

File No. 251011

Committee Item No. 11

Board Item No. 24

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date October 22, 2025

Board of Supervisors Meeting Date October 28, 2025

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Completed by: Brent Jalipa Date October 16, 2025

Completed by: Brent Jalipa Date October 23, 2025

1 [Ground Lease, License, and Amended and Restated Loan Agreement - 1979 Mission Street
2 PSH Associates, L.P. - 2970-16th Street - 100% Affordable Housing - \$1 Annual Base Rent -
Loan Not to Exceed \$61,163,787]

3
4 **Resolution 1) approving and authorizing the Director of Property and the Mayor's**
5 **Office of Housing and Community Development ("MOHCD") to enter into a Ground**
6 **Lease for real property owned by the City and located at 2970-16th Street with 1979**
7 **Mission Street PSH Associates, L.P. ("Developer") for a lease term of 75 years and one**
8 **24-year option to extend and an annual base rent of \$1.00 ("Ground Lease") in order to**
9 **construct a 100% affordable, 136-unit multifamily rental housing development as**
10 **permanent supportive housing for formerly homeless households or households at**
11 **risk of homelessness (the "Project"); 2) approving and authorizing an Amended and**
12 **Restated Loan Agreement in an amount not to exceed \$61,163,787 for a minimum loan**
13 **term of 57 years ("Loan Agreement") to finance the development and construction of**
14 **the Project; 3) approving and authorizing the Director of Property and MOHCD to enter**
15 **into a License Agreement for real property owned by the City with Developer for \$0 for**
16 **up to three years to allow construction staging for the Project ("License Agreement");**
17 **4) determining that the less than market rent payable under the Ground Lease and**
18 **License Agreement will serve a public purpose by providing affordable housing for**
19 **low-income households in need, in accordance with Administrative Code,**
20 **Section 23.30; 5) adopting findings declaring that the Property is "exempt surplus land"**
21 **pursuant to the California Surplus Lands Act; 6) adopting findings that the Project and**
22 **proposed transactions are consistent with the General Plan, and the eight priority**
23 **policies of Planning Code, Section 101.1; and 7) authorizing the Director of Property**
24 **and/or the Director of MOHCD to execute the Ground Lease, Loan Agreement, and**

1 **License Agreement, make certain modifications to such agreements, and take certain**
2 **actions in furtherance of this Resolution, as defined herein.**

3
4 WHEREAS, Under Resolution No. 547-21, the Board of Supervisors authorized the
5 Director of Property to acquire real property located at 1979 Mission Street, in San Francisco,
6 California (the "Site"), from CH Acquisitions 2, LLC, as a land dedication in accordance with
7 Planning Code, Section 249.33 and place the Property under the jurisdiction of the Mayor's
8 Office of Housing and Community Development ("MOHCD") for the purpose of developing
9 new affordable housing on the Site; and

10 WHEREAS, The City and County of San Francisco (the "City"), acting through
11 MOHCD, administers a variety of housing programs that provide financing for the
12 development of new affordable housing and the rehabilitation of single- and multi-family
13 housing for low- and moderate-income households and resources for homeowners in San
14 Francisco; and

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

19 WHEREAS, On August 3, 2023, MOHCD issued a Request for Qualifications ("RFQ"),
20 for a developer to work with the City to develop affordable housing on the Site; and

21 WHEREAS, Mission Housing Development Corporation, a California nonprofit public
22 benefit corporation ("MHDC"), and Mission Economic Development Agency, a California
23 nonprofit public benefit corporation ("MEDA"), jointly responded to the RFQ and were selected
24 as the developer of 100% affordable housing on the Site; and

1 WHEREAS, MHDC and MEDA have established 1979 Mission Street PSH
2 Associates, L.P., a California limited partnership (the “Developer”), as a separate entity
3 under which to develop and construct a 100% affordable, 136-unit multifamily rental
4 housing development as permanent supportive housing for formerly homeless
5 households and households at risk of homelessness (the “Project”); and

6 WHEREAS, The Site will be subdivided into three parcels, which includes a new
7 parcel to be located at 2970 16th Street in San Francisco, California, comprised of
8 approximately 13,888 square feet (the “Property”), and Developer intends to develop
9 and construct the Project on the Property; and

10 WHEREAS, On May 27, 2025, by Planning Approval Letter of an AB 2162 Project
11 (“Planning Approval Letter”), the Planning Department determined that the development of the
12 Project (1) is consistent with the City’s General Plan, and eight priority policies of Planning
13 Code, Section 101.1, and (2) met all the standards of the Planning Code and would be eligible
14 for ministerial approval under California Government Code, Section 66583 (Assembly
15 Bill 2162), and CEQA Guidelines, Sections 15002(i)(1), 15268 and 15369, and would
16 therefore not be subject to the California Environmental Quality Act (CEQA), and a copy of the
17 Planning Approval Letter is on file with the Clerk of the Board of Supervisors in File
18 No. 251011, and is incorporated herein by reference; and

19 WHEREAS, The Property is owned in fee simple by City but it is “exempt surplus land”,
20 as defined in California Government Code Section 55421(b)(1), because the Project will be a
21 100% affordable housing project under California Government Code Section 55421(f)(1)(F)(i);
22 and

23 WHEREAS, MOHCD and the Director of Property have approved the form of the
24 Ground Lease between the City and the Developer (“Ground Lease”), pursuant to which the
25 City will lease the Property to the Developer for a term of 75 years and one 24-year option to

1 extend and a base rent of one dollar (\$1.00) per year, in exchange for the Developer's
2 agreement, among other things, to construct and operate the Project, and a copy of the
3 substantially final form of Ground Lease is on file with the Clerk of the Board of Supervisors in
4 File No. 251011, and is incorporated herein by reference; and

5 WHEREAS, In order to construct the Project, City and Developer will enter into that
6 certain License Agreement whereby City grants to the Developer use of the City's real
7 property adjacent to the Project for construction staging and storage during construction of the
8 Project at no cost ("License Agreement"), a copy of which is on file with the Clerk of the Board
9 of Supervisors in File No. 251011; and

10 WHEREAS, The proposed rent of the Ground Lease and the proposed fee of the
11 License Agreement are each less than Market Rent (as defined in Administrative Code,
12 Section 23.2), but the lower rent under the Ground Lease and zero fee under the License
13 Agreement will each serve a public purpose by providing affordable housing for low-income
14 households in need; and

15 WHEREAS, MOHCD is also providing the Developer with financial assistance to
16 leverage equity from an allocation of low-income housing tax credits and tax exempt bonds in
17 order for Developer to construct the Project; and

18 WHEREAS, On September 26, 2025, the Citywide Affordable Housing Loan
19 Committee, consisting of MOHCD, Department of Homeless and Supportive Housing, the
20 Office of Community Investment and Infrastructure, and the Controller's Office of Public
21 Finance recommended approval to the Mayor of the Loan Agreement for the Project in an
22 amount not to exceed \$61,163,787 in funds, and a copy of the substantially final form of Loan
23 Agreement and related documents are on file with the Clerk of the Board of Supervisors in
24 File No. 251011, and is incorporated herein by reference; and

1 WHEREAS, The Loan Agreement would be entered into under the following material
2 terms: (i) a minimum term of 57 years; (ii) an interest rate of up to one percent (1%); (iii)
3 annual repayment of the loan by Developer through residual receipts from the Project; (iv) the
4 Project shall be restricted for life of the Project as permanent supportive housing with annual
5 maximum rent and income established by MOHCD; and (v) the loan shall be secured by a
6 deed of trust recorded against the Developer's leasehold interest in the Property; now,
7 therefore, be it

8 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
9 associated actions necessary to effectuate the Project) is consistent with the General Plan,
10 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
11 set forth in the Planning Approval Letter, which letter is on file with the Clerk of the Board of
12 Supervisors in File No. 251011, and hereby incorporates such findings by reference as though
13 fully set forth in this Resolution; and, be it

14 RESOLVED, That the Board of Supervisors hereby finds, in consideration of the
15 foregoing, that the Property is surplus to the City's needs and not necessary for the City's use,
16 and further declares it to be "exempt surplus land" under Government Code, Section 54221
17 and 54221(f)(1)(F)(i); and, be it

18 FURTHER RESOLVED, That in accordance with the recommendation of the Director
19 of MOHCD and the Director of Property, the Board of Supervisors approves the Ground
20 Lease in substantially the form presented to the Board, and authorizes the Director of
21 Property (or the Director's designee, as used throughout) and Director of MOHCD (or the
22 Director's designee, as used throughout), to execute and deliver the Ground Lease, in
23 substantially the form presented to the Board, and any such other documents or agreements
24 (including such agreements to provide adequate or additional security or indemnities as
25 required by lenders to consummate the financing of the Project or lease of the Property) that

1 are necessary or advisable, in consultation with the City Attorney, to complete the transaction
2 contemplated by the Ground Lease and to effectuate the purpose and intent of this
3 Resolution, and determines that the less than Market Rent payable under the Ground Lease
4 will serve a public purpose by providing affordable housing for low-income households in
5 need; and, be it

6 FURTHER RESOLVED, That in accordance with the recommendation of the Director
7 of MOHCD and the Director of Property, the Board of Supervisors approves the License
8 Agreement in substantially the form presented to the Board, and authorizes the Director of
9 Property (or the Director's designee, as used throughout) and Director of MOHCD (or the
10 Director's designee, as used throughout), to execute and deliver the License Agreement, in
11 substantially the form presented to the Board, and any such other documents or agreements
12 that are necessary or advisable, in consultation with the City Attorney, to complete the
13 transaction contemplated by the License Agreement and to effectuate the purpose and intent
14 of this Resolution, and determines that providing the License Agreement to the Developer at
15 no cost will serve a public purpose by providing affordable housing for low-income households
16 in need; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
18 Agreement and the transaction contemplated thereby in substantially the form presented to
19 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the
20 Loan Agreement and any such other documents or agreements (including such agreements
21 required by lenders to consummate the financing of the Project) that are necessary or
22 advisable, in consultation with the City Attorney, to complete the transaction contemplated by
23 the Loan Agreement and to effectuate the purpose and intent of this Resolution; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
25 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any

1 additions, amendments, or other modifications to the Ground Lease, License Agreement,
2 Loan Agreement, and any other documents or instruments necessary in connection therewith
3 (including, without limitation, preparation and attachment, or changes to, any of all of the
4 exhibits and ancillary agreements, and notices of special restrictions required for construction
5 of the Project), that the Director of Property and/or Director of MOHCD determine are in the
6 best interests of the City, do not materially decrease the benefits to the City with respect to the
7 Property, do not materially increase the obligations or liabilities of the City, and are necessary
8 or advisable to complete the transaction contemplated in the Ground Lease, License
9 Agreement, and Loan Agreement, and that effectuate the purpose and intent of this
10 Resolution, such determination to be conclusively evidenced by the execution and delivery by
11 the Director of Property and/or the Director of MOHCD of any such additions, amendments, or
12 other modifications; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
14 delegates to the Director of MOHCD and/or the Director of Property, the authority to
15 undertake any actions necessary to protect the City's financial security in the Property and
16 enforce the affordable housing restrictions, which may include, without limitation, acquisition
17 of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of
18 foreclosure, or curing the default under a senior loan; and, be it

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

22 FURTHER RESOLVED, That within thirty (30) days of the Ground Lease, License
23 Agreement, and Loan Agreement being fully executed by all parties, MOHCD shall provide
24 the final agreements to the Clerk of the Board for inclusion into the official file.
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RECOMMENDED:

/s/
Sarah R. Oerth, Director of Property

/s/
Daniel Adams, Director
Mayor's Office of Housing and Community Development

Item 11
File 25-1011

Department:
Mayor's Office of Housing and Community Development

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would (a) Approve an amended and restated loan agreement in an amount not to exceed \$61,163,787 to 1979 Mission Street PSH Associates, L.P., an affiliate of Mission Housing Development Corporation and Mission Economic Development Agency, (b) approve a ground lease with the same entity, and (c) approve related loan documents. The purpose of the loan is to provide permanent financing for a new 136 unit permanent supportive housing project at 2970 16th Street.

Key Points

- The developers were selected following a Request for Qualifications MOHCD issued in August 2023 seeking developers with experience building housing for formerly homeless households and with infrastructure experience. MHDC and MEDA were the sole respondent to the solicitation. The land for all projects was acquired at no cost by MOHCD in March 2022.
- Construction for the proposed PSH project is scheduled to run from December 2025 to November 2027. Under the proposed ground lease, 95 percent of units must be rented by June 2028.
- The project includes onsite supportive services, a behavioral health center, and open space for residents.

Fiscal Impact

- The proposed City loan is funded by \$16 million in State No Place Like Home funding, \$20 million from the local Housing Trust Fund, \$13.7 million from development impact fees, and \$11.4 million from the Low & Moderate Income Housing Fund. In addition to the proposed City funding, the developer secured tax credit financing and a private loan from Western Alliance Bank.
- The total cost of the development is \$117.8 million. Local funding amounts to \$333,000 per unit.
- The City will incur ongoing costs for (a) rental subsidies, starting at \$1.7 million per year, (b) supportive services, starting at \$0.9 million per year, and (c) behavioral health services, which average \$1.7 million over 20 years.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND**2970 16th Street**

2970 16th Street is the site of a new 100 percent permanent supportive housing (PSH) project. The nine-story project will have 136 units, including 89 studios and 47 one-bedrooms. All units will be rented via the Department of Homelessness & Supportive Housing (HSH) Coordinated Entry and through the San Francisco Housing Authority for units funded by federal rental subsidies. The project will also include a 1,500 square foot behavioral health center for residents and 2,400 square feet of open space.

The project is being developed by 1979 Mission Street PSH Associates, L.P., a joint venture of Mission Housing Development Corporation (MHDC) and Mission Economic Development Agency (MEDA) (together, the “developer”). MHDC is the lead partner for the PSH project and operating responsibilities between MHDC and MEDA are still being negotiated. The developer will eventually construct two other 100% affordable family buildings next to 2970 16th Street once financing becomes available. The developers were selected following a Request for Qualifications MOHCD issued in August 2023 seeking developers with experience building housing for formerly homeless households and with infrastructure experience. MHDC and MEDA were the sole respondent to the solicitation and were awarded \$6 million in predevelopment funding in May 2023 (\$3 million for the PSH project and \$3 million for the affordable family housing projects).

The land for all projects was acquired at no cost by MOHCD in March 2022, via a land dedication agreement with the developer of 10 South Van Ness in order for them to meet their inclusionary housing fee requirements (File 21-1155). The site previously included a tiny homes village operated by HSH, which terminated operations in early September 2025 and will be fully vacate by November 14, 2025, to accommodate construction. Prior to start of construction, the City will provide security for the entire site. At construction start, the City will provide a license agreement for the site to the developer for construction staging for the project.

According to MOHCD, construction for the proposed PSH project is scheduled to run from December 2025 to November 2027. Under the proposed ground lease, 95 percent of units must be rented by June 2028.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- Approve an amended and restated **loan** agreement in an amount not to exceed \$61,163,787 to 1979 Mission Street PSH Associates, L.P. to provide permanent financing for the 2970 16th Street PSH project. The terms of the loan are summarized below in Exhibit 1;
- Approve a **ground lease** with 1979 Mission Street PSH Associates, L.P. to develop and operate the 2970 16th Street PSH project for an initial term of 75 years, with one option to extend an additional 24 years, for a total possible term of 99 years;

The annual base rent is \$1 per year. The ground lease also includes a residual rent payment, due if project generates annual net income after other obligations. For the first fifteen years of the ground lease, the residual rent is \$1,325,999, which is approximately equal to ten percent of the appraised value of the site. Residual rent will be re-calculated every fifteen years based on ten percent of site's appraised value;

- Approve a **license agreement** with 1979 Mission Street PSH Associates, L.P. to access the non-PSH site for the purpose of construction staging for the PSH project;
- Adopt findings that the proposed transactions are consistent with the General Plan and policy priorities of the Planning Code;
- Adopt findings that the property is not necessary for the City's use;
- Authorize the Director of MOHCD to execute loan documents and amend loan documents as needed, so long as the changes do not materially increase the obligations and liabilities of the City; and
- Authorize MOHCD to acquire the property if the developer defaults.

Loan Agreement

The proposed amended and restated loan agreement increases City funding for the project from the \$3,000,000 predevelopment loan to a total of \$61,163,787. The loan consists of \$45,163,787 in local funds and \$16,000,000 of funding from a State No Place Like Home grant from the California Housing and Community Development Department. The proposed loan also includes \$1,350,000 in bridge financing for the developer to apply for a regional Affordable Housing Program grant. If the developer is awarded that grant for this project, it must use the funds to repay the City loan.

Key terms of the proposed loan are summarized in Exhibit 1 below.

Exhibit 1: Loan Summary for Larkin Pine

Terms	MOHCD Loan: Local Funding	MOHCD Loan: State Funding
Loan Amount	\$45,163,787	\$16,000,000
Term	57 years	57 years
Annual Interest Rate	1%	0%
Interest Type	Simple Interest	Simple Interest
Repayment	Residual Receipts (except for bridge financing of \$1.4 million)	Deferred
Required Rents per Declaration of Restrictions	20% - 50% of AMI	Up to 30% AMI
Other Restrictions	Units must be for formerly homeless or at risk of homelessness	Units (40 total) must be for formerly homeless and have a serious mental illness

Sources: Amended and Restated Loan Agreement, Promissory Notes, MOHCD

Sponsor Performance

According to the MOHCD loan evaluation, MHDC is performing well on its existing obligations to operate 70 affordable housing sites in San Francisco. As noted in our report on File 25-1009, MEDA staff turnover and limited documentation of internal controls and procedures have contributed to the financial underperformance of MEDA's Small Sites projects. As noted above, MHDC is the lead developer for this site however MHDC and MEDA are still finalizing their roles as of this writing. John Stewart Company will be the property manager for the proposed PSH site, however MOHCD has not evaluated their performance as part of the loan underwriting process.

FISCAL IMPACT

The City will provide \$61,163,787 for the development of permanent supportive housing at 2970 16th Street. Exhibit 2 below summarizes the sources and uses of funding for the project.

Exhibit 2: Development Budget

Sources	Amount
MOHCD Loan	61,163,787
Tax Credit Equity	42,885,351
Private Mortgage	5,591,000
MOHCD Deferred Interest	623,372
Developer Equity	515,011
Total Sources	110,778,521
Uses	Amount
Acquisition	0
Construction	83,379,597
Soft Costs	19,284,185
Developer Fees	6,514,911
Reserves	1,599,828
Total Uses	110,778,521

Source: Proposed Amended & Restated Loan Agreement

Funding Sources

The proposed City loan is funded by \$16 million in State No Place Like Home funding, \$20 million from the local Housing Trust Fund, \$13.7 million from development impact fees, and \$11.4 million from the Low & Moderate Income Housing Fund (which accounts for former Redevelopment Agency assets that were transferred to MOHCD).

In addition to the proposed City funding, the developer secured tax credit financing and a private loan from Western Alliance Bank.

City Subsidy

The City's subsidy for the proposed development is \$45,163,521, or \$332,087 per unit. Exhibit 3 below shows the total development cost and City subsidy per unit for the proposed loan (excluding the State funding).

Exhibit 3: City Subsidy per Unit

Residential Units	136
Development Costs	\$110,778,521
Total City Subsidy	\$45,163,787
Total Cost per Residential Unit	\$814,548
City Subsidy per Residential Unit	\$332,087

Source: MOHCD

The proposed loan exceeds the \$200,000 subsidy per PSH unit targeted in the 2023 RFQ to procure developers for this site. As noted above, there was only one respondent to that solicitation.

Operating Budget

According to the 20-year cash flow analysis for the project, the project will have sufficient revenues to cover operating expenses, reserve deposits, and debt services payments, including payments on the proposed loan (but not on the proposed ground lease). Project revenues consist of tenant rent (\$0.4 million in year one), Local Operating Subsidy Payments (or LOSP, at \$1.7 million in year one) and base rental subsidies funded by the Department of Housing and Urban Development's (HUD) Restore-Rebuild Project Based Vouchers (\$1.3 million in year one). The developer is working with the San Francisco Housing Authority to increase the value of the Restore-Rebuild vouchers to 110 percent of fair market rent using Housing Authority reserves, however final approval of use of Housing Authority reserves is still pending from HUD. If approved, the increased HUD housing voucher values will offset the need for LOSP funding.

In addition to housing operations, HSH will fund supportive services starting at \$900,000 annually, which will be provided by Lutheran Social Services. The onsite behavioral health center will cost \$34.7 million over 20 years (or \$1.7 million per year, on average). MOHCD will provide a \$11.9 million 20-year Capitalized Operating Subsidy Reserve from No Place Like Home funds for those services, and HSH and DPH will fund the remaining annual costs.

Exceptions from MOHCD Guidelines

The developer fee is \$6 million, which exceeds the maximum of \$2.56 million for development projects under MOHCD's Policy on Development Fees because of the complexity of the project and financing. The \$6 million developer fee is the maximum permitted by the California Tax Credit Allocation Committee, which administers the Low-Income Housing Tax Credit programs. MOHCD is in the process of updating its developer fee guidelines to comport with TCAC's allowable fee.

RECOMMENDATION

Approve the proposed resolution.



Request for Qualifications

For the development of new affordable housing and associated infrastructure on a City-owned property generally located near the southwest corner of the intersection of 16th Street, Mission Street, and Capp Street, known as:

1979 Mission
(Assessor's Parcel: Block 3553, Lot 052)

Issued: August 3, 2023

San Francisco Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Responses due by 4:00 p.m. on September 29, 2023

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I. INTRODUCTION

The City and County of San Francisco (the “City”), acting through the Mayor's Office of Housing and Community Development (“MOHCD”) and the Department of Homelessness and Supportive Housing (“HSH”), is seeking a qualified developer (the “Selected Developer”), to work with the City to develop permanently affordable rental housing to include units serving formerly homeless households (families and adults), and ground-floor commercial use servicing the surrounding neighborhood (the “Project”) on a parcel located at 1979 Mission Street, San Francisco, California 94103 (Block 3553, Lot 052) (the “Site”).

The Site is irregular in shape and located near the southern most portion of Mission Street, extending to Capp Street, and bound by 16th Street to the South, and 16th and Mission BART Plaza, commonly known as 1979 Mission in San Francisco's Mission neighborhood. The Site is approximately 57,325 square feet, with 16th Street BART Station dividing the space on the southwestern corner. A map showing the location and configuration of the Site is attached as Exhibit 1.

The Site has significant development opportunity with capacity for more than 450 units in at least two buildings. Given the parcel location at the intersection of regional transit systems and at the heart of a culturally diverse community, development will require coordination with transit operators, adjacent landowners, and the surrounding community. The development team will need to demonstrate experience, vision, and leadership.

In consideration of the currently available and anticipated public and private funding to achieve all the impactful outcomes described below, MOHCD anticipates that the resulting Project will include at least 2, possibly three, separately operated buildings that will serve a broad range of affordable housing needs, including housing for families with dependent children and small households that are currently unhoused. These are described more fully below under the description of the Primary Project. Selected teams must have a proven track record of providing culturally responsive, trauma informed services for these distinct populations. This may result in separate entities providing those services at each building and will require a notable amount of coordination between all the entities supporting the development.

