenses				204,264	-	204,264	211,413	-	211,413	218,813	-	218,813
Salaries/Benefits												
Office Salaries	3.5%	3.5%		303,878	-	303,878	314,514	-	314,514	325,522	-	325,522
Manager's Salary	3.5%	3.5%		275,963	-	275,963	285,622	-	285,622	295,618	-	295,618
Health Insurance and Other Benefits	3.5%	3.5%		187,484	-	187,484	194,045	-	194,045	200,837	-	200,837
Other Salaries/Benefits	3.5%	3.5%		52,596	-	52,596	54,437	-	54,437	56,342	-	56,342
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				819,921	-	819,921	848,618	-	848,618	878,320	-	878,320
Administration												
Advertising and Marketing	3.5%	3.5%		6,146	-	6,146	6,361	-	6,361	6,584	-	6,584
Office Expenses	3.5%	3.5%		38,107	-	38,107	39,441	-	39,441	40,821	-	40,821
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Audit Expense	3.5%	3.5%		14,136	-	14,136	14,631	-	14,631	15,143	-	15,143
Bookkeeping/Accounting Services	3.5%	3.5%		29,502	-	29,502	30,535	-	30,535	31,603	-	31,603
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		2,704	-	2,704	2,799	-	2,799	2,897	-	2,897
Sub-total Administration Expenses				109,035	-	109,035	112,851	-	112,851	116,801	-	116,801
Utilities												
Electricity	3.5%	3.5%		313,460	-	313,460	324,431	-	324,431	335,786	-	335,786
Water	3.5%	3.5%		92,194	-	92,194	95,421	-	95,421	98,761	-	98,761
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		118,623	-	118,623	122,775	-	122,775	127,072	-	127,072
Sub-total Utilities				524,277	-	524,277	542,627	-	542,627	561,619	-	561,619
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		12,293	-	12,293	12,723	-	12,723	13,168	-	13,168
Payroll Taxes	3.5%	3.5%		103,012	-	103,012	106,617	-	106,617	110,349	-	110,349
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		1,844	-	1,844	1,908	-	1,908	1,975	-	1,975
Sub-total Taxes and Licenses				117,148	-	117,148	121,248	-	121,248	125,492	-	125,492
Insurance												
Property and Liability Insurance	3.5%	3.5%		325,753	-	325,753	337,154	-	337,154	348,954	-	348,954
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				344,191	-	344,191	356,238	-	356,238	368,707	-	368,707
Maintenance & Repair												
Payroll	3.5%	3.5%		420,022	-	420,022	434,723	-	434,723	449,938	-	449,938
Supplies	3.5%	3.5%		36,878	-	36,878	38,168	-	38,168	39,504	-	39,504
Contracts	3.5%	3.5%		155,501	-	155,501	160,943	-	160,943	166,576	-	166,576
Garbage and Trash Removal	3.5%	3.5%		83,589	-	83,589	86,515	-	86,515	89,543	-	89,543
Security Payroll/Contract	3.5%	3.5%		179,511	-	179,511	185,793	-	185,793	192,296	-	192,296
HVAC Repairs and Maintenance	3.5%	3.5%		24,585	-	24,585	25,446	-	25,446	26,336	-	26,336
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		30,731	-	30,731	31,807	-	31,807	32,920	-	32,920
Sub-total Maintenance & Repair Expenses				930,817	-	930,817	963,395	-	963,395	997,114	-	997,114
Supportive Services	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				3,049,653	-	3,049,653	3,156,391	-	3,156,391	3,266,865	-	3,266,865
Reserves/Ground Lease Base Rent/Bond Fees												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				3,151,253	-	3,151,253	3,257,991	-	3,257,991	3,368,465	-	3,368,465
NET OPERATING INCOME (INCOME minus OP EXPENSES)				35,636	1,158,969	1,194,805	36,480	1,158,969	1,195,449	37,349	1,158,969	1,196,318
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)				35,636	-	35,636	36,480	-	36,480	37,349	-	37,349
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW				35,636	-	35,636	36,480	-	36,480	37,349	-	37,349
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)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	28,136	-	28,136	28,980	-	28,980	29,849	-	29,849
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000
Other Payments				-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				35,636	-	35,636	36,480	-	36,480	37,349	-	37,349
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)				(0)	-	(0)	-	-	(0)	-	-	(0)
Does Project have a MOHCD Residual Receipt Obligation?	Yes											
Will Project Defer Developer Fee?	No											

1633 Valencia

	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP %	% annual increase	Comments (related to annual inc assumptions)	Year 10 2035			Year 11 2036			Year 12 2037		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME														
Residential - Tenant Rents			1.0%	2.5%		428,178	-	428,178	432,460	-	432,460	436,784	-	436,784
Residential - SOS Payments			n/a	4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		3,103,341	-	3,103,341	3,218,264	-	3,218,264	3,337,310	-	3,337,310
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		10,940	-	10,940	11,214	-	11,214	11,494	-	11,494
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income						3,542,459	1,158,969	4,701,428	3,661,937	1,158,969	4,820,906	3,785,588	1,158,969	4,944,557
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(21,409)	-	(21,409)	(21,623)	-	(21,623)	(21,839)	-	(21,839)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						3,521,050	1,158,969	4,680,019	3,640,314	1,158,969	4,799,283	3,763,749	1,158,969	4,922,718
OPERATING EXPENSES														
Management														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	191,024	-	191,024	197,710	-	197,710	204,629	-	204,629
Asset Management Fee			3.5%	3.5%	per MOHCD policy	35,448	-	35,448	36,688	-	36,688	37,972	-	37,972
Sub-total Management Expenses						226,471	-	226,471	234,398	-	234,398	242,602	-	242,602
Salaries/Benefits														
Office Salaries			3.5%	3.5%		336,915	-	336,915	348,707	-	348,707	360,912	-	360,912
Manager's Salary			3.5%	3.5%		305,965	-	305,965	316,674	-	316,674	327,757	-	327,757
Health Insurance and Other Benefits			3.5%	3.5%		207,866	-	207,866	215,142	-	215,142	222,672	-	222,672
Other Salaries/Benefits			3.5%	3.5%		58,314	-	58,314	60,355	-	60,355	62,468	-	62,468
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						909,061	-	909,061	940,878	-	940,878	973,809	-	973,809
Administration														
Advertising and Marketing			3.5%	3.5%		6,814	-	6,814	7,053	-	7,053	7,300	-	7,300
Office Expenses			3.5%	3.5%		42,250	-	42,250	43,729	-	43,729	45,259	-	45,259
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Audit Expense			3.5%	3.5%		15,673	-	15,673	16,222	-	16,222	16,790	-	16,790
Bookkeeping/Accounting Services			3.5%	3.5%		32,710	-	32,710	33,854	-	33,854	35,039	-	35,039
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		2,998	-	2,998	3,103	-	3,103	3,212	-	3,212
Sub-total Administration Expenses						120,889	-	120,889	125,120	-	125,120	129,499	-	129,499
Utilities														
Electricity			3.5%	3.5%		347,539	-	347,539	359,703	-	359,703	372,292	-	372,292
Water			3.5%	3.5%		102,217	-	102,217	105,795	-	105,795	109,498	-	109,498
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		131,520	-	131,520	136,123	-	136,123	140,887	-	140,887
Sub-total Utilities						581,276	-	581,276	601,620	-	601,620	622,677	-	622,677
Taxes and Licenses														
Real Estate Taxes			3.5%	3.5%		13,629	-	13,629	14,106	-	14,106	14,600	-	14,600
Payroll Taxes			3.5%	3.5%		114,211	-	114,211	118,208	-	118,208	122,345	-	122,345
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		2,044	-	2,044	2,116	-	2,116	2,190	-	2,190
Sub-total Taxes and Licenses						129,884	-	129,884	134,430	-	134,430	139,135	-	139,135
Insurance														
Property and Liability Insurance			3.5%	3.5%		361,168	-	361,168	373,809	-	373,809	386,892	-	386,892
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance						381,611	-	381,611	394,968	-	394,968	408,792	-	408,792
Maintenance & Repair														
Payroll			3.5%	3.5%		465,686	-	465,686	481,985	-	481,985	498,854	-	498,854
Supplies			3.5%	3.5%		40,887	-	40,887	42,318	-	42,318	43,799	-	43,799
Contracts			3.5%	3.5%		172,407	-	172,407	178,441	-	178,441	184,686	-	184,686
Garbage and Trash Removal			3.5%	3.5%		92,677	-	92,677	95,921	-	95,921	99,278	-	99,278
Security Payroll/Contract			3.5%	3.5%		199,027	-	199,027	205,993	-	205,993	213,202	-	213,202
HVAC Repairs and Maintenance			3.5%	3.5%		27,258	-	27,258	28,212	-	28,212	29,199	-	29,199
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		34,072	-	34,072	35,265	-	35,265	36,499	-	36,499
Sub-total Maintenance & Repair Expenses						1,032,013	-	1,032,013	1,068,134	-	1,068,134	1,105,518	-	1,105,518
Supportive Services			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses						-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES						3,381,205	-	3,381,205	3,499,547	-	3,499,547	3,622,032	-	3,622,032
Reserves/Ground Lease Base Rent/Bond Fees														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent						-	-	-	-	-	-	-	-	-
Bond Monitoring Fee						14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit						87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						3,482,805	-	3,482,805	3,601,147	-	3,601,147	3,723,632	-	3,723,632
NET OPERATING INCOME (INCOME minus OP EXPENSES)						38,245	1,158,969	1,197,214	39,167	1,158,969	1,198,136	40,117	1,158,969	1,199,086
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% 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						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow						38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW						38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
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)			3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)			3.5%	3.5%	per MOHCD policy	30,745	-	30,745	31,667	-	31,667	32,617	-	32,617