Funding for these predevelopment activities is expected to come from these sources, Affordable Housing Inclusionary Funds (AHF) and Low and Moderate Housing Asset Fund (LMIHAF), whose goals include:

- AHF Inclusionary - these are fees paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program, which finances affordable housing for qualifying households.
- LHIHAF - These are affordable housing funds transferred from the former Redevelopment Agency to MOHCD pursuant to 2012 Dissolution Law. Legislation allows for these funds to be used for new construction, acquisition and rehabilitation. Funds can only apply to households earning 60 percent or less of AMI.

MOHCD is proposing to transfer the Site (subject to final approval by the Board of Supervisors) to the Selected Developer for this purpose through a long-term ground lease. Maximum rents will be restricted to a maximum average income of 60% (range between 30-80%) Unadjusted San Francisco Area Median Income and below, as defined by MOHCD.

MOHCD will select a qualified development team that shows a clear ability to meet these goals:

The City's expectations of the Selected Developer are the following:

1. Efficiently and quickly produce high-quality and community-serving affordable housing and related infrastructure, efficiently and quickly, through demonstrated **excellence and technical expertise**.
2. Maximize the benefit of the City's subsidy dollars through demonstrated **Cost-Effectiveness**, whether via use of efficient construction techniques and/or materials, or other identified cost-saving measures.
3. **Offer units to households having experienced homelessness** that are referred through the City's Coordinated Entry System, per City requirements.
4. Align with the implementation of **City policies** on anti-displacement, racially inclusive communities, and creating stable housing for vulnerable populations;
5. Ensure that the development team is working within a **culturally competent approach to engagement with its contractors and the public** throughout the development process;
6. Select development/operations/services partners that are able to work with MOHCD and HSH to deploy city resources, tools and expertise **to create developments that are responsive to populations disproportionately impacted by systemic racism**.
7. Produce a development that includes both an **Initial Scoping Project and a Primary Project** that includes at least two (possibly 3) Residential Buildings and associated infrastructure improvements and resident and neighborhood amenities.
8. Produce a development is responsive the **unique historical and cultural context** of the Site.

The Primary Project to be developed must:

- Establish a Site design that facilitates horizontal (infrastructure) improvements and vertical (building) improvements as follows:
 - Infrastructure Program: Work with BART to develop urban design vision for existing northeast BART plaza and station access points, to be pursued in conjunction with similar improvements to southeast plaza and station access points. Consider needs for activation, safety and maintenance.
 - Mission Street/16th Street Program: 1-3 bedroom (family) units and ground floor commercial spaces that act as neighborhood serving resources and address resource gaps, through programs determined through a comprehensive community outreach process; this could be broken into two separate buildings to maximize competitiveness for leveraged funding. MOHCD preliminarily estimates capacity for as many as 200 units;
 - Capp Street Program: studio and 1-bedroom (adult) units for households referred from Coordinated Entry; MOHCD estimates capacity for as many as 150 units
- Maximize density and unit count that may be built “as of right” using all available tools.
 - Use streamlined ministerial approval processes and maximize density per as-of-right zoning. For example, SB35 or AB2162 may be used in conjunction with the Affordable Housing Density Program or the State Density Bonus Program;
 - Adjust unit sizes to serve the proposed target populations (see notes above).
- Designate a minimum number of units for Households Experiencing Homelessness, subsidized by the City’s Local Operating Subsidy Program;
- For Mission/16th Street Program: Serve low-income families (in 1-3 bedroom units) unsubsidized with an income range between 30%-80% MOHCD Unadjusted San Francisco Area Median Income, average no more than 60% MOHCD AMI; no studios; include set-aside for referrals from MOHCD for HIV+ households (Plus Housing program);
- For Capp Street Program: Serve formerly homeless adults in a minimum of 120 studio units (up to 150 units), subsidized by the City’s Local Operating Subsidy

Program¹ (“LOSP”) and a City services contract at a case management ratio of approximately 1:25; may include some 1-bedroom units to support provision of in-home health care; must include generous common spaces/amenities for residents;

- Conduct culturally competent community outreach to engender support for the Primary Project;
- Maximize the benefit of the City’s subsidy dollars through demonstrated Cost-Effectiveness, whether via use of efficient construction techniques and/or materials, or other identified cost-saving measures;
 - The site’s development plan must accommodate funding constraints, namely, a maximum \$300,000 of City subsidy per multi-bedroom unit and \$200,000 per studio/PSH unit, excluding land.
 - The proposal must secure construction and permanent financing that minimizes and leverages City resources to the greatest extent possible, e.g. a State of California, Housing & Community Development (HCD) loan and/or philanthropic contribution
- Commence construction on the Project as soon as possible, using streamlined ministerial approval processes for entitlements and permitting. For example, SB35 or AB2162, which may be used in conjunction with the Affordable Housing Density Program or the State Density Bonus Program;
- Serve at least 30% Extremely Low Income (ELI) households, eg \$29,100 for a single person household, or \$41,550 for a family of four;
 - In the Capp Street building this may be homeless households referred through the Coordinated Entry System or income restricted units that are subject to the Chapter 47 Preferences.
 - In all buildings, the Selected Developer must maximize the number of target population placements into the Project (COP holders

¹ The City’s Local Operating Subsidy Program (“LOSP”) will be available to units serving formerly homeless adults. The LOSP will be administered through a 15-year contract with MOHCD, to cover the difference between tenant-paid rents for homeless-serving units (LOSP units) and operating expenses attributable to LOSP units. LOSP operating subsidy calculations should account for all typical costs of operations, reserves and fees on a pro-rata basis. LOSP subsidies may not be used to pay hard debt service, other than qualified minimal debt service payments for state financing. Applicants offering LOSP units will need to apply for funding for provision of services to these formerly homeless households through the Department of Homelessness and Supportive Housing. Section 8 project based rental assistance is not anticipated to be available at this time.

Neighborhood Preference, etc.).

- The proposal must align with the implementation of **City policies** on anti-displacement, racially inclusive communities, and creating stable housing for vulnerable populations, as described below in Section III;
- At the time of publication, the final planning, permitting and operations timeline for the proposed Tiny Homes Village are being finalized. The Selected Developer must be prepared to undertake predevelopment activities accordingly in collaboration with HSH and MOHCD.

The Selected Developer must be prepared to:

1. Work with BART, City agencies, and community members to evaluate expanding the scope of the Project to include improvements to and/or potentially including development over the adjacent BART Plaza parcel in order to allow for a larger affordable housing building, in conjunction with improvements to both the southwest BART plazas.
2. Prepare a technical memo that includes budget projections, and conceptual designs for each project concept evaluated.
3. Work with BART and MOHCD staff to help develop BART's urban design vision for their potential station modernization efforts to both BART-owned plazas. This may include collaborating and coordinating with BART on complimentary community design workshops for the housing and station/plaza improvements.
4. Establish a community outreach strategy that includes culturally competent strategies for working with diverse stakeholders.

Electronic copy of responses to this RFQ must be received by the Mayor's Office of Housing and Community Development no later than 4:00 p.m. on September 29, 2023.

Once a Development Team is selected, MOHCD and the Selected Developer will enter into predevelopment loan agreements with specific milestone achievement requirements established in accordance with the terms of this RFQ.

II. IMPORTANT DATES AND SUBMISSION PROCESS

A. IMPORTANT DATES

RFQ available	Thursday, August 3, 2023
Pre-submission conference via Zoom (virtual)	Tuesday, August 15, 2023 at 3:00 p.m.

Deadline for questions and requests for additional information, and submission of registration form	Wednesday, September 13, 2023 by 4:00 p.m.
Deadline for submitting qualifications	Friday, September 29, 2023 by 4:00 p.m.
Notification to development teams who met submission requirements	Friday, October 20, 2023
Development team interviews, if necessary	Week of November 6 or 13, 2023
Announcement of selection of development team	Week of December 18, 2023
Deadline for Objections	7 days from announcement

B. PRE-SUBMISSION MEETING

A pre-submission conference will be hosted virtually by MOHCD on **Tuesday, August 15, 2023 at 3:00 p.m.** The purpose of the meeting is to ensure that interested developers understand the minimum qualifications requirements and the selection process. Questions raised at the conference may be answered verbally at that time. If any substantive new information is provided in response to questions raised at the pre-submission conference, MOHCD will issue a written addendum to the RFQ (in the form of a Question and Answers document) with this information to all parties that have registered for the RFQ. No questions or requests for interpretation will be accepted after **Wednesday, September 13, 2023 by 4:00 p.m.** Attendance at the pre-submission conference is highly recommended but not mandatory. Please see below regarding **Attachment 2 - RFQ Registration Form.**

Zoom Link:

<https://us02web.zoom.us/j/87489209771?pwd=Q0lqOFk5d2dmbThudUgvMHlvSmRQQT09>

C. REGISTRATION FOR RFQ REQUIRED

To receive MOHCD's responses to requests for additional information and to questions about this RFQ and to submit a qualification submission, **all interested parties must submit a completed RFQ Registration Form to MOHCD by Wednesday, September 13, 2023 by 4:00 p.m.** All addenda, responses and additional information will be distributed to all parties who have submitted a registration form in accordance with Section IIB above. MOHCD reserves the sole right to determine the timing and content of the response, if any, to all questions and requests for additional information. Questions and information requests should be submitted to the contact person in Section IIE.

D. QUESTIONS AND REQUESTS FOR INFORMATION

All questions and requests for additional information regarding this RFQ must be received by e-mail to mohcdHFOpps@sfgov.org by **September 13, 2023, by 4:00 p.m.** Questions received after the deadline may not be answered. All addenda, response, and additional information will be distributed to all parties who have submitted a registration form in accordance with Section IIC.

E. CONTACT PERSON, SUBMISSION DEADLINE AND PLACE

All communications about this RFQ should be directed to Mara Blitzer, Director of Special Projects, at (628) 652-5820 or MOHCDHFOpps@sfgov.org.

Respondents to this RFQ must submit one electronic copy via Dropbox link to these two email addresses (MOHCDHFOpps@sfgov.org and mara.blitzer@sfgov.org) no later than: **4:00 p.m. on Friday, September 29, 2023 by 4:00 p.m.**

Respondents who submit registration forms will be advised of any information necessary for the electronic submittal process.

F. FINAL REVIEW AND COMMITMENT OF FUNDS

Selected applications will be scheduled for review and funding commitment by the Citywide Affordable Housing Loan Committee. All commitments recommended by the Loan Committee are subject to final approval by the Mayor. Commitments may be conditional; actual closings and disbursements of funds may be contingent on applicants' achievement of certain development benchmarks or performance goals.

The City reserves the right to commit funds to a successful applicant in an amount that differs from the originally requested amount. The City also reserves the right to award an aggregate amount that exceeds the amount identified as available under this RFQ if necessary to fully fund a selected project.

III. PROJECT EXPECTATIONS

In addition to the requirements listed above under Section I, projects are expected to meet the following goals.

A. ALIGNMENT WITH CITY RACIAL EQUITY GOALS

Pursuant to San Francisco Administrative Code Chapter 47, MOHCD has adopted explicit policies in its Certificate of Preference (“COP”), Displaced Tenant, and Neighborhood Resident Preference Programs which provide historically displaced and vulnerable populations who reside within the community preference in obtaining access to quality affordable housing. In an effort to redress past and present inequities, the selection process for this NOFA will favor applicants with direct experience working with COP holders, or populations who share characteristics with the COP population.

- Maximize the number of priority placements (COP holders, Neighborhood Preference, etc.)
- Maximize (meet or exceed) the City's requirements for promotion of SBE/LBE organizations with contracts and local hiring with construction labor.
- Provide initial draft marketing plans within 18 months of anticipated Temporary Certificate of Occupancy ("TCO"), outlining the affirmative steps Respondents will take to market each Project to the City's preference program participants including Certificate of Preference (COP) Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement.
- Submit responses to requests for demographic data regarding the Boards of Directors of member organizations of the Development Team's and of the staff of the Respondents that are selected. This data will not be evaluated or scored.
- Split any Developer Fee per MOHCD Underwriting Guidelines, linked here: [Multi-family housing forms, documents, policies and guidelines | San Francisco \(sf.gov\)](#).

1. Respondents should align their development approach with the key findings in MOHCD's Theories of Change (as described in the 2020-2024 Consolidated Plan at [This Site](#)). MOHCD is addressing the City's priority needs via five interconnected, multidisciplinary objectives that cross program areas and leverage strategies both internally and across multiple city departments. These five objectives are:
 - Objective 1:* Families and individuals are stably housed
 - Objective 2:* Families and individuals are resilient and economically self-sufficient

Objective 3: Communities have healthy physical, social, and business infrastructure

Objective 4: Communities at risk of displacement are stabilized

Objective 5: The City works to eliminate the causes of racial disparities

MOHCD has also identified five target populations based on the findings from the Consolidated Plan community engagement process. These are:

- Households experiencing a legacy of exclusion
- Households destabilized by system trauma
- Households with barriers to access to opportunities
- Extremely and very low-income households
- Households at risk of displacement

2. MOHCD aims to deploy at least 25% and up to 50% of its resources to sites/programs located in Well-Resourced Neighborhoods, and deploy remaining resources to support Priority Equity Geographies as defined in the Housing Element (2023 draft). See: [CTCAC Tax Credit Programs](#) and Figure 19 here: [Housing Element 2022 Update 12.16.22 Clean.pdf \(sfhousingelement.org\)](#).

IV. C. ALIGNMENT WITH DEPARTMENT OF HOMELESSNESS AND SUPPORTIVE HOUSING (HSH) DEPARTMENT GOALS

Projects proposed under this RFQ for the Capp Street Program must designate a minimum of 100% of units for households experiencing homelessness, subsidized by the City's Local Operating Subsidy Program.

San Francisco's [Home by the Bay](#) plan outlines citywide strategies and goals to prevent and end homelessness. Respondents should align their proposed project's vision with the goals and strategies identified in the HSH strategic plan to expand permanent housing options, including a focus on projects that reduce homelessness among inequitably impacted communities and populations.

All homeless households will be referred by the Department of Homelessness and Supportive Housing (HSH) through Coordinated Entry, and/or other initiatives serving high priority individuals in coordination with Coordinated Entry, such as high users of multiple systems of care, individuals being discharged from hospitals, or persons with behavioral health conditions. Coordinated Entry organizes the City's Homelessness Response System with a common, population-specific assessment, centralized data system, and prioritization method, and identifies households with acute needs for Supportive Housing.

Respondents who propose units serving homeless households, a population in which Black, Brown, Indigenous, and other people of color are disproportionately represented, should be committed to the following:

- The capacity and expertise to lead with a Housing First philosophy, which includes principles of harm reduction and low barriers to entry;
- A racial equity-based, culturally responsive, and trauma-informed approach to setting up programs and process;
- An ability to collaborate with tenants, providers, and the community with the goal of stabilizing households in housing;
- An ability to conduct equity-focused data analyses and use feedback from the served population to enhance the project.

Housing First principles are found in the California Welfare and Institutions Code Section 8255. Under Housing First, tenant screening and selection practices must promote accepting applicants regardless of their sobriety or use of substances, completion of treatment, or participation in services. Tenant applicants must not be rejected based on poor credit or financial history, poor or lack of rental history, criminal convictions unrelated to tenancy, or behaviors that indicate a lack of “housing readiness.”

D. ELIGIBLE USES OF FUNDS

Funding awarded through this RFQ may be used to support a variety of pre-construction housing development activities for the production of new affordable rental housing, including but not limited to the following.

- Pre-development project concept development (including architecture, engineering, and financial modeling)
- Property acquisition and holding costs
- Architectural and engineering expenses
- Environmental assessments
- Appraisals
- Legal costs
- Project management
- Evaluation of expansion and/or development of Site into adjacent BART plaza (up to \$500,000 for this scope of work), in conjunction with improvements to southwest BART plaza, while maintaining continuity of access to transit station during construction.

Costs associated with the design of commercial, office, or community spaces may also be eligible uses of City funds, depending on how the use of these spaces relates to the proposed housing and the extent to which other potential resources for

developing these spaces are utilized. Hard and soft costs associated with tenant improvement for potential interim uses of such spaces are not eligible for support with these funds.

E. SUMMARY OF FUNDING TERMS

Soft Debt Loan Terms Include:

- Maximum City Subsidy: \$300,000 per unit for Mission/16th Street Program and \$200,000 for Capp Street Program
- 3% annual simple interest
- 55-year term
- Repayment due to the extent that residual cash flow is available and at expiration of the loan term
- Rents restricted at an average of 60% MOHCD AMI (30-80% range) for the life of the project (60% MOHCD AMI maximum for Capp Street Program)
- Restrictions must be recorded in first position on title
- City to own the land as ground lessor

Please see:

- MOHCD's Underwriting Guidelines (link here: [Multi-family housing forms, documents, policies and guidelines | San Francisco \(sf.gov\)](#)) for complete terms and conditions.
- LOSP Policies and Procedures Manual (same link as above)
- LOSP Term Sheet (coming soon – same link as above)

V. CONTEXT

A. THE SITE

1. Description

The Site is a hexagonal-shaped lot of 57,325 square feet located at 1979 Mission Street, San Francisco, California, 94103. The Site is bounded by Mission Street to the west, 16th Street to the south, Capp Street to the east, and an adjacent property to the north. The Site is currently occupied by a vacant commercial 36,756-square-foot retail building, and the remainder of the Site is occupied by an unutilized surface parking lot. Adjacent uses around the Site include the San Francisco Bay Area Rapid Transit (BART)'s 16th Street station northeast plaza at the southwest corner of the Site, a mixed-use residential and commercial building to the north, a 100% affordable housing multi-unit apartment building to the west, and an office building with ground-floor retail space to the south.

In addition to BART regional public transit service, local public transit service operated by the San Francisco Municipal Transportation Agency (SFMTA) operates adjacent to the Site including the 49-Van Ness/Mission bus line, the 14-Mission bus line and its 14R-Mission Rapid limited stop counterpart, the 22-Fillmore bus line, and the 33-Ashbury/18th Street bus line. The Site is within six blocks of four other SFMTA bus routes and is approximately 0.7 miles from SFMTA's MUNI Metro Line's Van Ness stop, which serves the J-Church, K-Ingleside, L-Taraval, M-Ocean View, and N-Judah metro rail routes.

2. History and Cultural Significance

The Site is located in the Mission District of San Francisco. The Mission District has an extensive history as an area that is home to various cultural movements, documented displacement of indigenous populations, removal of natural resources, and gentrification. This includes the initial arrival of Spanish settlers that resulted in the displacement and ultimately decimation of the indigenous Ohlone people, the development of industrial factories that led to the infill of Mission Creek that previously originated at the base of what is now known as Diamond Heights, redevelopment and urban renewal that resulted in the displacement of thousands across the City, the significance of the neighborhood in the laborers and farm workers' movements in the 1960s and 1970s and immigrant rights movements that last to this day, and efforts to resist gentrification in the late 1990s and early 2000s as the Bay Area emerged as a hub for the tech industry.

The Community Development Division of the Mayor's Office of Housing and Community Development has invested \$17 million in 35 projects located in the Mission that include immigrant legal services, tenant counseling, housing counseling, case management, transitional age youth services, and other related community services.

The displacement of Latino households from the Mission is well documented. In 2000, the Mission District's Latino population was at 60%. By 2015 it had dropped to 48%; a city-funded research study that year predicted a decline to 31% by 2025. Census data shows that 40% of residents within the zip code where the site is located speak another language in addition to English, and that nearly 15% of these residents were limited English proficient.

As a result of these trends, the current population is deeply involved in efforts to prevent further displacement, particularly for families that have lived in the Mission for multiple generations. This advocacy and activism is well documented and ultimately led to ownership of the Site being transferred to the City for the development of 100% affordable housing, as community members had organized against proposed plans from a private developer to build market-rate housing on the Site. In 2022, pursuant to Resolution 547-21, the developer of 10 South Van Ness reached an agreement with the seller, Maximus-BP 1979 Mission Street LLC, in which the 10 South Van Ness project could satisfy its

inclusionary housing requirements under Section 415 of the Planning Code by purchasing the Site and then conveying the Site to MOHCD via the land dedication process.

In 2021 a grant was provided to support community visioning activities associated with the future development of affordable housing. As part of that process community members have expressed interest in the ground floor activation of the Site. Types of uses that are preferred include gym/community recreation, grocery store, park, community center, a pharmacy (the Site was until recently partially occupied by a Walgreens), meal program, job placement, and/or library.

Additionally, due to its increased accessibility via public transit as well as the historical and cultural significance of the immediate area, the BART plaza both adjacent to the Site and its counterpart located on the southwest corner of 16th Street and Mission Street are often informally utilized as meeting locations for public gatherings and community organizing.

The site is located within an area where a number of city and community-based planning and visioning efforts have been undertaken. Recent efforts include:

- Mission Action Plan 2020 (“MAP 2020”): [Mission Action Plan 2020 | SF Planning](#)
- American Indian Cultural District Founding Legislation: [o0057-20.pdf \(sfbos.org\)](#), <https://americanindianculturaldistrict.org/>
- Calle 24 Cultural District Founding Legislation: [o0126-18.pdf \(sfbos.org\)](#), <https://www.calle24sf.org/>

3. BART

BART owns the land at APN #3343/053 (BART Parcel), located at the southwest corner of Mission Street and 16th Street and improved by an elevator and pedestrian (two stairs, one escalator) entrance to the 16th Street BART Station. The BART Parcel is approximately 75’ x 85’ (6,375 square feet). The sidewalks adjacent to the BART Parcel are improved by covered bus stops for key MTA Muni lines that converge on this corner, providing regional transit access.

The BART tracks run below Mission Street and the “BART Zone of Influence” extends approximately 50 feet into the Site along its frontage on Mission Street. Please see Document 13. Upon selection, the Site developers must seek direction from BART staff regarding the specific design implications, such as (though not necessarily limited to) requirements for shoring, monitoring, de-watering, and piles, as well as continuity of access to transit station during construction.

In general, significant ongoing communication will need to be maintained with BART staff and great care taken to protect the subway, station, and the Zone of Influence. Work on the Project must be pursued in a manner that preserves access to the BART station elevator, escalators, and stairs with no or minimal disruption to BART's transit operations and maintenance. Additional coordination will be required should some/all of the BART Parcel ultimately be incorporated into the Project. Note that in that event, BART intends to retain control of some/all of the surface of the BART Parcel since it is needed for rider access to the station.

BART is prepared to support the selected Developer in seeking resources for both the Project and BART plaza improvements via programs such as Affordable Housing and Sustainable Communities (AHSC), Infill Infrastructure Grants (IIG), and Transit-Oriented Development (TOD), as BART has done for housing developments at and around many other BART stations.

BART will be participating in the developer selection process.

B. ZONING/LAND USE ENTITLEMENTS

The Site is located in the NCT – Mission Street Neighborhood Commercial Transit District (See Planning Code Section 754) and the 105-X and 55-X Height and Bulk Districts. The NCT district is intended to promote a vibrant mix of uses while maintaining the characteristics of this formerly industrially-zoned area. Within the NCT, permitted uses include, but are not limited to retail, educational facilities, and housing, with family-sized dwelling units encouraged. Under NCT, the dwelling unit mix should include at least 40% of all dwelling units must contain two or more bedrooms or 30% of all dwelling units must contain three or more bedrooms.