1633 Valencia

INCOME	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 13 2038			Year 14 2039			Year 15 2040		
				LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Residential - Tenant Rents	1.0%	2.5%		441,152	-	441,152	445,564	-	445,564	450,019	-	450,019
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		3,459,644	-	3,459,644	3,587,345	-	3,587,345	3,719,618	-	3,719,618
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		11,781	-	11,781	12,076	-	12,076	12,378	-	12,378
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				3,912,577	1,158,969	5,071,546	4,044,984	1,158,969	5,203,953	4,182,015	1,158,969	5,340,984
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,058)	-	(22,058)	(22,278)	-	(22,278)	(22,501)	-	(22,501)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				3,890,520	1,158,969	5,049,489	4,022,706	1,158,969	5,181,675	4,159,514	1,158,969	5,318,483
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	211,791	-	211,791	219,204	-	219,204	226,876	-	226,876
Asset Management Fee	3.5%	3.5%	per MOHCD policy	39,301	-	39,301	40,677	-	40,677	42,101	-	42,101
Sub-total Management Expenses				251,093	-	251,093	259,881	-	259,881	268,977	-	268,977
Salaries/Benefits												
Office Salaries	3.5%	3.5%		373,544	-	373,544	386,618	-	386,618	400,149	-	400,149
Manager's Salary	3.5%	3.5%		339,229	-	339,229	351,102	-	351,102	363,390	-	363,390
Health Insurance and Other Benefits	3.5%	3.5%		230,465	-	230,465	238,531	-	238,531	246,880	-	246,880
Other Salaries/Benefits	3.5%	3.5%		64,654	-	64,654	66,917	-	66,917	69,259	-	69,259
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				1,007,892	-	1,007,892	1,043,168	-	1,043,168	1,079,679	-	1,079,679
Administration												
Advertising and Marketing	3.5%	3.5%		7,555	-	7,555	7,820	-	7,820	8,093	-	8,093
Office Expenses	3.5%	3.5%		46,843	-	46,843	48,483	-	48,483	50,180	-	50,180
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Audit Expense	3.5%	3.5%		17,377	-	17,377	17,985	-	17,985	18,615	-	18,615
Bookkeeping/Accounting Services	3.5%	3.5%		36,266	-	36,266	37,535	-	37,535	38,849	-	38,849
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		3,324	-	3,324	3,441	-	3,441	3,561	-	3,561
Sub-total Administration Expenses				134,032	-	134,032	138,723	-	138,723	143,578	-	143,578
Utilities												
Electricity	3.5%	3.5%		385,323	-	385,323	398,809	-	398,809	412,767	-	412,767
Water	3.5%	3.5%		113,330	-	113,330	117,297	-	117,297	121,402	-	121,402
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		145,818	-	145,818	150,922	-	150,922	156,204	-	156,204
Sub-total Utilities				644,471	-	644,471	667,027	-	667,027	690,373	-	690,373
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		15,111	-	15,111	15,640	-	15,640	16,187	-	16,187
Payroll Taxes	3.5%	3.5%		126,628	-	126,628	131,060	-	131,060	135,647	-	135,647
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		2,267	-	2,267	2,346	-	2,346	2,428	-	2,428
Sub-total Taxes and Licenses				144,005	-	144,005	149,045	-	149,045	154,262	-	154,262
Insurance												
Property and Liability Insurance	3.5%	3.5%		400,433	-	400,433	414,448	-	414,448	428,954	-	428,954
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				423,099	-	423,099	437,908	-	437,908	453,234	-	453,234
Maintenance & Repair												
Payroll	3.5%	3.5%		516,314	-	516,314	534,385	-	534,385	553,088	-	553,088
Supplies	3.5%	3.5%		45,332	-	45,332	46,919	-	46,919	48,561	-	48,561
Contracts	3.5%	3.5%		191,150	-	191,150	197,840	-	197,840	204,765	-	204,765
Garbage and Trash Removal	3.5%	3.5%		102,753	-	102,753	106,349	-	106,349	110,071	-	110,071
Security Payroll/Contract	3.5%	3.5%		220,664	-	220,664	228,388	-	228,388	236,381	-	236,381
HVAC Repairs and Maintenance	3.5%	3.5%		30,221	-	30,221	31,279	-	31,279	32,374	-	32,374
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		37,777	-	37,777	39,099	-	39,099	40,467	-	40,467
Sub-total Maintenance & Repair Expenses				1,144,211	-	1,144,211	1,184,259	-	1,184,259	1,225,708	-	1,225,708
Supportive Services	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				3,748,803	-	3,748,803	3,880,011	-	3,880,011	4,015,811	-	4,015,811
Reserves/Ground Lease Base Rent/Bond Fees												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				3,850,403	-	3,850,403	3,981,611	-	3,981,611	4,117,411	-	4,117,411
NET OPERATING INCOME (INCOME minus OP EXPENSES)				40,117	1,158,969	1,199,086	41,095	1,158,969	1,200,064	42,103	1,158,969	1,201,072
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)				40,117	-	40,117	41,095	-	41,095	42,103	-	42,103
Commercial Only Cash Flow												
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW				40,117	-	40,117	41,095	-	41,095	42,103	-	42,103
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)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	32,617	-	32,617	33,595	-	33,595	34,603	-	34,603
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000
Other Payments				-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				40,117	-	40,117	41,095	-	41,095	42,103		