The Site development is expected to qualify for ministerial approvals from the Planning Department through SB35 or AB2162, for example, which may be used in conjunction with the State Density Bonus Program or the Affordable Housing Density Bonus Program.

The BART plazas are classified as Open Space. If some/all of the adjacent BART plaza were merged with the Site, then this merged site would adhere to the 105-X and can utilize SB35 or AB2162 to maximize height.

C. SOIL AND ENVIRONMENTAL AND OTHER SITE CONDITIONS

The selected Developer will be required to commission its own geotechnical studies as part of its design and engineering work, but, for purposes of this RFQ, it is assumed that following any required mitigation, soil and subsoil conditions on the Site are sufficient to support a development that complies with the maximum allowable height, bulk and density limitations of the Site's applicable zoning requirements.

The following documents pertaining to the Site are available for review from the MOHCD website here: <http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>

1. Preliminary ALTA Survey (August 21, 2020)
2. Geotechnical Investigation 1979 Mission Street (January 13, 2013)
3. Phase I Environmental Site Assessment 1979 Mission (August 27, 2020)
4. Property Condition Report (existing structures) 1979 Mission (August 27, 2020)
5. Opinion of Probable Cost 1979 Mission and 1985 Mission (August 26, 2020 draft)
6. Subsurface Investigation Report (January 21, 2013)
7. Soil Mitigation Plan (June 20, 2013)
8. Planning Department Memo Dedication of Land at APN 3553/052 (1979 Mission) (September 1, 2020)
9. Utility Map (existing) (September 23, 2013)
10. BART Zone of Influence (January 18, 2013)

The Site is subject to the Maher Ordinance (San Francisco Health Code, Article 22A). For more information, see: https://www.sfdph.org/dph/EH/HazWaste/Maher_FAQ.asp.

VI. SELECTION PROCESS, MINIMUM EXPERIENCE AND CAPACITY REQUIREMENTS, SELECTION CRITERIA AND SCORING, AND SUBMITTAL REQUIREMENTS OVERVIEW

A. SELECTION PROCESS

MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements (see Section B below). If a submittal does not meet minimum experience and capacity requirements, the Respondent may submit an appeal to MOHCD staff on technical grounds only.

A Selection Panel will be appointed by the Director of MOHCD composed of persons with expertise in the areas of development, affordable housing financing, property management and resident supportive services, and which may also include asset management, construction management, Arts Commission staff, and community representatives.

The Selection Panel will review all qualified responses (see Section C below) and interview top-scoring Respondents, at which time Respondents will be asked to present and explain the major characteristics of their submittal, particularly as they relate to the Scoring Criteria, and respond to questions from the Selection Panel.

After all interviews have been completed, the Selection Panel will meet to determine the final ranking of all responses and present this ranking to the Director. The Selection Panel's scoring of each proposal will be done by consensus and will be final.

The Director will then select a development team and advise the Mayor of this selection. MOHCD staff will then exclusively negotiate a binding contract with the selected team for purposes of the Site's development. If MOHCD staff cannot complete a contract with the selected development team that is in the best interest of the City, the MOHCD Director may terminate negotiations in his/her sole discretion. If the MOHCD Director terminates negotiations with the selected development team, the MOHCD Director reserves the right, in his/her sole discretion, to (1) negotiate with the next highest ranked Respondent, or (2) reject any and all other proposals, in whole or in part, prior to award, and may re-advertise a request for qualifications for this Project under such terms the MOHCD Director deems to be in the City's best interest.

B. MINIMUM EXPERIENCE AND CAPACITY REQUIREMENTS

Respondents must meet the following minimum development team characteristics, experience, and capacity requirements in order to qualify to be scored and ranked under this RFQ:

1. Minimum Development Team Characteristics

The proposed Development Team must include:

- At least one non-profit development entity whose mission includes the development of affordable housing in low-income communities with experience developing housing for large families and small households who have experienced homelessness, acting either as sole developer or as a partner in a joint venture, or joint-venture partner.
- At least one development entity whose experience includes site/infrastructure planning and infrastructure (horizontal) development in support of transit-oriented residential developments adjacent to or co-located with public improvements such as transit hubs and public plazas.
- A property owner entity with experience owning housing for low-income communities and formerly homeless households;
- At least one property management entity with experience managing housing for low-income communities and formerly homeless households;
- At least one services-providing entity with experience providing services appropriate for low-income communities and formerly homeless residents.

Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the developer must be submitted with the application. Place these documents in section 2 of your submission. Label the electronic files, for example, for the Developer, as "2.c. Property Manager LOI".

2. **Minimum Development Team Experience**

Minimum experience must be demonstrated by identifying specific **Qualifying Projects** in which team members have participated, as further described below. The proposed Development Team must submit **Attachment 4 - Qualifying Project Form**, to document how the Qualifying Project characteristics meet each of the experience categories below (developer, owner, property manager, service provider.)

To demonstrate the minimum required development team experience, each team should submit one project for each experience category. When appropriate, teams may submit the same project as evidence of experience across multiple experience categories, or may use different projects to demonstrate experience across categories. In all cases, no more than four (4) total Qualifying Projects should be submitted. **Qualifying Projects will not be scored, though are used to identify if the proposed Development Team meets the minimum development team experience required to develop the Site.**

For Developer and Owner, a **Qualifying Project** must have all the following characteristics:

- The project must be new construction (not a requirement for Minimum Service Provision Experience) in a construction type appropriate for the proposed site development (not a requirement for Minimum Property Manager and Service Provision Experience).
- The project must include units for households experiencing homelessness.
- The project must be financed in part with Low-Income Housing Tax Credits.

For Developer, a **Qualifying Infrastructure Project** must have all the following characteristics:

- The project must have included construction of a new or to-be improved infrastructure component that is publicly accessible, such as a bicycle facility, plaza/paseo, busway, or public restroom.
- The project must have included partnership with (such as joint development or a land transaction) or funding from at least one transportation agency.
- The project must have been delivered within a prescribed time frame and within budget, as affirmed by the transportation agency.

a. Minimum Development Experience: The proposed Developer must have completed within the past ten years at least **one** Qualifying Project located in San Francisco. The definition of “completed” of a Qualifying Project means having received Temporary Certificate of Occupancy by the date of the issuance of the RFQ.

For joint venture Developer teams, the experience of the lead entity may suffice for the joint-venture partnership. A signed Memorandum of Understanding or Term Sheet between joint-venture Development partners that outlines roles and responsibilities, proposed ownership structure, etc. **must** be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Finally, the requirement to have served formerly homeless residents may be satisfied in a non-Type I building. In such a case, the proposed Developer must provide evidence of having completed a partially Type I affordable housing building, and separately, an affordable housing building that serves formerly homeless residents. Any qualification of this kind must be identified on the applicable Form 4 and an agreement between the parties describing the services to be provided must be included.

Minimum Infrastructure/Site Planning Experience: The Respondent must have completed within the last 10 years at least one Qualifying Infrastructure Project located in the nine county Bay Area. The definition of “completed” of a Qualifying Project means having received Temporary Certificate of Occupancy by the date of the issuance of the RFQ. The Qualifying Project must be an infrastructure project in similar size/scope to a high traffic public plaza and the entity must have been the lead sponsor for the project. Entity role must be related to financing, negotiation, legal structuring and transactional aspects of the co-location of the infrastructure project.

- b. Minimum Ownership Experience:** The proposed Owner must have owned at least **one** Qualifying Project for at least four years prior to the Submittal Deadline of this RFQ. For purposes of this requirement, the member of the general partner of the tax credit partnership that will own the completed project is the proposed “Owner.”

If the Selected Developer entity is not the same entity as the proposed Owner, MOHCD reserves the right to require that certain members of the Selected Developer remain active in the ownership for whatever length of time MOHCD deems necessary to ensure operating and financial stability.

- c. Minimum Property Management Experience:** The proposed property manager(s) for the Project must have managed at least two Qualifying Projects, each for at least 36 months. In addition, the Property Manager must provide evidence of experience managing housing financed with Low Income Housing Tax credits and operating projects with a Housing First approach. The Property Manager(s) must demonstrate effective strategies for working with service providers to collaborate on housing stability of residents.

- d. ***Minimum Service Provision Experience:*** The proposed service provider(s) must have at least 36 months' experience providing supportive services within a Qualifying Project, including case management and comprehensive services for homeless households in a residential setting. The proposed service provider(s) must demonstrate effective strategies for collaborating with property management on housing stability for residents. The proposed service provider(s) must have the infrastructure to supervise and train onsite staff and their supervisors.

Other Consultants: For any applicant team, the experience of key staff members or "other consultants" may be substituted for the experience of the organization as a whole as long as the staff member's or consultant's experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform as a member of the Respondent's team. This must be clearly identified on the applicable Form 4.

Note Regarding Experience: For any applicant team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members' experience in other firms was substantive and involved responsibilities similar to those that they are anticipated to perform during the proposed development of the Site. Any substitution should be clearly identified in Attachment E, Qualifying Project Form.

The proposed Developer and Owner must demonstrate the financial and staffing capacity to successfully complete the project and manage the asset in the long-term, as further described below.

- ***Financial Capacity:*** The proposed Developer (or Guarantor where another entity is providing required guarantees) must demonstrate its ability to obtain competitive financing, as evidenced by submitting the latest (2) years of either signed federal income tax returns (including schedules or attachments, if any); or audited financial statements (with management letters, if any). The proposed Developer must also submit **Attachment 5 – Financing Terms for Developer's Qualifying Project** documenting the equity pricing and debt terms for the Qualifying Project submitted under Minimum Developer Experience.

On a separate sheet, labeled 3.a.3, Developer/Guarantor should list all loans with MOHCD that have not converted to a permanent loan (e.g. predevelopment and construction loans). If a loan is anticipated but not yet executed (for example, sponsor was recently recommended for funding through a NOFA or RFQ), please list that as an "award". For each loan, list the name of the project, the amount of the loan, and the date of expected permanent conversion.

- ***Staffing Capacity:*** The proposed Developer must document its capacity to successfully plan, design, and develop the Project, throughout the period of

development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. To document this, the proposed Developer must submit a written narrative **no more than one page** (in Times New Roman font, 12 font size, and 1-inch margins) to document the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. The proposed Developer must also submit **Attachment 6 – Projected Staffing Workload Form** to document the work assignments (existing or contemplated) associated with each staff person expected to work on the Project for Developer.

- **Asset Management Capacity:** The proposed Owner must document its capacity to successfully manage real estate assets in compliance with City regulatory agreements and restrictions. To document this, the proposed Owner must submit a recent Real Estate Owned (REO) schedule, stating the number of projects and average number of units/project currently in Owner's asset management portfolio, proposed Owner's current asset management staffing (noting job titles), FTEs, and status of each position (filled/vacant), and proposed Owner's organizational chart.

C. **SELECTION CRITERIA AND SCORING**

All applications that meet the Minimum Experience and Capacity Requirements will be scored and ranked according to the following selection criteria:

	Category	Points
A.	EXPERIENCE:	85
i.	Developer (25 pts) ➤ Experience with the following: ○ Completing residential projects on time and on budget ○ Obtaining competitive financing terms ○ Developing proposed type of construction ○ Developing for low-income households, including those experiencing homelessness ○ Working in the Mission neighborhood ○ Building community support through outreach ○ Achieving entitlements for the project expeditiously ➤ Current staff capacity and experience to take on this project type	
iii.	Infrastructure/Site Planning (25 pts) ➤ Experience with the following: ○ Completed one or more Qualifying Infrastructure project on time and on budget	

	○ Demonstrated partnerships with public agencies, especially transportation agencies and on projects involving complex land transactions ○ Building community support through outreach ○ Current staff capacity and experience to take on this project type ○ Mapping ○ Securing utility services from SFPUC and PG&E	
ii.	Owner (5 pts) ➤ Track record successfully owning housing financed with Low-Income Housing Tax Credits ➤ Experience owning affordable housing for low income households, including those experiencing homelessness ➤ Effectiveness of current asset management structure and staffing, given portfolio size ➤ Capacity for assuming asset management of an expanded portfolio once the development is complete ➤ Extent to which applicant has history of compliance with terms of previous MOHCD financing agreements (subtract .5 point for every site that is out of compliance for income, rent or rent increase compliance issues, or for which an AMR has not been submitted on time in the last 12 months)	
iv.	Property Manager (5 pts for Mission Street program and 5 pts for Capp Street program) ➤ Experience property managing for low-income households, including those experiencing homelessness ➤ Experience achieving high rates of housing retention ➤ Implements low barrier tenant selection policies ➤ Contributes to long-term sustainability of the development ➤ Achieving cost efficiencies in operations ➤ Grounds property management services in trauma informed approach ➤ Capacity to attract and retain adequate staffing to take on this project	
v.	Service Provider/s (5 pts for Mission Street program and 5 pts for Capp Street program) ➤ Experience delivering services to low-income households, including those experiencing homelessness ➤ Experience linking residents to the City's safety net of services ➤ Works with property management to achieve high rates of housing retention ➤ Supports positive outcomes for residents around health and economic mobility ➤ If applicable, provides explanation for service contracts terminated	

	prematurely within the last 5 years ➤ Capacity to attract and retain adequate staffing to take on this project ➤ Experience delivering services with equity; ➤ Engages in collaborative service partnerships; ➤ Utilizes Housing First and housing stability principles to deliver the services. ➤ Indicates that property management and resident services will be provided through a trauma-informed approach.	
vi.	Racial Equity (10 pts) ➤ Demonstrates experience providing housing to COP holders and neighborhood preference holders ➤ Demonstrates experience providing housing to formerly homeless households and serving historically excluded communities of color. ➤ Uses innovative approaches to engagement with COP and neighborhood preference holders ➤ Demonstrates commitment to racially diverse project development teams ➤ Describes experience providing access and implementing effective service delivery strategies to historically excluded communities of color	
B. VISION:		30
i.	Program Concept (5 pts) ➤ Describes vision for a development program at this site, while best achieving the project goals, and includes: ○ A residential program and other envisioned uses, including infrastructure and community serving commercial; ○ Indicates how the proposed uses and amenities will enhance the lives of the proposed target population and the surrounding Mission neighborhood. ➤ Indicates populations served by the programs and spaces (tots, children, teens, young adults, adults, elderly, disabled etc.). ➤ Utilizes Housing First and housing stability principles to deliver services and engages in collaborative service partnerships. Indicates that property management and resident services will be provided through a trauma-informed approach.	

iv.	Finance and Cost Containment Approach (5 pts) ➤ Describes the Development Team’s overall financing approach to the project, including phasing and creation of separate air rights parcels. ➤ Describes how project is strategically positioned to successfully compete for State funding resources, including funding from the CA Debt Limit Allocation Committee and Department of Housing and Community Development ➤ Includes the Team’s process for entitling the project, financially structuring the project and controlling development costs. ➤ Includes innovative strategies intended to minimize MOHCD’s projected capital gap financing. ➤ Describes any innovative (i.e. non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses.	
ii.	Community Engagement Strategy (10 pts) ➤ Describes community engagement strategy and includes: ○ The team’s philosophy on community engagement; ○ Process for establishing and/or building positive relationships with surrounding neighbors and the larger community; ○ Efforts designed to engage all interested community members, particularly BIPOC members of the target populations, including monolingual non-English speaking members of the community; ○ How the Development Team intends to comply with the City’s Language Access Ordinance. ➤ Describes the and the Team’s approach to maintaining and building community relationships after entitlements have been achieved and the development is in operations. ➤ Indicates how particular community engagement strategy will address the historical exclusion of communities of color from quality housing, including but not limited to marketing to attract target populations. ➤ Addresses communications throughout the life cycle of the project, from concept and entitlements through construction, lease-up/marketing, and ongoing operations.	
iii.	Services Delivery Strategy (5 pts) ➤ Describes the Development Team’s services delivery strategy for serving both families with children and formerly homeless adults, and includes: ○ The overall service philosophy; ○ Model for providing any anticipated services to formerly homeless residents (including case management ratio and provision of amenities such as front desk clerks, if	

	applicable); ○ The services goals of the proposed vision. ➤ Demonstrate how the following principles are implemented: ○ delivering services with equity; ○ trauma-informed approach to support services; ○ engaging in collaborative service partnerships; and ○ Housing First and housing stability principles to deliver the services. ➤ Serving a diverse population of Tenants, including non-English speakers, persons with disabilities, and individuals with a history of homelessness, substance use and/or mental health challenges; ➤ A brief description of the desired outcome of the services to be provided and innovative approaches to services provision, including the strategy of engaging residents and encouraging access to services. ➤ Describes how services for residents will be coordinated with the existing network of services in the neighborhood and community. ➤ Describes strategies used to help BIPOC tenants overcome barriers to accessing supportive services and income that mitigate the effects of poverty and lead to improved well-being.	
v.	Racial Equity Strategy (5 pts) ➤ Explains how vision aligns with the primary goals of this RFQ set forth in the Introduction and Project Expectations.	
TOTAL POSSIBLE POINTS		115

Projects must receive at least 80 points to proceed through the selection process.

D. Submittal Requirements Overview

Using **Attachment 1 – Submittal Checklist**, check boxes of all items that will be submitted. Complete and submit **Attachment 2 – RFQ Registration Form**. All addenda, responses and additional information will be distributed to all parties who have submitted a registration form in accordance with Section IIB above.

E. 1. Minimum Development Team Characteristics

Submit **Attachment 3 – Respondent Description** to document the name of each organization, names of the organization's Director (or equivalent position) and primary contact persons, and phone numbers and email addresses for each of the following:

- Lead Developer and Co-Developers (if applicable)

- Infrastructure/Site Plan Coordinator/ Development Consultant(s) (if applicable)
- Owner(s)
- Property Manager(s)
- Service Provider(s)

For each Lead Developer and/or Co-Developer, submit a current copy of the following documents:

- a. **Certificate of Good Standing** from the California Secretary of State
- b. **Certification of 501(3) status** (for nonprofit corporations) from the Internal Revenue Service.

2. **Minimum Development Team Experience**

Submit **Attachments 4.a, 4.b, 4.c, 4.d, 4.1 - Qualifying Project Forms**, to document how the Qualifying Project characteristics meet each of the experience categories below (developer, owner, property manager, service provider.)

- (1) Qualifying Project for each of the experience categories:
 - a. Minimum Development Experience (Attachment 4.a)
 - b. Minimum Infrastructure/Site Planning Experience (Attachment 4.1)
 - c. Minimum Ownership Experience (Attachment 4.b)
 - d. Minimum Property Management Experience (Attachment 4.c)
 - e. Minimum Service Provision Experience (Attachment 4.d)
 - f. Minimum experience in incorporating principles of racial equity into development, management and service experience.

To demonstrate the minimum required development team experience, each team should submit one project for each experience category. When appropriate, teams may submit the same project as evidence of experience across multiple experience categories, or may use different projects to demonstrate experience across categories. In all cases, no more than five (5) total Qualifying Projects should be submitted. **Qualifying Projects will not be scored, but are used to identify if the proposed Development Team meets the minimum development team experience required to develop the Site.**

3. **Minimum Developer and Owner Capacity Requirements**

Financial Capacity

- Latest two (2) years of either signed federal income tax returns (including schedules or attachments, if any); or audited financial statements (with management letters, if any). Label these files 3.a.1 and 3.a.2.
- On separate sheet, labeled as 3.a.3, provide list of funds awarded, predevelopment and construction loans with MOHCD
- **Attachment 5 – Financing Terms for Developer’s Qualifying Project** to document the equity pricing and debt terms for the Qualifying Project

submitted under Minimum Developer Experience.

- **Attachment 5.1 – Financing Terms for Infrastructure/Site Coordinator Qualifying Project** for the infrastructure/site plan scope of work to document the financing terms for the Qualifying Project submitted under Minimum Infrastructure/Site Plan Experience.

F. Staffing Capacity

- Description of Key Staff Experience – Provide written narrative of **no more than one page** (in Times New Roman font, 12 font size, and 1-inch margins) to document the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff.
- **Attachment 6 – Projected Staffing Workload Form**, documenting the work assignments (existing or contemplated) associated with each staff person expected to work on the Project for Developer.

G. Asset Management Capacity

- Proposed Owner's recent **Real Estate Owned (REO) schedule**, documenting the number of projects and average number of units/project currently in Owner's asset management portfolio.
- Proposed Owner's current **asset management staffing**, noting job titles, FTEs, and status of each position (filled/vacant).
- Proposed Owner's **organizational chart**.

H. Racial Equity Capacity

- Demonstrate how developer has met the City's minimum compliance standards for Equal Employment Opportunities on the **Qualifying Project**.

4. Selection Criteria and Scoring

- Experience:** Provide written narrative of **no more than six pages** (in Times New Roman font, 12 font size, and 1-inch margins). Please label this file as "4a Experience"
- Vision:** Provide written narrative of **no more than three pages** (in Times New Roman font, 12 font size, and 1-inch margins). Please label this file as "4b Vision."

Additional documents submitted in this section will not be allowed, except as identified on the **Attachment 1: Submittal Checklist**.

For each document submitted, please label the file in the order of the Attachment B: Submittal Checklist, which is organized into 7 sections (section 0 is the RFQ Registration Form). For example:

- Label the Form 4 for the Qualifying Project for the Developer as follows: “2b. QP for Developer”;
- Label the Financial Statements for the Developer as follows: “3a.1 Financial Statements for Developer” and “3a.2 Financial Statements for Developer”

E. Scoring for Experience

In **no more than six pages** of written narrative (in Times New Roman font, 12 font size, 1-inch margins), describe how each member of the Proposed Development Team has the most relevant experience for the successful development of the project. **Describe how the Development Team has implemented lessons learned from past affordable housing experience.** Please note that Respondents are not limited to discussing the Qualifying Project(s).

1. **Developer:** Describe the Developer’s track record successfully developing high-quality affordable housing, including supportive housing. In particular, discuss the Developer’s experience completing housing development projects on time and on budget, obtaining competitive financing terms, developing type V/I or III/I construction, developing for low-income families and those experiencing homelessness and building community support for mixed use projects (affordable residential with ground floor commercial) through outreach for similar projects. Describe the experience and capacity of current staff to take on a project of this type.

2. **Infrastructure/Site Coordinator/Development Consultant:** Describe the Developer’s track record successfully developing infrastructure and site plans. In particular, discuss the Developer’s experience completing infrastructure projects on time and on budget, obtaining competitive financing terms, and outreach for similar projects. Describe the experience and capacity of current staff to take on a project of this type.

3. **Owner:** Describe the Owner’s track record successfully owning housing financed with Low-Income Housing Tax Credits. In particular, discuss the Owner’s experience owning affordable housing for low-income families and those experiencing homelessness and describe the Owner’s current asset management structure, staffing and portfolio, and its capacity for assuming asset management of an expanded portfolio once the development is complete. For purposes of this requirement, the managing general partner of the tax credit partnership intended to take ownership of the completed project and to provide asset management for the project is the proposed “Owner”.

4. Property Manager: Describe the Property Manager's track record successfully managing high-quality affordable housing communities. In particular, discuss the Property Manager's experience providing management services for low-income families and those experiencing homelessness, including communities of color; experience achieving high rates of housing retention, implementing low barrier tenant selection policies, contributing to the long-term sustainability of the development, experience administering subsidies such as LOSP; and achieving cost efficiencies in operations.

5. Services Provider(s): Describe the Services Provider(s)' track record delivering highly impactful services to residents in affordable and/or supportive housing developments. In particular, discuss the Services Provider(s)' experience delivering services to low-income families and those experiencing homeless, including communities of color; linking residents to the City's safety net of services; working with property management to achieve high rates of housing retention; and supporting positive outcomes for residents around health, economic mobility, and housing stability. If the Service Provider(s) have had any services contracts prematurely terminated in the last five years, include an explanation for each termination. Discuss strategies for eliminating barriers that prevent communities of color from accessing quality health care services, employment and educational opportunities.

6. Racial Equity Strategy: Please describe the Developer team's level of racial equity awareness using the guidelines below:

- Understands and communicates that reducing racial inequities is mission critical
- Routinely collects, disaggregates, and analyzes data by race/ethnicity in programmatic and operational work
- Views diversity as a value-added feature of organizations, and enquires about the cultural competence of staff and grantees to work with diverse groups
- Has mechanisms for management accountability for equity, diversity, and inclusion
- Has mechanisms for staff accountability for equity, diversity, and inclusion
- Describes Development Team's present and future practices to meet MOHCD's racial equity goals as articulated in the racial equity goals of this RFQ
- Describes the Developer's experience with serving historically excluded communities of color
- Has experience providing access and implementing service delivery strategies to historically excluded communities of color
- Describes the demonstrated commitment to racially diverse project development and service teams.

G. Scoring for Vision

In **no more than three pages** of written narrative (in Times New Roman font, 12 font size, 1-inch margins), describe the Proposed Development Team's vision for the successful development of the Project:

- a. *Program concept, including infrastructure:*** Describe the Development Team's vision for a development program at this Site, while best achieving the original project goals (i.e. serve low income families and small households, including formerly homeless households including a residential program and all other envisioned uses. Indicate how the proposed uses and amenities will enhance the lives of the low income families and small households, including formerly homeless households, and the surrounding Mission neighborhood. Indicate particular groups served by the programs and spaces (tots, children, teens, young adults, adults, elderly, disabled etc.). Do not submit architectural drawings; scored responses must be in narrative form only.
- b. *Financing and cost containment approach:*** Describe the Development Team's financing approach to the project, including the Team's process for structuring the project and controlling development costs. Include any innovative strategies intended to minimize MOHCD's projected capital gap financing. Also, describe any innovative (i.e., non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses. Do not submit a development budget or pro forma; scored responses must be in narrative form only.
- c. *Community engagement strategy:*** Describe the Development Team's community engagement strategy, including the team's philosophy on community engagement and process for establishing and/or building positive relationships with surrounding neighbors and the larger community. Describe the Team's approach to achieving entitlements for the project expeditiously and the Team's approach to maintaining and building community relationships after entitlements have been achieved and the development is in operations. The strategy should include efforts designed to engage all interested community members, including monolingual non-English speaking members of the community and how the Development Team intends to comply with the City's Language Access Ordinance.
- d. *Services delivery strategy:*** Describe the Development Team's services delivery strategy, including the overall philosophy and model for providing services to low income families and small households, including formerly homeless households (including case management ratio and provision of amenities such as front desk clerks), the services goals of the proposed vision, a brief description of the desired outcomes of the services to be provided and innovative approaches to services provision, including the strategy for engaging residents and encouraging access to

services, and how services for residents will be coordinated with the existing network of services in the neighborhood and community.

- e. **Racial Equity Strategy:** Please submit an overall statement regarding how the Development Team will incorporate the principles of racial equity in the development of the program concept, the community engagement strategy, services delivery strategy and marketing approach. Explain how the strategy aligns with the goals of this RFQ set forth in the Introduction and Project Expectations. Describe any substantive partnership that is part of the RFQ response that increases opportunity/capacity for growth of Emerging Developers (smaller organizations) in development roles. Explain how the Development Team's model removes barriers to intergenerational wealth, self-sufficiency and resiliency for persons of color, particularly COP holders, African American households and/or households in historically African American neighborhoods.

7. **Evidence of Authority**

Provide a certified corporate resolution of the applicant or, in the case of a partnership, the applicant's general partner, expressly authorizing the applicant to provide a response to this RFQ and, if selected by the City, to enter into negotiations with the City for the long-term lease of the MOHCD Site. Label this file "6 Evidence of Authority."

8. **Disclosure Form**

Submit a completed and signed copy of **Attachment 7 – Disclosures**, which requires any respondent to this RFQ to disclose defaults, lawsuits, legal proceedings, bankruptcy filings or financial interests affiliated with MOHCD staff or Citywide Affordable Housing Loan Committee members. The individual who signs the form must be authorized to enter into legal agreements on behalf of the Respondent. Label this file "7 Disclosures."

Note Regarding Submittals: Respondents may amend their response prior to the submission deadline. However, after the submission deadline, corrections are only allowed if immaterial and at the sole discretion of MOHCD.

VII. **TERMS AND CONDITIONS OF REQUEST FOR QUALIFICATIONS**

A. **DEVELOPER RESPONSIBILITIES**

The Selected Developer will be responsible for all aspects of development of the Site, including but not limited to the following:

- Involving local community stakeholders in the program setting and initial design of the Site.

- Conducting all appropriate due diligence, investigating and determining conditions of the Site and the suitability of the Site for the proposed Development.
- Coordinate with BART and various City agencies in regard to infrastructure work on the BART Plazas, including considering an air rights parcel over the BART Plaza, or fee simple transfer to MOHCD, in order to develop affordable housings, resulting in a potential redesign of the Plaza.
- Securing all required development approvals, including but not limited to any necessary permits or approvals from the City's Planning Department and Department of Building Inspection, and from Federal and State agencies associated with environmental and historic preservation reviews (including Certificates of Appropriateness) as applicable.
- Obtaining adequate financing for all aspects of the proposed Development, including predevelopment, construction and operation.
- Designing and building the Development in a manner that produces a high-quality, enduring living environment.
- Owning, managing, and operating the Development in a manner that ensures its long-term financial viability and the ongoing satisfaction of residents.
- Complying with the requirements of any financing for the Development, including but not limited to:
 - a. **Equal Employment Opportunities:** The Selected Developer will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in the Development. To ensure that equal opportunity plans are consistent with City and Federal procurement requirements, sponsors should meet with MOHCD and San Francisco Contract Monitoring Division (CMD) staff prior to hiring their development team to develop a plan for such compliance. Although the City's Contract Monitoring Division (CMD) does not require prior approval or monitoring of procedures for selecting the architect for purposes of responding to this RFQ, the architect's Small Business Enterprise (SBE) status will be counted toward the overall Development's procurement goals which will be set at a later date.
 - b. **Environmental Review:** Depending on conditions at the Development Site and on Development plans, the proposed Development will be subject to review under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and specifically the Section 106 historical resources preservation review. Department of City Planning design review may also be required.
 - c. **Accessibility Requirements:** Development sponsors will be responsible for meeting all applicable accessibility standards related to publicly funded

multifamily housing under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco. Units must meet TCAC accessibility requirements, which at the time of RFQ drafting require at least 50% of all units to be adaptable and a minimum of 15% of the units to be accessible, including units for the visually and hearing impaired, consistent with TCAC requirements.

- d. **Prevailing Wages:** This Development will be subject to applicable local, state or federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.
- e. **Employment and Training:** The Selected Developer will be required to work with the CityBuild initiative of the Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the Development, including complying with the City's First Source Hiring requirements.
- f. **Sustainable Design:** The Mayor's Office of Housing and Community Development seeks to maximize the overall sustainability of financed projects. The selected development team will be required to pursue any funding that may become available to help pay for the cost of planning and implementing green building components.
- g. **Public Art Requirement:** Projects with funding from MOHCD must comply with the Charter requirement to include public art as part of project design. Please see the Underwriting Guidelines for more information.
- h. **Minimum Insurance Requirements:** see Exhibit A – Minimum Insurance Requirements.

B. ERRORS AND OMISSIONS IN RFQ

Respondents are responsible for reviewing all portions of this RFQ. Respondents are to promptly notify MOHCD, in writing, if the respondent discovers any ambiguity, discrepancy, omission, or other error in the RFQ. Any such notification should be directed to MOHCD promptly after discovery, but in no event later than five (5) working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

C. ADDENDA TO RFQ

MOHCD may modify the RFQ, prior to the response due date, by issuing written addenda. Addenda will be sent via email to the last known address of each person or firm listed

with MOHCD as having received a copy of the RFQ for proposal purposes. MOHCD will make reasonable efforts to notify Respondents in a timely manner of modifications to the RFQ. Notwithstanding this provision, the Respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by MOHCD prior to the proposal due date regardless of when the proposal is submitted.

D. OBJECTIONS

1. RFQ Terms. If any interested party objects to any provision or legal requirement in this RFQ, such party must provide written notice to MOHCD at mohcdHFOpps@sfgov.org setting forth with specificity the grounds for the objection no later than seven (7) calendar days of the date for submitting qualifications (See Section II(A)). Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection to this RFQ.
2. Notice of Non-Responsiveness. A Respondent may object to a determination that its submission of qualifications is non-responsive to this RFQ by delivering written notice to MOHCD setting forth with specificity the grounds for the objection no later than seven (7) calendar days after the date of the written notice to Respondent of MOHCD's determination of non-responsiveness. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
3. Selection of Development Team for Exclusive Negotiations. A Respondent may object to the selected Development Team and MOHCD Director's authorization to proceed with exclusive negotiations with such Development Team by delivering written notice to MOHCD setting forth with specificity the grounds for the objection by no later than seven (7) calendar days after the selected Development Team has been announced and made public by MOHCD. If a Respondent files a timely objection, the MOHCD Director will review such objection and respond in a timely manner, and MOHCD's authorization to enter into exclusive negotiations with the selected Development Team will not be binding until the MOHCD Director denies the objection. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
4. Delivery of Objections. Respondents must submit objections in writing, addressed to the person identified in this RFQ, and delivered to the MOHCD via email at MOHCDHFOpps@sfgov.org between the hours of 8:00 a.m. and 5:00 p.m. by the dates specified above in order to be considered. Written objections should be transmitted by a means that will provide written confirmation of the date MOHCD received the objections. If a written objection

is delivered by US mail, the Respondent bears the risk of non-delivery by the deadlines specified above.

E. CLAIMS AGAINST MOHCD

No Respondent will obtain by its response to this RFQ, and separately by its response waives, any claim against MOHCD by reason of any or all of the following: any aspect of this RFQ, any part of the selection process, any informalities or defects in the selection process, the rejection of any or all proposals, the acceptance of any proposal, entering into exclusive negotiations, conditioning exclusive negotiations, terminating exclusive negotiations, approval or disapproval of plans or drawings, entering into any transaction documents, the failure to enter into a lease or lease disposition and development agreement, any statements, representations, acts, or omissions of MOHCD, the exercise of any discretion set forth in or concerning any of the above, and any other matters arising out of all or any of the above.

F. SUNSHINE ORDINANCE

In accordance with San Francisco Administrative Code Section 67.24(e), contractors' bids, responses to RFQ's and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

G. RESERVATIONS OF RIGHTS BY THE CITY

1. The issuance of this RFQ and the selection of a developer pursuant to this RFQ are in no way a limitation of the discretion of any City board, commission, department, employee or official with respect to any review or approval required in connection with the proposed Development. The City's selection of a developer is in no way deemed to be the final approval of any Development proposed by the developer.
2. The information in this RFQ is provided solely for the convenience of respondents.
3. The City expressly reserves the right at any time to do waive or correct any defect or technical error in any response or procedure, as part of the RFQ or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; cancel this RFQ at any time prior to

award and reissue a Request for Qualifications; modify or suspend any and all aspects of the selection procedure, the scope of the proposed Development or the required responses, or the processes indicated in this RFQ; request that respondents clarify, supplement or modify the information submitted; extend deadlines for accepting responses, or request amendments to responses after expiration of deadlines; negotiate with any, all or none of the respondents to this RFQ; make a selection based directly on the proposals, or negotiate further with one or more of the respondents; during negotiation, expand or contract the scope of the proposed Development, or otherwise alter the Development concept in order to respond to new information, community or environmental issues; if at any time prior to the execution of binding agreements with the selected Development Team, MOHCD, in its sole discretion, determines that the selected Development Team will be unable to proceed with a timely and feasible Development in accordance with this RFQ or that the agreement will not serve in the City's best interest, MOHCD may terminate negotiations with the selected Development Team and begin negotiations with the next highest ranked Respondent; or determine that no Development will be pursued.

4. The issuance of this RFQ does not obligate the City to pay any costs whatsoever incurred by any respondent, including but not limited to costs incurred in connection with the preparation or presentation of responses or negotiations with the City. Developer teams responding to this RFQ do so at their own expense.
5. The issuance of this RFQ is only an invitation to submit qualifications, and does not constitute an agreement by the City that any contract will actually be entered into by the City. This RFQ does not in any way limit the discretion of any City board, commission, employee or official with respect to any review or approval of any aspect of a proposed Development.
6. The City will not approve any ground lease for the Site that would allow for its development until there has been compliance with the California Environmental Quality Act (CEQA), and, as applicable, the National Environmental Protection Act (NEPA). If the proposed Development is found to cause significant adverse impacts, the City reserves absolute discretion to require additional environmental analysis, and to: (a) modify the Development to mitigate significant adverse environmental impacts; (b) select feasible alternatives which avoid significant adverse impacts of the proposed Development; or (c) reject or proceed with the Development as proposed, depending upon a finding of whether or not the economic and social benefits of the Development outweigh otherwise unavoidable significant adverse impacts of the Development.

7. The City reserves the right to disqualify any respondent to this RFQ based on any real or apparent conflict of interest that is disclosed by the responses submitted or on the basis of other information available to the City. The City may exercise this right in its sole discretion.

VIII. APPENDICES

Exhibit A: Minimum Insurance Requirements

1. Developer, Contractors.

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

(b) commercial general liability insurance, with limits no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Developer is conducting any activity on, alteration or improvement to the Family Site with risk of explosions, collapse, or underground hazards;

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

(d) professional liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Developer's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Developer shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Developer's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Family Site coverage. This policy may be provided by the Developer's contractor, provided that the policy must be "claims made" coverage and Developer must require Developer's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

Developer must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Developer or its contractor, including coverage in transit and storage off-Family Site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Developer or its contractor, including coverage in transit and storage off-Family Site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-Development basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Developer as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Developer or its contractor. For rehabilitation/construction Developments that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the Development receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Family Site that is used by Developer for heating, ventilating, air-conditioning, power generation and

similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a Developer, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. Commercial Space.

Developer must require that all nonresidential tenants' liability insurance policies include Developer and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Development, Developer must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broad form property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

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

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

(a) General and automobile liability policies of Developer, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective.

(c) With respect to any property insurance, Developer hereby waives all rights of subrogation against the City to the extent of any loss covered by Developer's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Developer's insurance by the City will not relieve or decrease the liability of Developer under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Developer demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Developer.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

(j) Developer must provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

Exhibit B

Map of the Site



Attachment 1

RFQ Submittal Checklist

See attached spreadsheet

Attachment 2

RFQ Registration Form

Submit by September 13, 2023 to: mohcdHFOpps@sfgov.org

1979 Market Street

Name of Organization:

Address:

Contact Person(s):

Phone:

Email:

Attachment 3

Respondent Description

See attached document

Attachment 4

Qualifying Project Form

See attached documents

Attachment 5

Financing Terms for Developer's Qualifying Project

See attached documents

Attachment 6

Projected Staffing Workload Form

See attached spreadsheet

Attachment 7

Disclosures

Instructions: *Please respond completely to each question below. If the Respondentⁱ is an individual, then the information relative to that individual should be disclosed. If the Respondent is a group or joint venture, then information relative to each member of the group or entities that comprise the joint venture should be disclosed. If the Respondent is a corporation, then the information relative to the corporation should be disclosed.*

1. Has Respondent ever defaulted on a loan or other financial obligation? This includes all affiliate corporations and partnerships in which Respondent is or was a general partner. If so, please describe the circumstances including dates and current status:
2. Are there any prior or pending legal proceedings, actions, convictions or judgments that have been filed against Respondent or its wholly owned subsidiaries, or any prior or pending arbitrations or mediations? If so, provide dates the complaints were filed and the present status of the litigation or the status of the arbitrations or mediations:
3. Are there any prior or pending administrative complaints/hearings against or any debarment or suspensions of or other administrative determinations by any federal, state or local government entity relating to Respondent, against any of Respondent's affiliated corporations or partnerships in which Respondent is a general partner, or other business entity? If so, please describe the circumstances including dates, agency or body conducting the investigation or inquiry and the current status:
4. Has Respondent or its wholly owned subsidiaries ever filed for bankruptcy? Please include dates and jurisdiction of filing, the reason, and current status:
5. Describe any business, property, gifts, loans, investments or other financial relationships Respondent, or its individual principals, corporation, LLC, LLP, affiliated corporations or partnerships in which Respondent is a general partner, may have with any senior staff of the Mayor's Office of Housing and Community Development (MOHCD) or any member of the Citywide Affordable Housing Loan Committee or his/her immediate family which are considered a financial interest as defined by Section 87103 of the Fair Political Practices Act.ⁱⁱ

Respondent hereby certifies under penalty of perjury under the laws of the State of California that all information provided in this Disclosure questionnaire is true and correct.

Date: _____

Signed: _____

ⁱ For the purposes of this RFQ, the term “Respondent” shall mean the respondent to this RFQ regardless of legal form. Thus Respondent applies to individuals, sole proprietorships, joint ventures, unincorporated associations, partnerships, LLCs, LLPs, corporations (whether for profit, nonprofit, California or out of state) and any other entity legally entitled to do business in the State of California.

ⁱⁱ In summary Government Code Section 87100 requires any public officials participating in making decisions to refrain from using their official position to influence a governmental decision in which they know or has reason to know they have a financial interest. Section 87103 defines a financial interest as one that has a material, financial effect on the official or a member of their immediate family as follows: business interest – over \$2,000; real property interest – over \$2,000; other source of income within 12 months before the decision – over \$500; gift or intermediary for donor of gift within 12 months - \$250; business entity in which the official is a director, officer, partner, trustee, employee or holds a position of management. See Government Code Section 87103 for the complete definition.

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

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

1979 MISSION STREET PSH ASSOCIATES, L.P., a California limited partnership ,

for

2970 16th Street, San Francisco, CA 94103
\$61,163,787.00

No Place Like Home: \$16,000,000
Low and Moderate Income Housing Asset Fund: \$11,350,000.00
Citywide Affordable Housing Fund (Inclusionary): \$500,000.00
Citywide Affordable Housing Fund (Jobs-Housing Linkage): \$3,378,308.00
Housing Trust Fund: \$19,035,479.00
Housing Trust Fund Advance: \$1,100,000.00
Citywide Affordable Housing Fund (Condo Conversion): \$2,300,000.00
Eastern Neighborhoods Urban Mixed Use: \$7,500,000.00

Dated as of [_____, 2025]

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

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Citywide Affordable Housing Fund (Condo Conversion): \$2,300,000.00
Eastern Neighborhoods Urban Mixed Use: \$7,500,000.00

(2970 16th Street)

THIS AMENDED AND RESTATED LOAN AGREEMENT (this "Agreement") is entered into as of [_____, 2025] 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 **1979 MISSION STREET PSH ASSOCIATES, L.P., a California limited partnership** ("Borrower").

RECITALS

A. Under the Jobs-Housing Linkage Program set forth in Sections 413.1 et seq. of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu fees paid by developers to satisfy requirements of the Jobs-Housing Linkage Program ("Jobs-Housing Linkage Fees"). The City may use the Job-Housing Linkage Fees received by the Citywide Affordable Housing Fund (the "Affordable Housing Fund") to finance housing affordable to income qualifying households. MOHCD administers the Affordable Housing Fund pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them. The funds provided from the Affordable Housing Fund allocated from Jobs-Housing Linkage Fees under this Agreement shall be referred to herein as the "Jobs-Housing Funds"

B. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 *et seq.* of the San Francisco Planning Code, the Affordable Housing Fund receives impact Affordable Housing Fees ("Inclusionary Fees") paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. The City may use the Inclusionary Fees received by the Affordable Housing Fund to finance housing affordable to qualifying households. MOHCD administers the Affordable Housing Fund pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them. The funds provided from the Affordable Housing Fund allocated from Inclusionary Fees under this Agreement will be referred to herein as the "Inclusionary Funds."

C. Under the Expedited Conversion program set forth in Section 1396.4 of the San Francisco Subdivision Code, the Affordable Housing Fund receives fees relating to the conversion of dwelling units into condominiums ("Conversion Fees"). The City may use the Conversion Fees received by the Affordable Housing Fund to finance housing affordable to qualifying households. MOHCD administers the Affordable Housing Fund pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them. The funds provided from the Affordable Housing Fund allocated from Conversion Fees under this Agreement will be referred to herein as the "Condo Conversion Funds."

D. In November 2012, the voters of the City approved Proposition C, which established a Housing Trust Fund to provide funds for the creation, acquisition, and rehabilitation of rental and ownership housing affordable to households earning up to 120% of the area median income, including, without limitation, the acquisition of land for such purpose (the "Housing Trust Fund"). Under Section 16.110 *et seq.* of the San Francisco City Charter, the City is authorized to provide funds from the Housing Trust Fund under this Agreement to Borrower for the development and construction of affordable housing. The funds provided from the Housing Trust Fund under this Agreement will be referred to herein as the "Housing Trust Funds."

E. The San Francisco Board of Supervisors designated the Mayor's Office of Housing and Community Development the Successor Housing Agency of the San Francisco Redevelopment Agency, effective February 1, 2012, upon dissolution of state redevelopment agencies. Pursuant to California Assembly Bill 1484, the Successor Housing Agency was required to create a fund called the Low and Moderate Income Housing Asset Fund ("LMIH Asset Fund") to collect proceeds from former redevelopment agency housing assets transferred to the City and County of San Francisco. Monies in the LMIH Asset Fund are derived from loan repayments and other housing asset program income and will be used in accordance with California Redevelopment Law. The funds provided from the LMIH Asset Fund under this Agreement will be referred to herein as the "LMIHAF Funds."

F. Pursuant to Section 423.5 of the San Francisco Planning Code ("Section 423.5"), the Citywide Affordable Housing Fund receives from the San Francisco Department of Building Inspection a percentage of impact fees paid by sponsors of developments located in Designated Affordable Housing Zones in the Eastern Neighborhoods Program Area ("Eastern Neighborhood Fees"). The City may use the Eastern Neighborhood Fees received by the Affordable Housing Fund to finance housing affordable to qualifying households and related improvements according to the permitted uses set forth in Section 423.5. MOHCD administers the Affordable Housing Fund pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them. The funds provided from the Affordable Housing Fund allocated from Eastern Neighborhood Fees under this Agreement will be referred to herein as the "Eastern Neighborhood Funds."