LOSP FUNDING SCHEDULE	
Project Address:	1633 Valencia
Project Start Date:	1/1/2026

Exhibit A

annual %age increase (uses Full Year Funding Amount)	Calendar Year		Full Year Funding Amount	# Months to Fund	Total "LOSP - A" Disbursement for Calendar Year	Total "LOSP - B" Disbursement for Calendar Year	Total Disbursement for Calendar Year	Estimated Disbursement Date
	CY-1	2026						
	CY-1	2026	\$2,235,309	12	\$2,235,309	\$0	\$2,235,309	1/1/2026
3.66%	CY-2	2027	\$2,317,201	12	\$2,317,201	\$1,158,969	\$3,476,170	1/1/2027
3.74%	CY-3	2028	\$2,403,841	12	\$2,403,841	\$1,158,969	\$3,562,810	1/1/2028
3.73%	CY-4	2029	\$2,493,604	12	\$2,493,604	\$1,158,969	\$3,652,573	1/1/2029
3.73%	CY-5	2030	\$2,586,604	12	\$2,586,604	\$1,158,969	\$3,745,573	1/1/2030
3.72%	CY-6	2031	\$2,682,953	12	\$2,682,953	\$1,158,969	\$3,841,922	1/1/2031
3.69%	CY-7	2032	\$2,781,925	12	\$2,781,925	\$1,158,969	\$3,940,894	1/1/2032
3.72%	CY-8	2033	\$2,885,304	12	\$2,885,304	\$1,158,969	\$4,044,273	1/1/2033
3.71%	CY-9	2034	\$2,992,399	12	\$2,992,399	\$1,158,969	\$4,151,368	1/1/2034
3.71%	CY-10	2035	\$3,103,341	12	\$3,103,341	\$1,158,969	\$4,262,310	1/1/2035
3.70%	CY-11	2036	\$3,218,264	12	\$3,218,264	\$1,158,969	\$4,377,233	1/1/2036
3.70%	CY-12	2037	\$3,337,310	12	\$3,337,310	\$1,158,969	\$4,496,279	1/1/2037
3.67%	CY-13	2038	\$3,459,644	12	\$3,459,644	\$1,158,969	\$4,618,613	1/1/2038
3.69%	CY-14	2039	\$3,587,345	12	\$3,587,345	\$1,158,969	\$4,746,314	1/1/2039
3.69%	CY-15	2040	\$3,719,618	12	\$3,719,618	\$1,158,969	\$4,878,587	1/1/2040
2.52%	CY-16	2041	\$3,813,484	12	\$3,813,484	\$1,158,969	\$4,972,453	1/1/2041
3.69%	CY-17	2042	\$3,954,322	12	\$3,954,322	\$1,158,969	\$5,113,291	1/1/2042
3.69%	CY-18	2043	\$4,100,200	12	\$4,100,200	\$1,158,969	\$5,259,169	1/1/2043
3.69%	CY-19	2044	\$4,251,296	12	\$4,251,296	\$1,158,969	\$5,410,265	1/1/2044
3.64%	Total "LOSP - A" Amount-->				\$59,923,964	\$20,861,442	<--Total "LOSP - B" Amount	
Total Contract Amount:							\$80,785,406	



GENERAL PLAN REFERRAL

March 7, 2024

Case No.: 2022-012441GPR
Address: 1633 Valencia Street
Block/Lot Nos.: 6574/071
Project Sponsor: Mayor's Office of Housing & Community Development
Applicant: Anne Romero – (628) 652-5834
anne.romero@sfgov.org
1 South Van Ness Ave., 5th Floor
San Francisco, CA 94103
Staff Contact: Amnon Ben-Pazi – (628) 652-7428
Amnon.Ben-Pazi@sfgov.org

Recommended By:

Joshua Switzky, Deputy Director of Citywide Policy for
Rich Hillis, Director of Planning

Finding: The project, on balance, is **in conformity** with the General Plan.

Project Description

The Project would construct a building containing approximately 145 affordable housing units, a manager's unit, common areas, service offices, and meeting rooms, which would provide permanent supportive housing for very low-income senior households that have experienced homelessness.

Environmental Review

On 7/28/2023, the planning department determined that the proposed project is eligible for California Senate Bill 35 approval; therefore, the project is considered ministerial and is not subject to CEQA.

General Plan Compliance and Basis for Recommendation

As described below, the proposed refinancing and rehabilitation is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1.C

ELIMINATE HOMELESSNESS.

OBJECTIVE 4.A

SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW- TO MODERATE-INCOME HOUSEHOLDS.

OBJECTIVE 4.C

DIVERSIFY HOUSING TYPES FOR ALL CULTURES, FAMILY STRUCTURES, AND ABILITIES.

Policy 8

Expand permanently supportive housing and services for individuals and families experiencing homelessness as a primary part of a comprehensive strategy to eliminate homelessness.

Policy 22

Create dedicated and consistent local funding sources and advocate for regional, State, and Federal funding to support building permanently affordable housing for very low-, low-, and moderate-income households that meets the Regional Housing Needs Allocation targets.

Policy 32

Promote and facilitate aging in place for seniors and multi-generational living that supports extended families and communal households.

The Project would provide permanent supportive housing for very low-income senior households that have experienced homelessness.

Planning Code Section 101 Findings

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The Project would have no effect on existing neighborhood-serving retail uses and opportunities for resident employment in and ownership of such businesses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The Project would have no effect on existing housing. It would protect neighborhood character by allowing low-income seniors who have experienced homelessness and may otherwise be displaced from the City to reside in the neighborhood.

3. That the City’s supply of affordable housing be preserved and enhanced;

The Project would enhance the City’s supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The Project would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking in San Francisco County.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The Project would have no effect on the City’s industrial or service sectors or on future opportunities for resident employment or ownership in these sectors.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The Project would be built to all applicable seismic standards.

7. That the landmarks and historic buildings be preserved;

The Project would have no effect on the City’s Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The Project would have no effect on the City’s parks and open space and their access to sunlight and vistas.

Finding: The project, on balance, is **in conformity** with the General Plan.



REISSUED- NOTICE OF FINAL APPROVAL OF AN SB 35 PROJECT

Date: August 9, 2023
BPA No.: 202212158402
Planning Record No.: **2022-012441PRJ**
Project Address: **1633 VALENCIA ST**
Zoning: NCD - MISSION BERNAL NEIGHBORHOOD COMMERCIAL DISTRICT
50-X Height and Bulk District
Mission Alcohol Restrict Special Use Subdistrict
Mission Street Formula Retail Restaurant Subdistrict
Fringe Financial Services Restricted Use District
Block/Lot: 6574 / 068
Project Sponsor: Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Staff Contact: Laura Ajello
Laura.Ajello@sfgov.org | 628-652-7353

Project Description

This two-stage project would subdivide one 43,883 square foot parcel into two parcels and construct two new 100% affordable residential buildings. Phase one of the proposed project is located at 1633 Valencia Street. It consists of a six (6) story residential building that would provide 145 units of rental housing for households earning below 80% AMI (and one non-restricted/exempt two-bedroom managers unit). The project will also include resident support and management areas at the ground floor including offices, community room, 44 Class 1 bicycle parking spaces, and other support areas. Phase two of the project, located at 3485 Cesar Chavez Street, is currently under review. The project includes the demolition of two one-story commercial buildings and surface parking lot on the property and construction of a seven (7) story residential building with 126 affordable units and ground floor common spaces.