G. On November 19, 2019, through Resolution 511-19, the San Francisco Board of Supervisors authorized and delegated authority to the Mayor's Office of Housing and Community Development to accept and expend the county competitive allocation award in the amount up to \$36,501,108 under the California Department of Housing and Community

Development's No Place Like Home Program ("NPLH") which provides funding for counties to develop multifamily housing specifically for persons with serious mental illness who are homeless, chronically homeless, or at-risk of chronic homelessness to households earning up to thirty percent (30%) of the area median income as determined by the No Place Like Home regulations adjusted for household size. The City is authorized by Resolution 511-19 to provide the NPLH funds (the "NPLH Funds") to Borrower for the development and construction of affordable permanent supportive housing. The NPLH funds provided under this Agreement will be referred to herein as the "NPLH Funds," and together with the LMIHAF Funds, Housing Trust Funds, Condo Conversion Funds, Inclusionary Funds, Jobs Housing Funds, and Eastern Neighborhood Funds, collectively, referred to herein as the "Funds."

H. The City owns that certain real property located at 2970 16th Street, San Francisco, California (the "Land"). MOHCD issued a Request for Qualifications ("RFQ") on August 3, 2023, to solicit qualified affordable housing developers for the development of new affordable housing and associated infrastructure on the Land. In response to the RFQ, MOHCD selected the joint development team of Mission Economic Development Agency, a California nonprofit public benefit corporation ("MEDA"), and Mission Housing Development Corporation, California nonprofit public benefit corporation ("MHDC") to develop and construct an affordable housing project and lease the Land for the purpose of such new affordable housing. MHDC and MEDA formed the Borrower for the purpose of undertaking the activities described in the RFQ.

I. Borrower intends to acquire a leasehold interest in the Land under a Ground Lease dated [_____, 2025] (the "Ground Lease"), by and between Borrower and the City ("Ground Lessor"). Borrower desires to use the Funds to develop, construct, and operate a 136-unit multifamily rental housing development (the "Improvements") as permanent supportive housing for formerly homeless households, including forty (40) units targeted to tenants who qualify as a Homeless Household under the NPLH criteria (the "Project").

J. City provided a predevelopment loan of LMIHAF Funds and Inclusionary Funds (the "Predevelopment Loan") to Borrower in the amount of Three Million and No/100 Dollars (\$3,000,000.00) ("Predevelopment Loan Amount") under that certain Loan Agreement dated as of October 7, 2024, between City and Borrower ("Original Loan Agreement") for the purpose of financing predevelopment activities of the Project. The Original Loan is evidenced by that certain Secured Promissory Note dated October 7, 2024, in the amount of the Predevelopment Loan Amount made by Borrower to the order of the City ("Predevelopment Note").

K. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for additional Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make a total loan of Funds to Borrower (the "Loan") in the amount of Sixty-One Million One Hundred Sixty-Three Thousand Seven Hundred Eighty-Seven and No/100 Dollars (\$61,163,787.00) (the "Funding Amount") under this Agreement to fund certain development and construction costs related to the Project and permanent financing of the Project, as follows:

(1) The Predevelopment Loan as described in Recital J and evidenced by the Predevelopment Note.

(2) City will make an additional loan of Funds (excluding NPLH Funds) to Borrower (the "Construction Loan") in an amount not to exceed Forty-Two Million One Hundred Sixty-Three Thousand Seven Hundred Eighty-Seven and No/100 Dollars (\$45,163,787.00) ("Construction Loan Amount"). The Construction Loan includes a bridge loan of \$1,350,000 during Borrower's application for a permanent loan from the Affordable Housing Program under the Federal Home Loan Bank.

(3) City will make an additional loan of NPLH Funds to the Borrower ("NPLH Loan") in an amount not to exceed Sixteen Million and No/100 (\$16,000,000.00) ("NPLH Loan Amount").

The Funding Amount is comprised of (i) Inclusionary Funds in the amount of \$500,000.00, (ii) LMIHAF Funds in the amount of \$11,350,000.00], (iii) Jobs-Housing Linkage Funds in the amount of \$3,378,308.00, (iv) NPLH Funds in the amount of \$16,000,000.00, (v) Housing Trust Funds in the amount of [\$19,035,479.00, (vi) Housing Trust Funds (Advance) in the amount of \$1,100,000.00, (vii) Condo Conversion Funds in the amount of \$2,300,000.00, and (viii) Eastern Neighborhoods Urban Mixed Use Funds in the amount of \$7,500,000.00.

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

(1) a senior tax exempt construction loan to Borrower in the amount of [_____ and No/100 Dollars (\$_____.00)] derived from the purchase by Western Alliance Business Trust, a Delaware Statutory Trust ("Western Alliance") of bonds issued by the City and County of San Francisco, a commitment to purchase up to [_____ and No/100 Dollars (\$_____.00)] of such senior loan by Western Alliance;

(2) a Restore-Rebuild Project Rental Assistance Contract/Housing Assistance Payment ("HAP") contract and budget authority with SFHA in the amounts sufficient to fund Eighty (80) studio units and Forty-Two (42) one-bedroom units;

(3) federal and/or state 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

(4) an equity contribution from Borrower in the amount of One Hundred and No/100 Dollars (\$100.00).

L. On the Agreement Date, this Agreement will amend, restate, supersede and replace the Original Loan Agreement. Concurrently herewith, Borrower will also (i) execute anew promissory note in the amount of the Construction Loan Amount in favor of the City to evidence the Construction Loan, (ii) execute a new promissory note in the amount of the NPLH

Loan Amount in favor of the City to evidence the NPLH Loan, (iii) execute and record a deed of trust to secure such promissory notes and the Predevelopment Note, and (iv) execute and record a declaration of restrictions. As of the Agreement Date, the City will terminate the Original Loan Agreement.

M. On [_____], the City's Board of Supervisors and the Mayor approved this Agreement by Resolution No. [_____] for the purpose of financing 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 Amended and Restated 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.

"AHP Bridge Loan" means the portion of the Funding Amount that is a loan of up to One Million Three Hundred Fifty Thousand and No/100 Dollars (\$1,350,000.00) from the City to the Borrower for financing of the Project during the pendency of Borrower's AHP loan application and until the Borrower is awarded an AHP loan.

"AHP Loan Amount" means the loan amount of up to One Million Three Hundred Fifty Thousand and No/100 Dollars (\$1,350,000.00) from AHP awarded to Borrower for permanent financing of the Project.

"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 1979 Mission Street PSH Associates, L.P., a California limited partnership, whose managing general partner is 1979 Mission PSH Housing Associates LLC, a California limited liability company, whose sole member is MHDC, and whose administrative general partner is MEDA 1979 PSH LLC, a California limited liability company, whose sole member is MEDA, and any 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 Original Note, the City Note, the NPLH Note, the Deed of Trust, the Declaration of Restrictions, the License Agreement, and any other documents executed or delivered in connection with this Agreement.

“Construction Loan” has the meaning set forth in Recital K(1).

“Construction Loan Amount” has the meaning set forth in Recital K(1).

“Construction Note” means the secured promissory note executed by Borrower in favor of the City in the original principal amount of the Construction Loan Amount, in form and substance acceptable to the City.

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

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

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

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

"Declaration of Restrictions" means a recorded declaration of restrictions in form and substance acceptable to the City that requires Borrower and the 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 lien on the Site and the Project to secure Borrower's performance under this Agreement and the Notes, in form and substance acceptable to the City.

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

"Developer" means, collectively, Mission Housing Development Corporation, a California nonprofit public benefit corporation and Mission Economic Development Agency, 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**.

"Early Retention Release Contractors" means contractors who will receive retention payments upon satisfaction of requirements set forth in **Section 4.7** and as set forth in **Exhibit M**.

"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.

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

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

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

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

"General Partners" means, collectively, 1979 Mission PSH Housing Associates LLC, a California limited liability company, whose sole member is MHDC, and MEDA 1979 PSH LLC, a California limited liability company, whose sole member is MEDA.

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

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

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

"HAP" has the meaning set forth in **Recital L(2)**.

"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 Local Operating Subsidy Program.

“Homeless Household under NPLH Criteria” means specialized homeless targeting to meet the requirements of the No Place Like Home funding source for forty (40) Units. Occupancy of all NPLH assisted units shall be restricted to households with at least one member who qualifies as a member of the target population pursuant to the NPLH requirements. The NPLH target population includes adults or older adults with a serious mental disorder who are homeless, chronically homeless, or at-risk of chronic homelessness. This includes persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders as defined under the California Welfare and Institutions Code Sections 5600.3(a) and 5600.3(b).

“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.

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

"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**.

"Indemnatee" 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.

"Land" means the real property owned by Ground Lessor on which the Site is located.

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

"License Agreement" means the revocable license agreement between Borrower and the City permitting Borrower to access and use the City's real property adjacent to the Site during Borrower's construction of the Project on the terms and conditions more particularly set forth therein.

"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 MCC Housing, LLC, a California limited liability company, and its permitted successors and assigns.

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

"Local Operating Subsidy" means an annual operating subsidy provided by the City to Borrower under a grant agreement 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 who are formerly Homeless Households 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.

"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**.

"MEDA" means Mission Economic Development Agency, a California nonprofit public benefit corporation, and determined as a public charity under Internal Revenue Code Section 501(c)(3).

"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)

"Median Income as determined by NPLH regulations" means Area Median Income limit as published by HCD which pertain to the No Place Like Home units (from Section 303 (a) of NPLH Program Guidelines); which are the most recent applicable San Francisco county median family income published by TCAC or HCD (if TCAC income limits are unavailable).

"MHDC" means Mission Housing Development Corporation, a California nonprofit public benefit corporation, and determined as a public charity under Internal Revenue Code Section 501(c)(3).

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

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

"Notes" means, collectively, the Predevelopment Note, the Construction Note, and the NPLH Note, in the total amount of the Funding Amount.

"NPLH" means the No Place Like Home Program funding with requirements summarized in **Exhibit N**.

"NPLH Loan" has the meaning set forth in **Recital K(2)**.

"NPLH Loan Amount" has the meaning set forth in **Recital K(2)**.

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

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

"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.

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

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of [_____], 2025, as amended from time to time.

"Partnership Fees" means (i) an annual partnership management fee in the amount of \$57,680.00 increasing by 3.5% annually, payable to the General Partner, and (ii) an annual investor services fee in the amount of \$8,600.00, increasing annually by 3.5%, payable to the Limited Partner (as each is shown in the Annual Operating Budget and approved by the City).

"Payment Date" means the first June 30th following the Completion Date and each succeeding June 30th 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.

"Predevelopment Loan" has the meaning set forth in **Recital J**.

"Predevelopment Loan Amount" has the meaning set forth in **Recital J**.

"Predevelopment Note" has the meaning set forth in **Recital J**.

"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 I**. 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) 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) Annual Base Rent under the Ground Lease ; (f) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement or the Partnership Agreement; (g) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account), and (i) Supportive Services. 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 at initial occupancy allowed under this Agreement as set forth in **Exhibit A**. The term "Qualified Tenant" includes each category of Tenant designated in **Exhibit A**. For the avoidance of any doubt, the term "Qualified Tenant" under this Agreement has the same meaning as the term "Qualified Household" under the Ground Lease.

"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 May 16, 2025, as amended from time to time, attached hereto as **Exhibit P**.

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

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

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

"SFHA" means the Housing Authority of the City and County of San Francisco.

"Site" means the Land and the Improvements.

"Supportive Services" means services provided to the Tenants, which include the following: Case management provided by social workers; Harm reduction, opioid and substance use prevention resources as needed by Tenants; Coordinating Tenant orientation, intake within the first 30 days of residency, assessment and services plan development, other on-going critical need communications and regular outreach to those Tenants who exhibit the highest level of needs; Early identification and intervention for behaviors that may jeopardize housing, such as late rental payment and other lease violations; Educating and training on the role, rights and responsibilities of the Tenant and landlord; Coaching on developing and maintaining key relationships with property managers with the goal of fostering successful tenancy; De-escalation procedures to reduce any potential risk of losing their housing or other adverse action; Linkage with community resources to prevent potential risk of losing their housing that may potentially become jeopardized; Assistance with the housing annual recertification process; Coordination with the tenant to review, update and modify their housing support and crisis plan on a regular basis to reflect current needs and address existing or recurring housing retention barriers; Providing training regarding being a successful Tenant and lease compliance, including ongoing support with activities related to household management; Facilitating the provision of support groups or workshops that are relevant to Tenants with an opportunity to socialize, address individual and/or family issues, and improve interpersonal skills; see also **Section 3.9**.

"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.

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

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

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

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

(c) Accounting terms and financial covenants will be determined, and financial information 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 demolition of existing improvements on the Site and the development and construction of the Project. 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, except for predevelopment expenditures under the Original Loan Agreement approved by MOHCD on or after May 17, 2024.

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.

2.6 Borrower's Covenants After Loan Closing Borrower covenants to complete the following after closing of the Loan:

(a) Borrower will provide MOHCD with detailed monthly updates via the Post-Close Report by the 10th of every month until all outstanding items have been completed.

(b) Borrower will provide quarterly updated responses to any letters requesting corrective action.

(c) Borrower will deliver to MOHCD and HSH any changes to the proposed plan and budget for Supportive Services no less than ninety (90) days prior to first certificate of occupancy being issued by Department of Building Inspection for the Project.

2.7 AHP Loan. Borrower will apply for an AHP loan for permanent financing of the Project to the Federal Home Loan Bank of San Francisco commencing in March 2026. If Borrower's application for the AHP loan is denied, Borrower will continue to apply for an AHP loan to the Federal Home Loan Bank of San Francisco until Borrower is no longer eligible for AHP funding. 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 to repay the AHP Bridge Loan, or any portion thereof, as set forth in Article 3. Borrower will submit to MOHCD a preliminary AHP application with a self-score prior to submission to the Federal Home Loan Bank.

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 later of (a) the Fifty-Seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty-Fifth (55th) anniversary of the Conversion Date (the "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. Except as provided in **Section 3.4**, (a) no interest will be charged on the NPLH Loan, (b) the outstanding principal balance of the Construction Loan will bear simple interest at a rate of onepercent (1%) per annum, as provided in the Construction Note; and (c) the outstanding principal balance of the Predevelopment Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Predevelopment Note.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the City Loan and NPLH Loan will each bear interest at the default interest rate set forth in the Notes, 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 Notes. Except as set forth in the Notes, 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. Unless the City has elected to waive payment of Excess Proceeds, Borrower will repay all Excess Proceeds to the City the later of: (i) five (5) business days after receipt of such Excess Proceeds [and its Form 8609], or (ii) the Conversion Date. If Excess Proceeds will be disbursed to the City through escrow on the Conversion Date, Borrower will evidence payment of Excess Proceeds in the escrow settlement statement approved by the City and will instruct the escrow officer to disburse Excess Proceeds to the City at closing of the Project's permanent financing. The City will use such Excess Proceeds to reduce the balance of the Loan. The Director of MOHCD may elect to waive all or a portion of repayment of Excess Proceeds upon receipt from Borrower of adequate documentation supporting the need for such waiver in order to make the Project financially feasible.

3.5.2 Notification and Repayment of AHP Bridge Loan. If Borrower is awarded AHP funding for the Project, Borrower will deliver to the City a copy of the award notice of such AHP funding award no later than ten (10) days of receiving written notice, unless the City has received such written notice prior to the Agreement Date. Borrower will repay the AHP Bridge Loan to the City within one hundred twenty (120) days of the later of (i) the date the Deed of Trust is recorded in the Official Records, or (ii) the date the Borrower closes the loan for AHP funding and the AHP funds are disbursed to Borrower; provided, however, that if Borrower is not awarded AHP funding for the Project or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan will be due and payable at the Maturity Date according to the terms set forth in full in the Note.

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

3.9 Failure to Provide Budgeted Supportive Services. If Borrower fails to provide Supportive Services in the amount shown in the approved 20-Year Cash Flow Proforma, Borrower will provide notice to the City within ten (10) business days of the date the Supportive Services were terminated, which notice will include, at a minimum, a proposed plan to restore the Supportive Services within a reasonable period of time. If at the time such notice is provided, Borrower is unable to propose a feasible plan for restoring the Supportive Service, Borrower will include in the notice a detailed explanation as to the cause of the termination of Supportive Services and the reasons why it would not be feasible to restore the Supportive Services within a reasonable period of time. City acknowledges that up to \$11,911,265 of NPLH Funds will be separately reserved and used by HSH and/or the San Francisco Department of Public Health for Supportive Services required by NPLH Regulations for no less than 20 years.

ARTICLE 4 CLOSING; DISBURSEMENTS.

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

4.2 Closing. Unless otherwise agreed by the City and Borrower in writing, Borrower will establish an escrow account with the title company issuing the Title Policy, or any other escrow agent Borrower chooses, subject to the City's approval ("the "Escrow Agent"). The parties will execute and deliver to the Escrow Agent written instructions consistent with the terms of this Agreement. In the event the escrow does not close on or before the expiration date of escrow instructions signed by the City, or any other mutually agreed date, the City may 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: (i) the NPLH Note; (ii) the City Note; (iii) this Agreement (in duplicate); (iv) the Deed of Trust; (v) the Declaration of Restrictions; (vi) the Opinion; (vii) the Authorizing Resolutions; (viii) the Developer Fee Agreement; (ix) the License Agreement, and (xi) any other City Documents reasonably requested by the City.

(b) Borrower will have delivered to the City: (i) Borrower's Charter Documents in their original form and as amended from time to time; (ii) a certificate of good

standing for Borrower issued by the California Secretary of State no more than ninety (90) days before the Agreement Date; (iii) documentation of good standing of compliance by MEDA and MHDC with the California Attorney General's Registry of Charities and Fundraisers; and (iv) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection.

(c) Borrower 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.

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

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

(f) Borrower 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.

(g) 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.

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

(i) Borrower and City will determine if Sponsor should opt to return a portion of the bond allocation in order to benefit from the 25% test.

(j) Borrower will have submitted to MOHCD the updated and executed Memorandum of Understanding between MEDA and MHDC.

(k) Borrower will have worked with MOHCD staff and Project's General Contractor to value engineer construction budget with the goal of continually reducing construction costs, inclusive of contractor contingency, bid contingency, plan check contingency and owner contingency.

(l) Borrower will have removed plan check and bid contingencies from the budget prior to closing, and the Construction Loan will have been decreased accordingly.

(m) If the interest rate for the anticipated \$5,591,000 Permanent Loan decreases from 6.53%, the Borrower will increase such permanent loan amount accordingly and will not have used the resulting savings to add development costs of the Project.

(n) Borrower will submit an updated 1st year operating budget and 20-year cash flow – if any changes have occurred – by November 1st before the year the Project will achieve Temporary Certificate of Occupancy so that MOHCD may request the LOSP subsidy.

4.4 Disbursement of Funds. Following satisfaction of the conditions in **Section 4.3**, the City will authorize the Escrow Agent to disburse Funds as provided in the City's escrow instructions and subject to the conditions in **Section 4.5**. After the close of escrow, Borrower will submit requests to disburse Fund by the City as set forth in **Section 4.5**.

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the conditions precedent under this Section as follow(a) Borrower will have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, Borrower will obtain the City's prior written approval for all requested reallocations of Funds for line items previously approved by the City.

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

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower will have certified to the City that the Project complies with the labor standards set forth in **Section 5.1**, if applicable.

(d) With respect to any Expenditure Request that covers travel expenses, Borrower's travel expenses will be reasonable and will comply with the following (i) Lodging, meals and incidental expenses will 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 will use fares for coach-class accommodations, provided that purchases for air travel will 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 will not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses will not

exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation will 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 will not exceed Fifty Dollars (\$50.00) without prior written approval of the City.

(v) Any Expenditure Request for travel expenses will 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" will have the same meanings defined in 41 CFR Part 300-3; the term "coach-class" will 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.

(e) The Loan will be In Balance.

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

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. The remaining ten percent (10%) of approved budgeted hard costs or tenant improvement costs associated with rehabilitation or construction will be held by the City and/or other Project lenders (the "**Retention**") and may be released only upon satisfaction of all requirements listed in the Construction Manager's Checklist for Release of Retention as follow (a) Early Retention Release. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, Borrower may submit a written request to the City to release up to fifty percent (50%) of the Retention, provided that the following prerequisites have been met: (i) all work required to be performed by all parties for whom the City agrees to release the Retention (the "**Early Retention Release Contractors**") has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (ii) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (iii) no liens or stop notices have been filed against the Project and no claims are pending; (iv) the City determines that the contingency is in balance and adequate to complete the Project; (v) the Project is on schedule, and (vi) Expenditure

Requests will not exceed 95% of the approved budgeted costs on a line item basis. A list of Early Release Retention Contractors is set forth in **Exhibit Q**.

(b) Retention Release After Project Completion. Borrower may request disbursement of the remaining percentage amount of the Retention only upon the satisfaction of each of the following conditions, unless otherwise approved in writing by the City:

(i) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; (ii) timely recordation of a notice of completion; and (iii) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

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

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Labor Requirements. Borrower's procurement procedures, contracts, and subcontracts will comply, and where applicable, require its contractors and subcontractors to comply, with the applicable labor requirements under **Exhibit E** of this Agreement, including, but not limited to, the selection of all contractors and professional consultants for the Project and payment of prevailing wage.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower will deliver to the City, and the City will have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "**Construction Contract**"). The plans approved by the City will also be approved by the City and County of San Francisco's Department of Building Inspection (the "**Department of Building Inspection**") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans will be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") will also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. After completion of the Project, Borrower will retain the Approved Plans as well as "as-built" plans for the Project, the

Approved Specifications and the Construction Contract, all of which Borrower will make available to the City upon request.

5.3 Change Orders. Borrower will not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower will provide adequate and complete supporting documentation for analysis of the appropriateness of the change order request to the MOHCD. Borrower's supporting documentation for the change order request will include confirmation that the requested change order has been reviewed, vetted/negotiated, and accepted by (with modifications where appropriate) the Borrower and architect/engineer prior to submission to the MOHCD. MOHCD will provide any questions, comments, or requests for additional information and/or supporting documentation to Borrower within five (5) business days of receipt of a change order request. In the event MOHCD requests additional information and/or supporting documentation, the review period will be extended by five (5) business days from MOHCD's receipt of such information and/or supporting documentation. MOHCD will promptly review and approve or disapprove of a change order request within the later of: (a) ten (10) business days of a complete submission by Borrower including supporting documentation, or (b) five (5) business days of receipt of requested additional information and/or supporting documentation. In the event MOHCD fails to approve or disapprove the change order request within the foregoing review period, the change order will be deemed approved. If MOHCD denies a change order request, MOHCD will specify the reasons for the denial in writing. Borrower will submit on a monthly basis, or as requested by MOHCD, a contingency balance report (in excel format or equivalent) which documents all change orders as approved, pending, or under review. Borrower acknowledges that MOHCD's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless MOHCD agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

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

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

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower will: (a) commence demolition, rehabilitation or construction by a date no later than December 15, 2025; (b) complete demolition, rehabilitation or construction by a date no later than February 1, 2028, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of ninety-five percent (95%) of the Units by a date no later than June 1, 2028.

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

ARTICLE 6 MARKETING.

All Units for the Project will be leased through HSH's Coordinated Entry System (or ONE system) during the term of the LOSP grant agreement (if any), HAP, and/or other operating subsidy for formerly Homeless Households, and no less than 40 Units will be leased through HSH for 55 years under NPLH. During the term of such obligations, this Article 6 will not apply to the Units in the Project serving Homeless Households, including Homeless Households Under the NPLH Criteria.

6.1 Marketing and Tenant Selection Plan. No later than twelve (12) months before the Completion Date, Borrower will deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. In addition to the requirements under Section 6.2. Borrower's draft Marketing and Tenant Selection Plan will provide the affirmative steps Borrower will take to market the Project to the City's preference program participants, including Veterans, COP Holders, Displaced Tenants, and Neighborhood Residents. 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 NPLH population targeting requirements.

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

(b) A plan that satisfies the requirement to give preference in occupying units in accordance with the Preferences and Lottery Manual and the Preferences Ordinance. Notwithstanding the foregoing, in the event of a conflict between this provision and the provisions of Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated therewith, the provisions of such Section 42 (and the applicable regulations) will prevail.

(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 g List.

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

(j) NPLH population targeting requirements for the 40 NPLH Units.

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 lease all Units at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, Borrower covenants to lease all Units to Qualified Tenants who were formerly Homeless during the period in which the City's Local Operating Subsidy Program is in operation and the City and the City provides the Local Operating Subsidy to the Project under a grant agreement, and/or (2) SFHA is providing housing assistance payments under the HAP; provided, however, that forty (40) of such Units will be targeted to Tenants who qualify under the Homeless Household under NPLH Criteria for fifty-five (55) years.

(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**.

(c) The maximum income and rent requirements set forth in **Exhibit A** will remain in effect even if the Local Operating Subsidy or HAP is no longer available to the Project, subject to the allowable income and rent increases set forth in **Exhibit A**.

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 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 n' 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 his/her household income to Borrower one time in the year after the first year of tenancy in accordance with tax credit requirements.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year 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 form of lease will also comply with 24 CFR § 92.253. 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 program.

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 Tenant.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities. 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**, 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 the John Stewart Company 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** 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**, 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**.

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.

9.3 Organizational Compliance. Without limiting the scope of any of the preceding sections of this Article 9, Borrower will keep itself fully informed of the applicable City's Charter, codes, ordinances and regulations and all state, and federal laws, rules and regulations affecting the performance under this Agreement and will at all times comply with such Charter codes, ordinances, and regulations rules and laws to the extent applicable to the Project. Borrower will maintain its good standing as a limited partnership at all times during the term of this Agreement including, without limitation, Borrower's continued timely submission of all required information and payments when due to the California Secretary of State, Franchise Tax Board, Internal Revenue Service, California Attorney General's Registry of Charitable Trusts, or any other applicable agency or entity having jurisdiction over Borrower. Borrower will immediately notify City of any change in its eligibility to perform under the Agreement. Upon City's request, Borrower will provide documentation demonstrating its compliance with all applicable legal requirements.

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 Monthly Reporting. Borrower will submit monthly reports (each a "MOHCD Monthly Project Update") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month, progress on completing post-closing loan conditions set forth in Section 2.6, and monthly logs on change orders and allowances under the construction contracts. Every three (3) months, Borrower's monthly logs will include the general contractor contingency and Borrower's contingency. Each MOHCD Monthly Project Update will be submitted by email in substantially the form requested by MOHCD until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

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

(a) within ninety (90) days after the Completion Date, a draft cost certification (or other similar project audit performed by an independent certified public accountant, identifying the sources and uses of all Project funds including the Funds;

(b) within one hundred-eighty (180) days after the Completion Date, a report on compliance with the applicable requirements under **Section 5.1** of this Agreement, including the type of work and the dollar value of such work; and

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

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 w by Borrower to be complete and accurate:

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

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

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

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) access to the Project throughout the Compliance Term to monitor the progress of work on the Project and compliance by Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period require“ 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 after the Completion 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. All reserves held by any lenders or the Permitted Limited Partner with respect to the Project will be credited toward the applicable City reserve requirement hereunder on a dollar for dollar basis.

(b) Monthly deposits must equal the lesser of: (i) 1/12th of 0.6% of Replacement Cost; or (ii) 1/12th of the following amount: \$68,000.

Borrower may request adjustments every five (5) years based on its most recently approved CNA. If the Project is unable to make a required replacement reserve deposit due to unavailable cash flow, Borrower will submit a plan for review and approval to MOHCD that addresses the cash flow shortfall.

(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 shall not be unreasonably withheld, conditioned or delayed.

12.2 Operating Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account"). By no later than the Conversion Date, Borrower will deposit into the Operating Reserve Account 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, subject to availability of 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.

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 [Six Million Five Hundred Fourteen Thousand Nine Hundred Eleven and No/100 Dollars (\$6,514,911.00)] 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.

15.2 Fee Payment Schedule. Developer will receive payment of the Developer Fees pursuant to Section "(b) of the Developer Fee Agreement.

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 in the Project; (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, including any transfer through foreclosure in accordance with California law or deed in lieu of foreclosure; (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 and/or to an affiliate of Permitted Limited Partner as otherwise permitted by Borrower's Partnership Agreement during the tax credit compliance period; (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. Further, City will not unreasonably withhold or delay its approval of the removal or replacement of a General Partner by the Limited Partner, pursuant to the Partnership Agreement. 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 Site, the insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Official Records] 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 Indemnatee 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 Indemnatee 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 Indemnatee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnatee 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 Indemnatee at Borrower's sole expense. Each Indemnatee 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 Indemnatee in connection with the matters covered by this Agreement. The Indemnatee 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 Indemnatee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnatee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnatee and Borrower. An Indemnatee'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 Indemnatee 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 8 HAZARDOUS SUBSTANCE.

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 following reports: a) Pre-Demolition Hazardous Buildings Materials Survey dated May 1, 2025 prepared by SCA Environmental, Inc., b) Phase I Environmental Site Assessment Report dated January 6, 2025 prepared by AEW Engineering, Inc., and c) Phase II Environmental Site Assessment Report dated May 28, 2025 prepared by AEW Engineering, 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 material 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 Documents will constitute an "Event of Default," including the following:

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

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

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

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

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

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

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

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

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

(j) Either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, 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 will 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) Before a certificate of occupancy or equivalent certification is issued for the Project, Borrower ceases rehabilitation or construction of the Project for a period of twenty five (25) consistent calendar days, and the cessation is not excused under **Section 19.3**; or

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

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

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

19.2 Remedies. During the pendency of an uncured Event of Default, the City may exercise any right or remedy available under this Agreement or any other City Document or at law or in equity. All of the City's 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 on 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 Notes.

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 has 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 is not debarred, suspended, ineligible or voluntarily excluded from participating in City or 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: 1979 Mission Street PSH Associates, L.P.
c/o Mission Housing Development Corporation
474 Valencia St # 280
San Francisco, CA 94103
Attn: Executive Director

With Copy to: Mission Economic Development Agency
2301 Mission St #301, San Francisco, CA 94110
Attn: Chief Executive Officer

To Limited Partner:

MCC Housing LLC
c/o Merritt Community Capital Corporation
1901 Harrison Street, Suite 1650
Oakland, California 94612
Attention: President & CEO

with a copy to:

Bocarsly Emden Esmail Cowan & Arndt LLP
633 W. Fifth Street, Suite 5880
Los Angeles, CA 90017

Attention: Rachel Rosner

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

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

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

ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "**Senior Lien**"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval. Except as allowed under Administrative Code Chapter 120, 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 must be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

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 Document' 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	First Source Hiring Requirements and Numerical Goals
E	Governmental Requirements
F	Lobbying/Debarment Certification Form
G	Form of Annual Monitoring Report
H	Tenant Selection Plan Policy
I	MOHCD Tenant Screening Criteria Policy
J	Developer Fee Policy
K	Hold Harmless Policy
L	Insurance Requirements
M	Early Retention Release
N	No Place Like Home Requirements
O	Intentionally Omitted
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: _____
Daniel Lurie
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

BORROWER:

1979 MISSION STREET PSH ASSOCIATES, L.P., a California limited partnership

By: 1979 Mission PSH Housing Associates
LLC, a California limited liability
company, its managing general partner

By: Mission Housing Development
Corporation, a California
nonprofit public benefit
corporation, its sole
member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC, a California
limited liability company, its
administrative general partner

By: Mission Economic Development
Agency, a California nonprofit
public benefit corporation, its sole
member/manager

By: _____
Luis Granados,
Chief Executive Officer

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	60	50% of Median Income
1BR	22	50% of Median Income
NPLH Studio	20	30% of Median Income as Determined by NPLH Regulations
NPLH 1BR	20	30% of Median Income as Determined by NPLH Regulations
Studio	9	20% of Median Income
1BR	5	20% of Median Income
TOTAL	136	

All Units will be made available to Qualified Tenants who are formerly Homeless or those at risk of homelessness during the period in which (1) if applicable, the City's Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP grant agreement, and/or (2) SFHA provides housing assistance payments to the Project under the HAP.

Forty (40) of the total Units will be concurrently No Place Like Home ("NPLH") units and targeted to Tenants who meet the Homeless Household under No Place Like Home (NPLH) Criteria for a period of 55 years. NPLH units are restricted to 30% of Median Income as determined by NPLH Regulations, however such income limit for the NPLH units may be increased to a maximum of 50% of Median Income as determined by NPLH Regulations consistent with the provisions under the NPLH Program Guidelines. On an annual basis, Borrower will convert to the Median Income as determined by NPLH Regulations and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation.

NPLH units must be operated under the requirements of NPLH as listed in Addendum 1 of MOHCD's Underwriting Guidelines updated November 4, 2022, and as also included in the Local Operating Subsidy Program Policies & Procedures Manual.

If either the HAP or LOSP grant agreement (if any) is terminated, discontinued, reduced, or otherwise insufficient to fund operations 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) Any Unit will at all times be occupied by Qualified Tenants whose household 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. Notwithstanding the foregoing sentence, the maximum rent and income for any NPLH unit may only be altered pursuant to the NPLH program during the 55 year period. 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 income restriction of sixty percent (60%) of Median Income as described in subsection (b) above, and allow Borrower to increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided any Unit must at all times be occupied by Qualified Tenants whose household income does not exceed sixty percent (60%) 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 sixty percent (60%) 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.

In such event the Project is financially infeasible, 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.

[Under the true debt test required by the Internal Revenue Code, MOHCD will consider increases to the maximum income levels for the sole purpose of and to the extent needed for the Project to comply with the Internal Revenue Code. Any additional increases to the maximum income for the Project will contain the same conditions as Section 1(c) above.]

EXHIBIT B-1
Table of Sources and Uses of Funds

Exhibit B-1

Application Date: 9/19/25
Project Name: 2970 16th Street
Project Address: 2970 16th Street
Project Sponsor: Mission Housing Development Corporation and Mission Economic Development Agn

Units: 136
Bedrooms: 136
Beds:
If Transitional, # Beds

SOURCES	Total Sources								Comments
	45,163,787	5,591,000	514,911	623,372	16,000,000	100	42,885,351	110,778,521	
		Perm loan	Deferred Developer Fee	MOHCD Deferred Interest	MOHCD NPLH	GP Equity	Limited Partner Equity	-	

USES

ACQUISITION

Acquisition cost or value								0	
Legal / Closing costs / Broker's Fee								0	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION	0	0	0	0	0	0	0	0	

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab	42,842,725	5,591,000			16,000,000	100		64,433,825	Include FF&E	
* Commercial Shell Construction								0		
* Demolition	1,194,864							1,194,864		
Environmental Remediation								0		
* Onsite Improvements/Landscaping	1,126,198							1,126,198		
* Offsite Improvements								0		
* Infrastructure Improvements								0	HOPE SF/OClI costs for streets etc.	
Parking								0		
GC Bond Premium/GC Insurance/GC Taxes							2,451,258	2,451,258		3.2%
GC Overhead & Profit							2,324,629	2,324,629		3.1%
CG General Conditions							4,323,088	4,323,088		5.7%
Sub-total Construction Costs	45,163,787	5,591,000	0	0	16,000,000	100	9,098,975	75,853,862		
Design Contingency (remove at DD)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	0.0%
Bid Contingency (remove at bid)							2,291,413	2,291,413	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	3.0%
Plan Check Contingency (remove/reduce during Plan Review)							1,501,280	1,501,280	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+	2.0%
Hard Cost Construction Contingency							3,733,042	3,733,042	5% new construction / Includes \$1,395,607 GC Contingency	4.9%
Sub-total Construction Contingencies	0	0	0	0	0	0	7,525,735	7,525,735		
TOTAL CONSTRUCTION COSTS	45,163,787	5,591,000	0	0	16,000,000	100	16,624,710	83,379,597		

SOFT COSTS

Architecture & Design										
Architect design fees							2,439,555	2,439,555	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms	
Design Subconsultants to the Architect (incl. Fees)								0		
Architect Construction Admin							500,000	500,000		
Reimbursables								0		
Additional Services								0		
Sub-total Architect Contract	0	0	0	0	0	0	2,939,555	2,939,555		
Other Third Party design consultants (not included under Architect contract)								0	Consultants not covered under architect contract; name consultant type and contract amount	
Total Architecture & Design	0	0	0	0	0	0	2,939,555	2,939,555		
Engineering & Environmental Studies										
Survey							55,000	55,000		
Geotechnical studies							45,000	45,000		
Phase I & II Reports							145,000	145,000		
CEQA / Environmental Review consultants							115,000	115,000		
NEPA / I/O6 Review								0		
CNA/PNA (rehab only)								0		
Other environmental consultants							200,000	200,000	Special Inspections	
Total Engineering & Environmental Studies	0	0	0	0	0	0	560,000	560,000		
Financing Costs										
Construction Financing Costs										
Construction Loan Origination Fee							421,887	421,887		
Construction Loan Interest							6,946,324	6,946,324		
Title & Recording							100,000	100,000		
CDLAC & CDIAC fees							25,889	25,889		
Bond Issuer Fees							199,223	199,223	Upfront, Annual During Const	
Other Bond Cost of Issuance							12,000	12,000	trustee fees	
Accrued Deferred Interest				623,372				623,372		
Sub-total Const. Financing Costs	0	0	0	623,372	0	0	7,705,323	8,328,695		
Permanent Financing Costs										
Permanent Loan Origination Fee							41,933	41,933		
Credit Enhance. & Appl. Fee								0		
Title & Recording							30,000	30,000		
Sub-total Perm. Financing Costs	0	0	0	0	0	0	71,933	71,933		
Total Financing Costs	0	0	0	623,372	0	0	7,777,256	8,400,628		
Legal Costs										
Borrower Legal fees							225,000	225,000		
Land Use / CEQA Attorney fees								0		
Tax Credit Counsel								0		
Bond Counsel							125,000	125,000		
Construction Lender Counsel							75,000	75,000		
Permanent Lender Counsel								0		
Lender Expenses							75,000	75,000		
Total Legal Costs	0	0	0	0	0	0	500,000	500,000		
Other Development Costs										
Appraisal							7,500	7,500		
Market Study							15,000	15,000		
Insurance							2,225,000	2,225,000		
Property Taxes								0		
Accounting / Audit							35,567	35,567		
Organizational Costs								0		
Entitlement / Permit Fees							1,193,987	1,193,987		
Marketing / Rent-up							143,000	143,000		
Furnishings							885,400	885,400	\$2,500/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms	
PGE / Utility Fees							300,000	300,000		
TCAC App / Alloc / Monitor Fees							150,312	150,312		
Financial Consultant fees							107,000	107,000		
Construction Management fees / Owner's Rep							234,465	234,465		
Security during Construction								0		
Relocation							142,000	142,000		
Bond Financial Advisor							80,000	80,000		
Other (specify)								0		
Other (specify)								0		
Total Other Development Costs	0	0	0	0	0	0	5,519,231	5,519,231		
Soft Cost Contingency										
Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	0	0	0	0	0	1,364,771	1,364,771	Should be either 10% or 5% of total soft costs.	7.6%
TOTAL SOFT COSTS	0	0	0	623,372	0	0	18,660,813	19,284,185		

RESERVES

* Operating Reserves							1,599,828	1,599,828	0.516104556	
* Replacement Reserves								0		
* Tenant Improvements Reserves								0		
* Other (specify)								0		
* Other (specify)								0		
* Other (specify)								0		
TOTAL RESERVES	0	0	0	0	0	0	1,599,828	1,599,828		

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones							2,200,000	2,200,000		
Developer Fee - Cash-out At Risk							3,800,000	3,800,000		
Commercial Developer Fee								0		
Developer Fee - GP Equity (also show as source)								0		
Developer Fee - Deferred (also show as source)			514,911					514,911		
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects	
Other (specify)								0		
TOTAL DEVELOPER COSTS	0	0	514,911	0	0	0	6,000,000	6,514,911		

TOTAL DEVELOPMENT COST	45,163,787	5,591,000	514,911	623,372	16,000,000	100	42,885,351	110,778,521		
Development Cost/Unit by Source	332,087	41,110	3,786	4,584	117,647	1	315,333	814,548		
Development Cost/Unit as % of TDC by Source	40.8%	5.0%	0.5%	0.6%	14.4%	0.0%	38.7%	100.0%		
Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0		
Construction Cost (inc Const Contingency)/Unit By Source	332,087	41,110	0	0	117,647	1	122,241	613,085		
Construction Cost (inc Const Contingency)/SF	410.11	50.77	0.00	0.00	145.29	0.00	150.96	757.12		

*Possible non-eligible GO Bond/COP Amount: 45,163,787
City Subsidy/Unit 332,087

Tax Credit Equity Pricing: 0.800
Construction Bond Amount: 56,251,575
Construction Loan Term (in months): 34 months
Construction Loan Interest Rate (as %): 6.39%

EXHIBIT B-2
Annual Operating Budget

Exhibit B-2

Project Name: 2970 16th Street
Project Address: 2970 16th Street

Project Sponsor: Mission Housing Development Corporation and
Mission Economic Development Agency

Correct errors noted in Col N

PUPA	PUPM
3,000	250
9,245	770
12,424	
"	
"	
"	
"	
260	
"	
"	
"	
"	
(300)	
(925)	
"	

	756	63
	212	
(d)	1,558	
	1,052	
	1,021	
	-	
	11	
	-	
	1184	
	224	
	184	
	460	
	1,875	156
	948	79
	-	-
	925	77
(d)	37	
	432	
	37	
	3,382	
	236	
	-	
	1,315	
(d)	2,004	
	588	
	1,713	
	-	
	-	
(d)	-	
	-	
	51	
	500	
	-	
	-	
	-	

REMAINDER (Should be zero unless there are distributions below)

		0
Owner Distributions/Incentive Management Fee		0
Other Distributions/Uses		0
Final Balance (should be zero)		0

EXHIBIT B-3

20-Year Cash Flow Proforma

[THIS PROFORMA MUST INCLUDE THE SAME LINE ITEMS AS THE
ANNUAL OPERATING BUDGET SHOWN IN EXHIBIT B-2.]