Background

California Senate Bill 35 (SB-35) was signed by Governor Jerry Brown on September 29, 2017 and became effective January 1, 2018. SB-35 applies in cities that are not meeting their Regional Housing Need Allocation (RHNA) goal for construction of above-moderate income housing and/or housing for households below 80% area median income (AMI). SB-35 amends Government Code Section 65913.4 to require local entities to streamline the approval of certain housing projects by providing a ministerial approval process, removing the

requirement for CEQA analysis, and removing the requirement for Conditional Use Authorization or other similar discretionary entitlements granted by a Planning Commission.

Clare E Murphy submitted an SB-35 Application for the two stage project at 2022-012441PRJ 1633 VALENCIA ST / 3485 CESAR CHAVEZ ST on January 11, 2023. A request for scoping consultation was received on February 9, 2023, and was finalized on May 12, 2023. On July 28, 2023, department staff determined that the SB-35 Application was complete, and that the proposed project was eligible for SB-35.

The Planning Director did not request a Planning Commission Hearing or Historic Preservation Commission Hearing for this project.

Project Approval

The Project Sponsor seeks to proceed pursuant to Planning Code Section 206.6, Individually Requested State Density Bonus Law, Government Code Section 65915 et seq (the "State Law"). Under subsection 65915(b)(1)(G) of the State Law, a housing development that provides 100 percent of the total units for lower income households, except that up to 20 percent of the total units in the development may be for moderate-income households and exclusive of a manager's unit(s), is entitled to four concessions and incentives that result in identifiable and actual cost reductions to provide for affordable housing costs. Such project, when located within one-half mile of a major transit stop, shall be relieved of maximum density controls and shall also receive a height increase of up to three additional stories, or 33 feet, and unlimited waivers from development standards that might otherwise preclude the construction of the project are permitted under this subsection of the State Law.

Since the Project Sponsor is providing 145 units of housing affordable to low- and very low-income households, and the project is located within one-half mile of a major transit stop, the project is not subject to any maximum control on density and is entitled to receive up to four concessions/incentives and an additional three stories, or 33 feet of height and unlimited waivers. The project sponsor is requesting no concessions/incentives from the development standards. The project is located in a 50-XHeight and Bulk District and proposes a maximum building height of 64 feet, excepting those features specified as exemptions to the height limit under Planning Code Section 260(b). The project has requested waivers from the development standards for rear yard (Planning Code Section 134), usable open space (Planning Code Section 135), dwelling unit exposure (Planning Code Section 140), and bicycle parking (Planning Code Section 155.2).

Concessions and Incentives

The project has not requested any concessions/incentives. Pursuant to Planning Code Section 206.6, the Department shall grant the concession or incentive requested by the applicant unless the Department makes a written finding, based upon substantial evidence, of any of the following:

- A. The concession or incentive does not result in identifiable and actual cost reductions, consistent with subdivision (k), to provide for affordable housing costs, as defined in Section 50052.5 of the Health and Safety Code, or for rents for the targeted units to be set as specified in subdivision (c).

- B. The concession or incentive would have a specific, adverse impact, as defined in paragraph upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households.
- C. The concession or incentive would be contrary to state or federal law.

The Project Sponsor did not request any incentives/concessions for the Project.

Waivers

The Planning Department may waive any development standard that will have the effect of physically precluding the construction of a development at the densities or with the concessions or incentives permitted by the State Density Bonus Law. The Department is not required to waive or reduce development standards if the waiver or reduction would have a specific, adverse impact upon health, safety, or the physical environment, and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact. The Department is not required to waive or reduce development standards that would have an adverse impact on any real property that is listed in the California Register of Historical Resources, or to grant any waiver or reduction that would be contrary to state or federal law.

The project has requested waivers from the development standards for rear yard (Planning Code Section 134), dwelling unit exposure (Planning Code Section 140), active uses at the street frontage (Planning Code Section 145.1(c)(3), and bicycle parking (Planning Code Section 155.2).

- D. The waiver is not required to permit the construction of the project meeting the density permitted or with the Concessions and Incentives permitted under Planning Code Section 206.6.