Total # Units:				136											Year 1				Year 2				Year 3			
															2028				2029				2030			
				136	136	0	13,481,467										Year 1			Year 2			Year 3			
				100.00%	100.00%	0.00%											2028			2029			2030			
				% annual inc	LOSP	% annual increase	Comments (related to annual inc assumptions)										LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
INCOME				1.0%	2.5%	2.5%											408,000	-	408,000	412,080	-	412,080	416,201	-	416,201	
Residential - Tenant Rents																										
Residential - SOS Payments						4.0%																				
Residential - Tenant Assistance Payments (Other Non-LOSP)				n/a		2.5%											653,003	604,333	1,257,336	684,437	604,333	1,288,769	716,656	604,333	1,320,989	
Residential - LOSP Tenant Assistance Payments				n/a		n/a											1,689,623		1,689,623	1,786,698		1,786,698	1,848,805		1,848,805	
Commercial Space				n/a		2.5%	from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%												-			-			-	
Residential Parking				2.5%		2.5%											-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income				2.5%		2.5%											-	-	-	-	-	-	-	-	-	-
Supportive Services Income				2.5%		2.5%	100%										-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations				2.5%		2.5%											-	-	-	-	-	-	-	-	-	-
Laundry and Vending				2.5%		2.5%											35,360	-	35,360	36,244	-	36,244	37,150	-	37,150	-
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	Link from Reserve Section below, as applicable										-	-	-	-	-	-	-	-	-	-
Gross Potential Income							Vacancy formulas use %ages from wtd cells Q25-26; can be overridden - use negative if/										2,785,886	604,333	3,390,319	2,919,459	604,333	3,523,792	3,018,812	604,333	3,623,144	
Vacancy Loss - Residential - Tenant Rents				n/a		n/a	Linked from 1st Year Op Budget &/or Commercial Op Budget, see notes there. If not using default formulas, replace this note & explain vacancy assumptions.										140,800		(40,800)	(41,208)		(41,208)	(41,620)		(41,620)	
Vacancy Loss - Residential - Tenant Assistance Payments				n/a		n/a											(65,300)	(60,433)	(125,734)	(68,444)	(60,433)	(128,877)	(71,666)	(60,433)	(132,099)	
Vacancy Loss - Commercial				n/a		n/a																				
EFFECTIVE GROSS INCOME																	2,679,886	543,899	3,223,785	2,809,808	543,899	3,353,707	2,905,526	543,899	3,449,426	
OPERATING EXPENSES																										
Management																										
Management Fee				3.5%		3.5%	1st Year to be set according to HUD schedule										102,816	-	102,816	106,415	-	106,415	110,139	-	110,139	
Asset Management Fee				3.5%		3.5%	per MOHCD policy										28,840	-	28,840	29,849	-	29,849	30,894	-	30,894	
Sub-total Management Expenses																	131,656	-	131,656	136,264	-	136,264	141,033	-	141,033	
Salaries/Benefits																										
Office Salaries				3.5%		3.5%											211,890	-	211,890	219,306	-	219,306	226,982	-	226,982	
Manager's Salary				3.5%		3.5%											143,123	-	143,123	148,132	-	148,132	153,317	-	153,317	
Health Insurance and Other Benefits				3.5%		3.5%											138,813	-	138,813	143,671	-	143,671	148,700	-	148,700	
Other Salaries/Benefits				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits																	493,826	-	493,826	511,110	-	511,110	528,999	-	528,999	
Administration																										
Advertising and Marketing				3.5%		3.5%											1,450	-	1,450	1,501	-	1,501	1,553	-	1,553	
Office Expenses				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Office Rent				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Legal Expense - Property				3.5%		3.5%											25,000	-	25,000	25,875	-	25,875	26,781	-	26,781	
Audit Expense				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Bookkeeping/Accounting Services				3.5%		3.5%											30,504	-	30,504	31,572	-	31,572	32,677	-	32,677	
Bad Debts				3.5%		3.5%											25,000	-	25,000	25,875	-	25,875	26,781	-	26,781	
Miscellaneous				3.5%		3.5%											62,590	-	62,590	64,781	-	64,781	67,048	-	67,048	
Sub-total Administration Expenses																	144,544	-	144,544	149,603	-	149,603	154,839	-	154,839	
Utilities																										
Electricity				3.5%		3.5%											255,000	-	255,000	263,925	-	263,925	273,162	-	273,162	
Water				3.5%		3.5%											128,893	-	128,893	133,404	-	133,404	138,073	-	138,073	
Gas				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Sewer				3.5%		3.5%											125,840	-	125,840	130,244	-	130,244	134,803	-	134,803	
Sub-total Utilities																	509,733	-	509,733	527,574	-	527,574	546,039	-	546,039	
Taxes and Licenses																										
Real Estate Taxes				3.5%		3.5%											5,000	-	5,000	5,175	-	5,175	5,356	-	5,356	
Payroll Taxes				3.5%		3.5%											58,729	-	58,729	60,785	-	60,785	62,912	-	62,912	
Miscellaneous Taxes, Licenses and Permits				3.5%		3.5%											5,000	-	5,000	5,175	-	5,175	5,356	-	5,356	
Sub-total Taxes and Licenses																	68,729	-	68,729	71,135	-	71,135	73,624	-	73,624	
Insurance																										
Property and Liability Insurance				3.5%		3.5%											460,000	-	460,000	476,100	-	476,100	492,764	-	492,764	
Fidelity Bond Insurance				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Worker's Compensation				3.5%		3.5%											32,034	-	32,034	33,155	-	33,155	34,316	-	34,316	
Director's & Officers' Liability Insurance				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Sub-total Insurance																	492,034	-	492,034	509,255	-	509,255	527,079	-	527,079	
Maintenance & Repair																										
Payroll				3.5%		3.5%											178,884	-	178,884	185,145	-	185,145	191,625	-	191,625	
Supplies				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Contracts				3.5%		3.5%											272,530	-	272,530	282,069	-	282,069	291,941	-	291,941	
Garbage and Trash Removal				3.5%		3.5%											80,000	-	80,000	82,800	-	82,800	85,698	-	85,698	
Security Payroll/Contract				3.5%		3.5%											232,960	-	232,960	241,114	-	241,114	249,553	-	249,553	
HVAC Repairs and Maintenance				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses																	764,374	-	764,374	791,127	-	791,127	818,817	-	818,817	
Supportive Services				3.5%		3.5%											-	-	-	-	-	-	-	-	-	-
Commercial Expenses							from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%																			
TOTAL OPERATING EXPENSES																	2,604,896	-	2,604,896	2,696,067	-	2,696,067	2,790,430	-	2,790,430	
PUPA (w/o Reserves/GL Base Rent/Bond Fees)																			19,154							
Reserves/Ground Lease Base Rent/Bond Fees																										
Ground Lease Base Rent																	1	-	1	-	1	-	1	-	1	-
Bond Monitoring Fee																	6,989	-	6,989	6,989	-	6,989	6,989	-	6,989	
Replacement Reserve Deposit																	68,000	-	68,000	68,000	-	68,000	68,000	-	68,000	
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																	74,990	-	74,990	74,990	-	74,990	74,990	-	74,990	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)																	2,679,886	-	2,679,886	2,771,057	-	2,771,057	2,865,419	-	2,865,419	
PUPA (w/ Reserves/GL Base Rent/Bond Fees)																			19,705							
NET OPERATING INCOME (INCOME minus OP EXPENSES)																	-	543,899	543,899	38,750	543,899	582,650	40,107	543,899	584,006	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																										
Hard Debt - First Lender							Enter comments re: annual increase, etc.										-	419,928	419,928	-	419,928	419,928	-	419,928	419,928	
Hard Debt - Second Lender (HCD Program 0.42% p/mt, 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																	-	419,928	419,928	-	419,928	419,928	-	419,928	419,928	
CASH FLOW (NOI minus DEBT SERVICE)																	-	123,971	123,971	38,750	123,971	162,722	40,107	123,971	164,078	
USES OF CASH FLOW BELOW (This row also shows DSCR.)							DSCR:												1.30			1.387		1.391		
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																										
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)				3.5%		3.5%	per MOHCD policy										-	-	-	-	-	-	-	-	-	
Partnership Management Fee (see policy for limits)				3.5%		3.5%	per MOHCD policy										-	28,840	28,840	29,849	-	29,849	30,894	-	30,894	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)						3.5%	per MOHCD policy no annual increase										-	8,600	8,600	8,901	-	8,901	9,213	-	9,213	
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)																	-	43,265	43,266	-	61,986	61,986	-	61,986	61,986	
TOTAL PAYMENTS PRECEDING MOHCD																	-	80,706	80,706	38,750	61,986	100,736	40,107	61,986	102,093	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)																	-	43,265	43,265	(0)	61,985	61,985	(0)	61,985	61,985	
Does Project have a MOHCD Residual Receipt Obligation?				Yes			Year 15 is year indicated below:																			
Will Project Defer Developer Fee?				Yes			2042																			
1st Residual Receipts Split - Lender/Deferred Developer Fee				50% / 50%			2nd Residual Receipts Split Begins:																			
2nd Residual Receipts Split - Lender/Owner				67% / 33%			2037																			
Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):							Max Deferred Developer Fee Amt:										43,266				61,986		6			

				Year 1			Year 2			Year 3		
				2028			2029			2030		
136136013,481,467				Year 1			Year 2			Year 3		
100.00%0.00%				2028			2029			2030		
INCOME	% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non- LOSP	Total	LOSP	non- LOSP	Total
Other Reserve 2 Starting Balance												
Other Reserve 2 Deposits						-			-			-
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
Other Required Reserve 2 Running Balance						-			-			-

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Total # Units:				136		13,481,467		Year 4		Year 5		Year 6	
				136	0			2031	2032		2033		
				100.00%	0.00%			Year 4 2031	Year 5 2032		Year 6 2033		
				% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
INCOME													
Residential - Tenant Rents				1.0%	2.5%		420,363	-	420,363	424,566	-	428,812	
Residential - SOS Payments					4.0%		-	-	-	-	-	-	
Residential - Tenant Assistance Payments (Other Non-LOSP)				n/a	2.5%		749,681	604,333	1,354,013	783,531	604,333	1,387,864	
Residential - LOSP Tenant Assistance Payments				n/a	n/a		1,913,477	-	1,913,477	1,980,813	-	1,980,813	
Commercial Space				n/a	2.5%	from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	
Residential Parking				2.5%	2.5%		-	-	-	-	-	-	
Miscellaneous Rent Income				2.5%	2.5%		-	-	-	-	-	-	
Supportive Services Income				2.5%	2.5%	100%	-	-	-	-	-	-	
Interest Income - Project Operations				2.5%	2.5%		-	-	-	-	-	-	
Laundry and Vending				2.5%	2.5%		38,079	-	38,079	39,031	-	40,007	
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	Link from Reserve Section below, as applicable	-	-	-	-	-	-	
Gross Potential Income						Vacancy formulas use %ages from w66 cells (25-26, can be overridden - use negative if)	3,121,599	604,333	3,725,932	3,227,941	604,333	3,832,273	
Vacancy Loss - Residential - Tenant Rents				n/a	n/a	Linked from 1st Year Op Budget &/or Commercial Op Budget, see notes there. If not using default formulas, replace this note & explain vacancy assumptions.	(42,036)	-	(42,036)	(42,457)	-	(42,457)	
Vacancy Loss - Residential - Tenant Assistance Payments				n/a	n/a		(74,968)	(60,433)	(135,401)	(78,353)	(60,433)	(138,786)	
Vacancy Loss - Commercial				n/a	n/a		-	-	-	-	-	-	
EFFECTIVE GROSS INCOME							3,004,595	543,899	3,548,494	3,107,131	543,899	3,651,030	
OPERATING EXPENSES													
Management													
Management Fee				3.5%	3.5%	1st Year to be set according to HUD schedule.	113,994	-	113,994	117,984	-	117,984	
Asset Management Fee				3.5%	3.5%	per MOHCD policy	31,975	-	31,975	33,095	-	33,095	
Sub-total Management Expenses							145,969	-	145,969	151,078	-	151,078	
Salaries/Benefits													
Office Salaries				3.5%	3.5%		234,926	-	234,926	243,149	-	243,149	
Manager's Salary				3.5%	3.5%		158,683	-	158,683	164,237	-	164,237	
Health Insurance and Other Benefits				3.5%	3.5%		153,904	-	153,904	159,291	-	159,291	
Other Salaries/Benefits				3.5%	3.5%		-	-	-	-	-	-	
Administrative Rent-Free Unit				3.5%	3.5%		-	-	-	-	-	-	
Sub-total Salaries/Benefits							547,514	-	547,514	566,677	-	566,677	
Administration													
Advertising and Marketing				3.5%	3.5%		1,608	-	1,608	1,664	-	1,664	
Office Expenses				3.5%	3.5%		-	-	-	-	-	-	
Office Rent				3.5%	3.5%		-	-	-	-	-	-	
Legal Expense - Property				3.5%	3.5%		27,718	-	27,718	28,688	-	28,688	
Audit Expense				3.5%	3.5%		-	-	-	-	-	-	
Bookkeeping/Accounting Services				3.5%	3.5%		33,820	-	33,820	35,004	-	35,004	
Bad Debts				3.5%	3.5%		27,718	-	27,718	28,688	-	28,688	
Miscellaneous				3.5%	3.5%		69,395	-	69,395	71,823	-	71,823	
Sub-total Administration Expenses							160,259	-	160,259	165,868	-	165,868	
Utilities													
Electricity				3.5%	3.5%		282,723	-	282,723	292,618	-	292,618	
Water				3.5%	3.5%		142,906	-	142,906	147,908	-	147,908	
Gas				3.5%	3.5%		-	-	-	-	-	-	
Sewer				3.5%	3.5%		139,521	-	139,521	144,404	-	144,404	
Sub-total Utilities							565,150	-	565,150	584,930	-	584,930	
Taxes and Licenses													
Real Estate Taxes				3.5%	3.5%		5,544	-	5,544	5,738	-	5,738	
Payroll Taxes				3.5%	3.5%		65,114	-	65,114	67,393	-	67,393	
Miscellaneous Taxes, Licenses and Permits				3.5%	3.5%		5,544	-	5,544	5,738	-	5,738	
Sub-total Taxes and Licenses							76,201	-	76,201	78,868	-	78,868	
Insurance													
Property and Liability Insurance				3.5%	3.5%		510,010	-	510,010	527,861	-	527,861	
Fidelity Bond Insurance				3.5%	3.5%		-	-	-	-	-	-	
Worker's Compensation				3.5%	3.5%		35,517	-	35,517	36,760	-	36,760	
Director's & Officers' Liability Insurance				3.5%	3.5%		-	-	-	-	-	-	
Sub-total Insurance							545,527	-	545,527	564,620	-	564,620	
Maintenance & Repair													
Payroll				3.5%	3.5%		198,332	-	198,332	205,274	-	205,274	
Supplies				3.5%	3.5%		-	-	-	-	-	-	
Contracts				3.5%	3.5%		302,159	-	302,159	312,734	-	312,734	
Garbage and Trash Removal				3.5%	3.5%		88,697	-	88,697	91,802	-	91,802	
Security Payroll/Contract				3.5%	3.5%		258,287	-	258,287	267,327	-	267,327	
HVAC Repairs and Maintenance				3.5%	3.5%		-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs				3.5%	3.5%		-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses				3.5%	3.5%		-	-	-	-	-	-	
Sub-total Maintenance & Repair Expenses							847,475	-	847,475	877,137	-	877,137	
Supportive Services				3.5%	3.5%		-	-	-	-	-	-	
Commercial Expenses						from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES							2,888,095	-	2,888,095	2,989,178	-	2,989,178	
PUPA (w/o Reserves/GL Base Rent/Bond Fees)													
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent							1	-	1	1	-	1	
Bond Monitoring Fee							6,989	-	6,989	6,989	-	6,989	
Replacement Reserve Deposit							68,000	-	68,000	68,000	-	68,000	
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							74,990	-	74,990	74,990	-	74,990	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)							2,963,085	-	2,963,085	3,064,168	-	3,064,168	
PUPA (w/ Reserves/GL Base Rent/Bond Fees)													
NET OPERATING INCOME (INCOME minus OP EXPENSES)							41,510	543,899	585,410	42,963	543,899	586,863	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender						Enter comments re: annual increase, etc.	-	419,928	419,928	-	419,928	419,928	
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							-	419,928	419,928	-	419,928	419,928	
CASH FLOW (NOI minus DEBT SERVICE)							41,510	123,971	165,482	42,963	123,971	166,935	
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%	per MOHCD policy	-	-	-	-	-	-	
Partnership Management Fee (see policy for limits)				3.5%	3.5%	per MOHCD policy	31,975	-	31,975	33,095	-	33,095	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				3.5%	3.5%	per MOHCD policy no annual increase	9,535	-	9,535	9,869	-	9,869	
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)							-	61,986	61,986	-	61,986	61,986	
TOTAL PAYMENTS PRECEDING MOHCD							41,510	61,986	103,496	42,963	61,986	104,949	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)							(0)	61,985	61,985	(0)	61,985	61,985	
Does Project have a MOHCD Residual Receipt Obligation?				Yes		Year 15 is year indicated below:							
Will Project Defer Developer Fee?				Yes		2042							
1st Residual Receipts Split - Lender/Deferred Developer Fee				50% / 50%		2nd Residual Receipts Split Begins:							
2nd Residual Receipts Split - Lender/Owner				67% / 33%		2037							
Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):								61,986		61,986		61,986	
MOHCD RESIDUAL RECEIPTS DEBT SERVICE						Dist. Soft Debt Loans		229,224		291,210		353,196	
MOHCD Residual Receipts Amount Due													
Proposed MOHCD Residual Receipts Amount to Loan Repayment				100.00%		Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy		61,985		61,985		61,985	
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease								61,985		61,985		61,985	
BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE								-		-		-	
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								204,000		272,000		340,000	
Replacement Reserve Deposits								68,000		68,000		68,000	
Replacement Reserve Withdrawals (deally tied to CNA)								-		-		-	
Replacement Reserve Interest								-		-		-	
RR Running Balance													
RR Balance/Unit								272,000 \$2,000		340,000 \$2,500		408,000 \$3,000	
OPERATING RESERVE - RUNNING BALANCE													
Operating Reserve Starting Balance								-		-		-	
Operating Reserve Deposits								-		-		-	
Operating Reserve Withdrawals								-		-		-	
Operating Reserve Interest													

				Year 4			Year 5			Year 6		
				2031			2032			2033		
				Year 4 2031			Year 5 2032			Year 6 2033		

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Total # Units:				136				Year 7		Year 8		Year 9	
				136	136	0	13,481,467	2034		2035		2036	
				100.00%	100.00%	0.00%		Year 7 2034		Year 8 2035		Year 9 2036	
				% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME													
Residential - Tenant Rents				1.0%	2.5%			433,100	-	433,100	437,431	-	437,431
Residential - SOS Payments					4.0%			-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)				n/a	2.5%			853,792	604,333	1,458,124	890,245	604,333	1,494,577
Residential - LOSP Tenant Assistance Payments				n/a	n/a			2,123,886		2,123,886	2,199,839		2,199,839
Commercial Space				n/a	2.5%	from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%		-	-	-	-	-	-
Residential Parking				2.5%	2.5%			-	-	-	-	-	-
Miscellaneous Rent Income				2.5%	2.5%			-	-	-	-	-	-
Supportive Services Income				2.5%	2.5%	100%		-	-	-	-	-	-
Interest Income - Project Operations				2.5%	2.5%			-	-	-	-	-	-
Laundry and Vending				2.5%	2.5%			41,007	-	41,007	42,032	-	42,032
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	Link from Reserve Section below, as applicable		-	-	-	-	-	-
Gross Potential Income						Vacancy formulas use %ages from w&e cells (25-26, can be overridden - use negative if)		3,451,785	604,333	4,056,117	3,569,547	604,333	4,173,879
Vacancy Loss - Residential - Tenant Rents				n/a	n/a	Linked from 1st Year Op Budget &/or Commercial Op Budget, see notes there. If not using default formulas, replace this note & explain vacancy assumptions.		(43,310)	-	(43,310)	(43,743)	-	(43,743)
Vacancy Loss - Residential - Tenant Assistance Payments				n/a	n/a			(85,379)	(60,433)	(145,812)	(89,024)	(60,433)	(149,458)
Vacancy Loss - Commercial				n/a	n/a			-	-	-	-	-	-
EFFECTIVE GROSS INCOME								3,323,095	543,899	3,866,995	3,436,779	543,899	3,980,678
OPERATING EXPENSES													
Management													
Management Fee				3.5%	3.5%	1st Year to be set according to HUD schedule.		126,387	-	126,387	130,811	-	130,811
Asset Management Fee				3.5%	3.5%	per MOHCD policy		35,452	-	35,452	36,693	-	36,693
Sub-total Management Expenses								161,839	-	161,839	167,503	-	167,503
Salaries/Benefits													
Office Salaries				3.5%	3.5%			260,467	-	260,467	269,583	-	269,583
Manager's Salary				3.5%	3.5%			175,935	-	175,935	182,092	-	182,092
Health Insurance and Other Benefits				3.5%	3.5%			170,637	-	170,637	176,609	-	176,609
Other Salaries/Benefits				3.5%	3.5%			-	-	-	-	-	-
Administrative Rent-Free Unit				3.5%	3.5%			-	-	-	-	-	-
Sub-total Salaries/Benefits								607,038	-	607,038	628,285	-	628,285
Administration													
Advertising and Marketing				3.5%	3.5%			1,782	-	1,782	1,845	-	1,845
Office Expenses				3.5%	3.5%			-	-	-	-	-	-
Office Rent				3.5%	3.5%			-	-	-	-	-	-
Legal Expense - Property				3.5%	3.5%			30,731	-	30,731	31,807	-	31,807
Audit Expense				3.5%	3.5%			-	-	-	-	-	-
Bookkeeping/Accounting Services				3.5%	3.5%			37,497	-	37,497	38,810	-	38,810
Bad Debts				3.5%	3.5%			30,731	-	30,731	31,807	-	31,807
Miscellaneous				3.5%	3.5%			76,939	-	76,939	79,632	-	79,632
Sub-total Administration Expenses								177,681	-	177,681	183,900	-	183,900
Utilities													
Electricity				3.5%	3.5%			313,460	-	313,460	324,431	-	324,431
Water				3.5%	3.5%			158,442	-	158,442	163,988	-	163,988
Gas				3.5%	3.5%			-	-	-	-	-	-
Sewer				3.5%	3.5%			154,689	-	154,689	160,104	-	160,104
Sub-total Utilities								626,592	-	626,592	648,523	-	648,523
Taxes and Licenses													
Real Estate Taxes				3.5%	3.5%			6,146	-	6,146	6,361	-	6,361
Payroll Taxes				3.5%	3.5%			72,193	-	72,193	74,720	-	74,720
Miscellaneous Taxes, Licenses and Permits				3.5%	3.5%			6,146	-	6,146	6,361	-	6,361
Sub-total Taxes and Licenses								84,485	-	84,485	87,442	-	87,442
Insurance													
Property and Liability Insurance				3.5%	3.5%			585,457	-	585,457	585,248	-	585,248
Fidelity Bond Insurance				3.5%	3.5%			-	-	-	-	-	-
Worker's Compensation				3.5%	3.5%			39,378	-	39,378	40,756	-	40,756
Director's & Officers' Liability Insurance				3.5%	3.5%			-	-	-	-	-	-
Sub-total Insurance								604,835	-	604,835	626,005	-	626,005
Maintenance & Repair													
Payroll				3.5%	3.5%			219,894	-	219,894	227,590	-	227,590
Supplies				3.5%	3.5%			-	-	-	-	-	-
Contracts				3.5%	3.5%			335,009	-	335,009	346,734	-	346,734
Garbage and Trash Removal				3.5%	3.5%			98,340	-	98,340	101,782	-	101,782
Security Payroll/Contract				3.5%	3.5%			286,367	-	286,367	296,390	-	296,390
HVAC Repairs and Maintenance				3.5%	3.5%			-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs				3.5%	3.5%			-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses				3.5%	3.5%			-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses								939,611	-	939,611	972,497	-	972,497
Supportive Services				3.5%	3.5%			-	-	-	-	-	-
Commercial Expenses						from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%		-	-	-	-	-	-
TOTAL OPERATING EXPENSES								3,202,082	-	3,202,082	3,314,155	-	3,314,155
PUPA (w/o Reserves/GL Base Rent/Bond Fees)													
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent								1	-	1	1	-	1
Bond Monitoring Fee								6,989	-	6,989	6,989	-	6,989
Replacement Reserve Deposit								68,000	-	68,000	68,000	-	68,000
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								74,990	-	74,990	74,990	-	74,990
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)								3,277,072	-	3,277,072	3,389,145	-	3,389,145
PUPA (w/ Reserves/GL Base Rent/Bond Fees)													
NET OPERATING INCOME (INCOME minus OP EXPENSES)								46,023	543,899	589,923	47,634	543,899	591,534
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender						Enter comments re: annual increase, etc.		-	419,928	419,928	-	419,928	419,928
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								-	419,928	419,928	-	419,928	419,928
CASH FLOW (NOI minus DEBT SERVICE)								46,023	123,971	169,995	47,634	123,971	171,606
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%	per MOHCD policy		-	-	-	-	-	-
Partnership Management Fee (see policy for limits)				3.5%	3.5%	per MOHCD policy		35,452	-	35,452	36,693	-	36,693
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				3.5%	3.5%	per MOHCD policy no annual increase		10,572	-	10,572	10,942	-	10,942
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)								-	61,986	61,986	-	61,986	61,986
TOTAL PAYMENTS PRECEDING MOHCD								46,023	61,986	108,009	47,634	61,986	109,620
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)								-	61,985	61,985	0	61,985	61,985
Does Project have a MOHCD Residual Receipt Obligation?				Yes		Year 15 is year indicated below:							
Will Project Defeer Developer Fee?				Yes		2042							
1st Residual Receipts Split - Lender/Deferred Developer Fee				50% / 50%		2nd Residual Receipts Split Begins:							
2nd Residual Receipts Split - Lender/Owner				67% / 33%		2037							
Max Deferred Developer Fee Amt (Use for data entry above. Do not link:)									61,986				61,986
MOHCD RESIDUAL RECEIPTS DEBT SERVICE						Dist. Soft Debt Loans			415,182				514,911
MOHCD Residual Receipts Amount Due						Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy							
Proposed MOHCD Residual Receipts Amount to Loan Repayment				100.00%					61,985			61,985	86,228
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease									61,985			61,985	86,228
BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE									-			-	-
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									408,000			476,000	544,000
Replacement Reserve Deposits									68,000			68,0</	