***Rear Yard.** Planning Code Section 134 requires the Project to provide a Rear Yard equal to 25% of the depth of the lot, to be provided at the lowest story containing a dwelling unit and at each succeeding level or story of the building. The subject lot is an irregular shape, with an unusually jagged rear property line and uneven depth (66.75 feet on the northern property line, 117 feet deep on the southern property line). The requested waiver from rear yard setback allows the project to add 25 additional dwelling units at the north side of the property (five units per floor level) and efficiently maximizes the use of the interior space, allowing the building to contain the number of dwelling housing units and ground floor services currently proposed, and thus is eligible for a waiver.*

***Exposure.** The requested waiver from dwelling unit exposure allows the project to add 25 additional units on the north side of the property. One hundred and one of the 126 proposed units meet the exposure standards of Section 140 as they face onto the public right-of-way or conforming rear yard. The remaining 25 units face the non-compliant rear yard. While these units meet the square footage and glazing standards of exposure, they do not face onto a qualifying open area that steps back at upper levels as required. Setting back the exterior walls at the rear of the proposed building would result in a loss of as many as 25 units.*

Active Uses. *Planning Code Section 145.1(c)(3) requires that space for active uses be provided within the first 25 feet of building depth at the ground floor and the first 15 feet on floors above from any façade facing a street at least 30 feet wide. Active uses includes any principal, conditional, or accessory use that by its nature does not require non-transparent walls facing a public street or involves the storage of goods or vehicles, and in residential buildings, spaces accessory to residential uses, such as fitness or community rooms, are considered active uses only if they meet the intent of this section and have access directly to the public sidewalk or street, and building lobbies are considered active uses, so long as they do not exceed 40 feet or 25 percent of building frontage, whichever is larger. The project’s frontage along Valencia Street will contain a residential entry and lounge, offices for building management and resident services that comprise a total of approximately 115 linear feet (62%) of building service uses with complying active uses with transparent walls. The inactive uses (trash, mechanical and bicycle storage) make up the remainder of the frontage with non-transparent walls. Strict compliance with this section of the Planning Code would require the developer to either make alterations to the ground floor levels to be consistent with Ground Floor Residential Design Guidelines, or create a basement level to relocate building services, or relocate resident service uses to face the rear yard, which would reduce the residential area for and decrease the overall number of residential units.*

Bicycle Parking. *Planning Code Section 155.2 requires one Class1 space for every dwelling unit. For buildings containing more than 100 units, 100 Class 1 spaces plus one space for every four dwelling units over 100. While the project proposes 44 Class 1 bicycle spaces and 7 Class 2 bicycle spaces, this falls short of the requirement of 112 Class 1 bicycle spaces. The approximate 800 square foot size of a conforming bicycle storage room needed to store 112 bicycles and meet the dimensional and locational standards of Planning Code Section 155 are infeasible without requiring the relocation or the elimination of ground floor level tenant services or the managers unit.*

- E. The waiver would have a specific, adverse impact, as defined in paragraph upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households.

The requested waivers from the development standards for rear yard (Planning Code Section 134), usable open space (Planning Code Section 135), dwelling unit exposure (Planning Code Section 140), and bicycle parking (Planning Code Section 155.2) would not result in a specific, adverse impact to public health and safety or the physical environment, or on any real property that is listed in the California Register of Historical Resources.

- F. The waiver would be contrary to state or federal law.

The requested waivers from the development standards for rear yard (Planning Code Section 134), usable open space (Planning Code Section 135), dwelling unit exposure (Planning Code Section 140), and bicycle parking (Planning Code Section 155.2) would not be contrary to state or federal law.

The Department has determined that the project meets all the objective standards of the Planning Code and has completed design review of the project. The project has been approved in accordance with the provisions of SB-35, as recorded in Building Permit Application No. 202212158402.



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 240374

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Anne Romero	628-652-5834
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR MOHCD	anne.romero@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Mercy Housing California 108, L.P.	TELEPHONE NUMBER (415) 355-7100
STREET ADDRESS (including City, State and Zip Code) 1256 Market Street San Francisco CA 94102	EMAIL CMurphy@mercyhousing.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 240374
DESCRIPTION OF AMOUNT OF CONTRACT up to \$41,036,048 Loan and up to \$80,785,406 LOSP Grant		
NATURE OF THE CONTRACT (Please describe) Request for MOHCD to execute agreements with Mercy Housing California 108, L.P. relating to 1) a loan in an amount not to exceed \$41,036,048 for a minimum term of 55 years to provide permanent financing for a 146-unit (including one manager's unit) permanent supportive housing development at 1633 Valencia Street, and 2) a Local Operating Subsidy Program grant in an amount not to exceed \$80,785,406 for a 19-year term to provide Local Operating Subsidy Program funds to subsidize operations and debt service for the Project, all in support of the development of 145 permanent supportive housing units plus one resident manager unit for people who are homeless or at imminent risk of homelessness.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Adams	George	Board of Directors
2	Artola	Lindsey	Board of Directors
3	Ashton	Phil	Board of Directors
4	Bell	Chester	Board of Directors
5	Crumpton	Henry	Board of Directors
6	DeSalvo	Phillip	Board of Directors
7	Fishman	Mary	Board of Directors
8	Hamed	Tifair	Board of Directors
9	Hunter	Desire	Board of Directors
10	Macchione	Eshter	Board of Directors
11	Maltby	Teresa	Board of Directors
12	Marton	Monica	Board of Directors
13	Ramachandran	Krishna	Board of Directors
14	Sharar-Stoppe1	Pamela	Board of Directors
15	Stolz	Jon	Board of Directors
16	Thomas	Steve	Board of Directors
17	Vit	Ritu	Board of Directors
18	Tuvilla	Alvin	Other Principal Officer
19	Bayley	Amy	Other Principal Officer

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Gualco	Barbara	Other Principal Officer
21	Payne	Chad	Other Principal Officer
22	Shoemaker	Doug	Other Principal Officer
23	Holder	Ed	Other Principal Officer
24	Kuwada	Elizabeth	Other Principal Officer
25	Villablanca	Erika	Other Principal Officer
26	Rosenblum	Joe	Other Principal Officer
27	Lew-Hailer	Lillian	Other Principal Officer
28	Clayton	Melissa	Other Principal Officer
29	Dare	Ramie	Other Principal Officer
30	Sprague	Rick	Other Principal Officer
31	Dunn	Tim	Other Principal Officer
32			
33			
34			
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38			

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
<input type="checkbox"/>	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
---	---------------------------

From: [Trejo, Sara \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Geithman, Kyra \(MYR\)](#); [Nickolopoulos, Sheila \(MYR\)](#); [Romero, Anne \(MYR\)](#); [Adams, Dan \(MYR\)](#); [Prager, Jackie \(BOS\)](#)
Subject: Mayor -- Resolution -- 1633 Valencia-Mercy Housing Agreements
Date: Tuesday, April 16, 2024 2:46:00 PM
Attachments: [1633 Valencia LEG Resolution Final .docx](#)
[1633 Valencia- CITY Loan Agreement v3b Substantially Final.pdf](#)
[1633 Valencia CITY Promissory Note v3 Substantially Final .pdf](#)
[1633 Valencia CITY RE Purchase Option ROFR 3 Substantially Final.pdf](#)
[1633 Valencia CITY Declaration of Restrictions v3 substantially final .pdf](#)
[1633 Valencia CITY Deed of Trust v3 substantially final .pdf](#)
[1633 Valencia Perm and LOSP Eval Final.pdf](#)
[Approved Permanent Financing and LOSP Financing for 1633 Valencia Loan Evaluation - LC 4-05-2024.pdf](#)
[GPR Final Letter - 1633 Valencia Street.pdf](#)
[SB-35 notice of final approval 1633 Valencia.pdf](#)
[SFEC Form 126f4BOS---Notification of Contract \(5\).pdf](#)
[1633 Valencia LOSP Agreement v3b Substantially Final.pdf](#)

Hello Clerks,

Attached is a Resolution approving and authorizing the Mayor and the Director of the Mayor’s Office of Housing and Community Development (“MOHCD”) to execute agreements with Mercy Housing California 108, L.P. relating to 1) a loan in an amount not to exceed \$41,036,048 for a minimum term of 55 years to provide permanent financing for a 146-unit (including one manager’s unit) permanent supportive housing development, plus resident common areas and supportive services space, on real property located at 1633 Valencia Street (the “Project”), and 2) a grant in an amount not to exceed \$80,785,406 for a 19-year term to provide Local Operating Subsidy Program funds to subsidize operations and debt service for the Project; 3) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 4) authorizing the Director of MOHCD and/or the Director of Property, or their designees, to make certain modifications to the loan and grant documents and take certain actions in furtherance of this Resolution, as defined herein.

Please note, Supervisor Ronen is a cosponsor of this item.

Best regards,

Sara Trejo

Legislative Aide

Office of the Mayor

City and County of San Francisco

415.554.6141 | sara.trejo@sfgov.org