				Year 7			Year 8			Year 9		
				2034			2035			2036		
				Year 7 2034			Year 8 2035			Year 9 2036		
				LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME	% annual inc	% annual increase	Comments (related to annual inc assumptions)									
Other Reserve 2 Starting Balance												
Other Reserve 2 Deposits												
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
Other Required Reserve 2 Running Balance												

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Total # Units:				136		13,481,467		Year 10		Year 11		Year 12	
						2037				2038		2039	
						Year 10 2037		Year 11 2038		Year 12 2039			

				Year 10			Year 11			Year 12		
				2037			2038			2039		
				Year 10			Year 11			Year 12		
				2037			2038			2039		
136	136	0	13,481,467									
	100.00%	0.00%										
INCOME	% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Starting Balance						-			-			-
Other Reserve 2 Deposits						-			-			-
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
Other Required Reserve 2 Running Balance						-			-			-

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Total # Units:				136		13,481,467		Year 13		Year 14		Year 15			
				136		13,481,467		2040		2041		2042			
				100.00%		0.00%		Year 13 2040		Year 14 2041		Year 15 2042			
				% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME				1.0%	2.5%		459,745	-	459,745	464,342	-	464,342	468,985	-	468,985
Residential - Tenant Rents				1.0%	2.5%		459,745	-	459,745	464,342	-	464,342	468,985	-	468,985
Residential - SOS Payments					4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)				n/a	2.5%		1,086,644	604,333	1,690,977	1,128,919	604,333	1,733,252	1,172,250	604,333	1,776,583
Residential - LOSP Tenant Assistance Payments				n/a	n/a		2,628,435		2,628,435	2,724,808		2,724,808	2,825,050		2,825,050
Commercial Space				n/a	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking				2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income				2.5%	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income				2.5%	2.5%	100%	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations				2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending				2.5%	2.5%		47,555	-	47,555	48,744	-	48,744	49,963	-	49,963
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	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income						Vacancy formulas use %ages from w66 cells (25-26; can be overridden - use negative if!)	4,222,380	604,333	4,826,712	4,366,813	604,333	4,971,146	4,516,248	604,333	5,120,581
Vacancy Loss - Residential - Tenant Rents				n/a	n/a	Linked from 1st Year Op Budget &/or Commercial Op Budget, see notes there. If not using default formulas, replace this note & explain vacancy assumptions.	(45,974)	-	(45,974)	(46,434)	-	(46,434)	(46,899)	-	(46,899)
Vacancy Loss - Residential - Tenant Assistance Payments				n/a	n/a		(108,664)	(60,433)	(169,098)	(112,892)	(60,433)	(173,325)	(117,225)	(60,433)	(177,658)
Vacancy Loss - Commercial				n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME							4,067,741	543,899	4,611,640	4,207,487	543,899	4,751,387	4,352,125	543,899	4,896,024
OPERATING EXPENSES															
Management															
Management Fee				3.5%	3.5%	1st Year to be set according to HUD schedule.	155,362	-	155,362	160,800	-	160,800	166,428	-	166,428
Asset Management Fee				3.5%	3.5%	per MOHCD policy	43,579	-	43,579	45,104	-	45,104	46,683	-	46,683
Sub-total Management Expenses							198,941	-	198,941	205,904	-	205,904	213,111	-	213,111
Salaries/Benefits															
Office Salaries				3.5%	3.5%		320,180	-	320,180	331,387	-	331,387	342,985	-	342,985
Manager's Salary				3.5%	3.5%		216,269	-	216,269	223,838	-	223,838	231,672	-	231,672
Health Insurance and Other Benefits				3.5%	3.5%		209,756	-	209,756	217,097	-	217,097	224,696	-	224,696
Other Salaries/Benefits				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits							746,205	-	746,205	772,322	-	772,322	799,353	-	799,353
Administration															
Advertising and Marketing				3.5%	3.5%		2,191	-	2,191	2,268	-	2,268	2,347	-	2,347
Office Expenses				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Office Rent				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property				3.5%	3.5%		37,777	-	37,777	39,099	-	39,099	40,467	-	40,467
Audit Expense				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Bookkeeping/Accounting Services				3.5%	3.5%		46,094	-	46,094	47,707	-	47,707	49,377	-	49,377
Bad Debts				3.5%	3.5%		37,777	-	37,777	39,099	-	39,099	40,467	-	40,467
Miscellaneous				3.5%	3.5%		94,578	-	94,578	97,888	-	97,888	101,314	-	101,314
Sub-total Administration Expenses							218,416	-	218,416	226,060	-	226,060	233,973	-	233,973
Utilities															
Electricity				3.5%	3.5%		385,323	-	385,323	398,809	-	398,809	412,767	-	412,767
Water				3.5%	3.5%		194,766	-	194,766	201,583	-	201,583	208,638	-	208,638
Gas				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer				3.5%	3.5%		190,153	-	190,153	196,808	-	196,808	203,697	-	203,697
Sub-total Utilities							770,242	-	770,242	797,200	-	797,200	825,102	-	825,102
Taxes and Licenses															
Real Estate Taxes				3.5%	3.5%		7,555	-	7,555	7,820	-	7,820	8,093	-	8,093
Payroll Taxes				3.5%	3.5%		88,744	-	88,744	91,850	-	91,850	95,064	-	95,064
Miscellaneous Taxes, Licenses and Permits				3.5%	3.5%		7,555	-	7,555	7,820	-	7,820	8,093	-	8,093
Sub-total Taxes and Licenses							103,854	-	103,854	107,489	-	107,489	111,251	-	111,251
Insurance															
Property and Liability Insurance				3.5%	3.5%		695,092	-	695,092	719,420	-	719,420	744,599	-	744,599
Fidelity Bond Insurance				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation				3.5%	3.5%		48,406	-	48,406	50,100	-	50,100	51,853	-	51,853
Director's & Officers' Liability Insurance				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance							743,497	-	743,497	769,520	-	769,520	796,453	-	796,453
Maintenance & Repair															
Payroll				3.5%	3.5%		270,306	-	270,306	279,767	-	279,767	289,559	-	289,559
Supplies				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Contracts				3.5%	3.5%		411,812	-	411,812	426,225	-	426,225	441,143	-	441,143
Garbage and Trash Removal				3.5%	3.5%		120,885	-	120,885	125,116	-	125,116	129,496	-	129,496
Security Payroll/Contract				3.5%	3.5%		352,019	-	352,019	364,339	-	364,339	377,091	-	377,091
HVAC Repairs and Maintenance				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses							1,155,022	-	1,155,022	1,195,447	-	1,195,447	1,237,288	-	1,237,288
Supportive Services				3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses						from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES							3,936,177	-	3,936,177	4,073,943	-	4,073,943	4,216,531	-	4,216,531
PUPA (w/o Reserves/GL Base Rent/Bond Fees)															
Reserves/Ground Lease Base Rent/Bond Fees															
Ground Lease Base Rent							1	-	1	1	-	1	1	-	1
Bond Monitoring Fee							6,989	-	6,989	6,989	-	6,989	6,989	-	6,989
Replacement Reserve Deposit							68,000	-	68,000	68,000	-	68,000	68,000	-	68,000
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							74,990	-	74,990	74,990	-	74,990	74,990	-	74,990
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)							4,011,166	-	4,011,166	4,148,933	-	4,148,933	4,291,521	-	4,291,521
PUPA (w/ Reserves/GL Base Rent/Bond Fees)															
NET OPERATING INCOME (INCOME minus OP EXPENSES)							56,574	543,899	600,474	58,555	543,899	602,454	60,604	543,899	604,503
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)															
Hard Debt - First Lender						Enter comments re: annual increase, etc.	-	419,928	419,928	-	419,928	419,928	-	419,928	419,928
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							-	419,928	419,928	-	419,928	419,928	-	419,928	419,928
CASH FLOW (NOI minus DEBT SERVICE)							56,574	123,971	180,546	58,555	123,971	182,526	60,604	123,971	184,575
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%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)				3.5%	3.5%	per MOHCD policy	43,579	-	43,579	45,104	-	45,104	46,683	-	46,683
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					3.5%	per MOHCD policy no annual increase	12,995	-	12,995	13,450	-	13,450	13,921	-	13,921
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							56,574	-	56,574	58,555	-	58,555	60,604	-	60,604
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)							-	123,971	123,971	(0)	123,971	123,971	0	123,971</	

				Year 13			Year 14			Year 15		
				2040			2041			2042		
				Year 13			Year 14			Year 15		
				2040			2041			2042		

Total # Units: 136				13,481,467			Year 16 2043		Year 17 2044			Year 18 2045		
136				136		0								
				100.00%		0.00%								
				% annual inc LOSP		% annual increase		Comments (related to annual inc assumptions)		LOSP		non-LOSP		
				1.0%		2.5%				473,675		-		
INCOME				1.0%		2.5%				473,675		-		
Residential - Tenant Rents				1.0%		2.5%				473,675		-		
Residential - SOS Payments				n/a		n/a				-		-		
Residential - Tenant Assistance Payments (Other Non-LOSP)				n/a		2.5%				1,216,665		604,333		
Residential - LOSP Tenant Assistance Payments				n/a		n/a				2,929,306		2,929,306		
Commercial Space				n/a		2.5%		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%		-		-		
Residential Parking				2.5%		2.5%				-		-		
Miscellaneous Rent Income				2.5%		2.5%				-		-		
Supportive Services Income				2.5%		2.5%		100%		-		-		
Interest Income - Project Operations				2.5%		2.5%				-		-		
Laundry and Vending				2.5%		2.5%				51,212		-		
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		Link from Reserve Section below, as applicable		-		-		
Gross Potential Income								Vacancy Formulae use Hedges from wcd cells 605-26; can be overridden - use negative int		4,670,858		604,333		
Vacancy Loss - Residential - Tenant Rents				n/a		n/a		Linked from 1st Year Op Budget &/or Commercial Op Budget, see notes there. If not using default formulas, replace this note & explain vacancy assumptions.		(47,368)		-		
Vacancy Loss - Residential - Tenant Assistance Payments				n/a		n/a				(121,666)		(60,433)		
Vacancy Loss - Commercial				n/a		n/a				-		-		
EFFECTIVE GROSS INCOME										4,501,824		543,899		
OPERATING EXPENSES Management										5,045,724		4,656,763		
Management Fee				3.5%		3.5%		1st Year to be set according to HUD schedule.		172,253		-		
Asset Management Fee				3.5%		3.5%		per MOHCD policy		48,317		-		
Sub-total Management Expenses										220,570		-		
Salaries/Benefits										827,331		-		
Office Salaries				3.5%		3.5%				354,990		-		
Manager's Salary				3.5%		3.5%				239,781		-		
Health Insurance and Other Benefits				3.5%		3.5%				232,560		-		
Other Salaries/Benefits				3.5%		3.5%				-		-		
Administrative Rent-Free Unit				3.5%		3.5%				-		-		
Sub-total Salaries/Benefits										827,331		-		
Administration										827,331		-		
Advertising and Marketing				3.5%		3.5%				2,429		-		
Office Expenses				3.5%		3.5%				-		-		
Office Rent				3.5%		3.5%				-		-		
Legal Expense - Property				3.5%		3.5%				41,884		-		
Audit Expense				3.5%		3.5%				-		-		
Bookkeeping/Accounting Services				3.5%		3.5%				51,105		-		
Bad Debts				3.5%		3.5%				41,884		-		
Miscellaneous				3.5%		3.5%				104,860		-		
Sub-total Administration Expenses										242,162		-		
Utilities										827,331		-		
Electricity				3.5%		3.5%				427,214		-		
Water				3.5%		3.5%				215,941		-		
Gas				3.5%		3.5%				-		-		
Sewer				3.5%		3.5%				210,826		-		
Sub-total Utilities										853,981		-		
Taxes and Licenses										853,981		-		
Real Estate Taxes				3.5%		3.5%				8,377		-		
Payroll Taxes				3.5%		3.5%				98,392		-		
Miscellaneous Taxes, Licenses and Permits				3.5%		3.5%				8,377		-		
Sub-total Taxes and Licenses										115,145		-		
Insurance										115,145		-		
Property and Liability Insurance				3.5%		3.5%				770,660		-		
Fidelity Bond Insurance				3.5%		3.5%				-		-		
Worker's Compensation				3.5%		3.5%				53,668		-		
Directors & Officers' Liability Insurance				3.5%		3.5%				-		-		
Sub-total Insurance										824,329		-		
Maintenance & Repair										824,329		-		
Payroll				3.5%		3.5%				299,693		-		
Supplies				3.5%		3.5%				-		-		
Contracts				3.5%		3.5%				456,583		-		
Garbage and Trash Removal				3.5%		3.5%				134,028		-		
Security Payroll/Contract				3.5%		3.5%				390,289		-		
HVAC Repairs and Maintenance				3.5%		3.5%				-		-		
Vehicle and Maintenance Equipment Operation and Repairs				3.5%		3.5%				-		-		
Miscellaneous Operating and Maintenance Expenses				3.5%		3.5%				-		-		
Sub-total Maintenance & Repair Expenses										1,280,593		-		
Supportive Services				3.5%		3.5%				-		-		
Commercial Expenses								from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%		-		-		
TOTAL OPERATING EXPENSES										4,364,109		-		
PUPA (w/o Reserves/GL Base Rent/Bond Fees)										4,364,109		4,516,853		
Reserves/Ground Lease Base Rent/Bond Fees										-		-		
Ground Lease Base Rent										1		-		
Bond Monitoring Fee										6,989		-		
Replacement Reserve Deposit										68,000		-		
Operating Reserve Deposit										-		-		
Other Required Reserve 1 Deposit										-		-		
Other Required Reserve 2 Deposit										-		-		
Required Reserve Deposits, Commercial								from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%		-		-		
Sub-total Reserves/Ground Lease Base Rent/Bond Fees										74,990		-		
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)										4,439,099		-		
PUPA (w/ Reserves/GL Base Rent/Bond Fees)										4,439,099		4,591,843		
NET OPERATING INCOME (INCOME minus OP EXPENSES)										62,725		543,899		
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)										606,624		64,920		
Hard Debt - First Lender								Enter comments re: annual increase, etc.		-		419,928		
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										419,928		419,928		
CASH FLOW (NOI minus DEBT SERVICE)										62,725		123,971		
USES OF CASH FLOW BELOW (This row also shows DSCR.)										186,696		64,920		
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL										1,445		1,45		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)				3.5%		3.5%		per MOHCD policy		-		-		
Partnership Management Fee (see policy for limits)				3.5%		3.5%		per MOHCD policy		48,317		-		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				3.5%		3.5%		per MOHCD policy no annual increase		14,408		-		
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										62,725		-		
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)										64,920		-		
Does Project have a MOHCD Residual Receipt Obligation?				Yes		Yes		Year 15 is year indicated below: 2042		123,971		123,971		
Will Project Defer Developer Fee?				50% / 50%		67% / 33%		2nd Residual Receipts Split Begins: 2037		123,971		123,971		
1st Residual Receipts Split - Lender/Deferred Developer Fee										-		-		
2nd Residual Receipts Split - Lender/Owner										-		-		
Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):										-		-		
MOHCD RESIDUAL RECEIPTS DEBT SERVICE										41,324		41,324		
MOHCD Residual Receipts Amount Due				100.00%				Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy		82,648		82,648		
Proposed MOHCD Residual Receipts Amount to Loan Repayment										82,648		82,648		
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease										-		-		
BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE										41,324		41,324		
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)										41,324		41,324		
Owner Distributions/Incentive Management Fee										41,324		41,324		
Other Distributions/Uses										-		-		
Final Balance (should be zero)										-		-		
REPLACEMENT RESERVE - RUNNING BALANCE										1,020,000		1,088,000		
Replacement Reserve Starting Balance										68,000		68,000		
Replacement Reserve Deposits										-		-		
Replacement Reserve Withdrawals (ideally tied to CNA)										-		-		
Replacement Reserve Interest										-		-		
RR Running Balance										1,088,000		1,224,000		
OPERATING RESERVE - RUNNING BALANCE										58,000		58,000		
Operating Reserve Starting Balance										-		-		
Operating Reserve Deposits										-		-		
Operating Reserve Withdrawals										-		-		
Operating Reserve Interest										-		-		
OR Running Balance										-		-		
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE										0.0%		0.0%		
Other Reserve 1 Starting Balance										-		-		
Other Reserve 1 Deposits										-		-		
Other Reserve 1 Withdrawals										-		-		
Other Reserve 1 Interest										-		-		
Other Required Reserve 1 Running Balance										-		-		
OTHER RESERVE 2 - RUNNING BALANCE										-		-		

				Year 16			Year 17			Year 18		
				2043			2044			2045		
				Year 16 2043			Year 17 2044			Year 18 2045		

1

Total # Units:					136			Year 19			Year 20		
					136	0	13,481,467	2046			2047		
					100.00%	0.00%		Year 19 2046			Year 20 2047		
					% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME					1.0%	2.5%		488,028	-	488,028	492,908	-	492,908
Residential - Tenant Rents						4.0%		-	-	-	-	-	-
Residential - SOS Payments					n/a	2.5%		1,356,682	604,333	1,961,015	1,405,708	604,333	2,010,040
Residential - Tenant Assistance Payments (Other Non-LOSP)					n/a	n/a		3,267,711		3,267,711	3,389,601		3,389,601
Residential - LOSP Tenant Assistance Payments							from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%						
Commercial Space					n/a	2.5%		-	-	-	-	-	-
Residential Parking					2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Rent Income					2.5%	2.5%		-	-	-	-	-	-
Supportive Services Income					2.5%	2.5%	100%	-	-	-	-	-	-
Interest Income - Project Operations					2.5%	2.5%		-	-	-	-	-	-
Laundry and Vending					2.5%	2.5%		55,150	-	55,150	56,528	-	56,528
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	Link from Reserve Section below, as applicable	-	-	-	-	-	-
Gross Potential Income							Vacancy formulas use 'Rages from wsd coils G25-26; can be overridden - use negative is!	5,167,571	604,333	5,771,904	5,344,746	604,333	5,949,078
Vacancy Loss - Residential - Tenant Rents					n/a	n/a	Linked from 1st Year Op Budget &/or Commercial Op Budget; see notes there. If not using default formulas, replace this note & explain vacancy assumptions.	(48,803)	-	(48,803)	(49,291)	-	(49,291)
Vacancy Loss - Residential - Tenant Assistance Payments					n/a	n/a		(135,668)	(60,433)	(196,102)	(140,571)	(60,433)	(201,004)
Vacancy Loss - Commercial					n/a	n/a							
EFFECTIVE GROSS INCOME								4,983,100	543,899	5,527,000	5,154,884	543,899	5,698,784
OPERATING EXPENSES													
Management													
Management Fee					3.5%	3.5%	1st Year to be set according to HUD schedule.	190,980	-	190,980	197,664	-	197,664
Asset Management Fee					3.5%	3.5%	per MOHCD policy	53,570	-	53,570	55,445	-	55,445
Sub-total Management Expenses								244,550	-	244,550	253,109	-	253,109
Salaries/Benefits													
Office Salaries					3.5%	3.5%		393,583	-	393,583	407,359	-	407,359
Manager's Salary					3.5%	3.5%		265,849	-	265,849	275,154	-	275,154
Health Insurance and Other Benefits					3.5%	3.5%		257,844	-	257,844	266,868	-	266,868
Other Salaries/Benefits					3.5%	3.5%		-	-	-	-	-	-
Administrative Rent-Free Unit					3.5%	3.5%		-	-	-	-	-	-
Sub-total Salaries/Benefits								917,276	-	917,276	949,381	-	949,381
Administration													
Advertising and Marketing					3.5%	3.5%		2,693	-	2,693	2,788	-	2,788
Office Expenses					3.5%	3.5%		-	-	-	-	-	-
Office Rent					3.5%	3.5%		-	-	-	-	-	-
Legal Expense - Property					3.5%	3.5%		46,437	-	46,437	48,063	-	48,063
Audit Expense					3.5%	3.5%		56,661	-	56,661	58,644	-	58,644
Bookkeeping/Accounting Services					3.5%	3.5%		46,437	-	46,437	48,063	-	48,063
Bad Debts					3.5%	3.5%		116,260	-	116,260	120,329	-	120,329
Miscellaneous					3.5%	3.5%		-	-	-	-	-	-
Sub-total Administration Expenses								268,489	-	268,489	277,886	-	277,886
Utilities													
Electricity					3.5%	3.5%		473,660	-	473,660	490,238	-	490,238
Water					3.5%	3.5%		239,417	-	239,417	247,797	-	247,797
Gas					3.5%	3.5%		-	-	-	-	-	-
Sewer					3.5%	3.5%		233,746	-	233,746	241,928	-	241,928
Sub-total Utilities								946,824	-	946,824	979,962	-	979,962
Taxes and Licenses													
Real Estate Taxes					3.5%	3.5%		9,287	-	9,287	9,613	-	9,613
Payroll Taxes					3.5%	3.5%		109,088	-	109,088	112,907	-	112,907
Miscellaneous Taxes, Licenses and Permits					3.5%	3.5%		9,287	-	9,287	9,613	-	9,613
Sub-total Taxes and Licenses								127,663	-	127,663	132,132	-	132,132
Insurance													
Property and Liability Insurance					3.5%	3.5%		854,445	-	854,445	884,351	-	884,351
Fidelity Bond Insurance					3.5%	3.5%		-	-	-	-	-	-
Worker's Compensation					3.5%	3.5%		59,503	-	59,503	61,585	-	61,585
Director's & Officers' Liability Insurance					3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance								913,948	-	913,948	945,936	-	945,936
Maintenance & Repair													
Payroll					3.5%	3.5%		332,275	-	332,275	343,905	-	343,905
Supplies					3.5%	3.5%		-	-	-	-	-	-
Contracts					3.5%	3.5%		506,222	-	506,222	523,939	-	523,939
Garbage and Trash Removal					3.5%	3.5%		148,599	-	148,599	153,800	-	153,800
Security Payroll/Contract					3.5%	3.5%		432,721	-	432,721	447,866	-	447,866
HVAC Repairs and Maintenance					3.5%	3.5%		-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs					3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses					3.5%	3.5%		-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses								1,419,816	-	1,419,816	1,469,510	-	1,469,510
Supportive Services					3.5%	3.5%		-	-	-	-	-	-
Commercial Expenses							from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
TOTAL OPERATING EXPENSES								4,838,566	-	4,838,566	5,007,916	-	5,007,916
PUPA (w/o Reserves/GL Base Rent/Bond Fees)													
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent								1	-	1	1	-	1
Bond Monitoring Fee								6,989	-	6,989	6,989	-	6,989
Replacement Reserve Deposit								68,000	-	68,000	68,000	-	68,000
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								74,990	-	74,990	74,990	-	74,990
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)								4,913,556	-	4,913,556	5,082,906	-	5,082,906
PUPA (w/ Reserves/GL Base Rent/Bond Fees)													
NET OPERATING INCOME (INCOME minus OP EXPENSES)								69,544	543,899	613,444	71,978	543,899	615,878
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender							Enter comments re: annual increase, etc.	-	419,928	419,928	-	419,928	419,928
Hard Debt - Second Lender (HCD Program 0.42% pymnt, 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								-	419,928	419,928	-	419,928	419,928
CASH FLOW (NOI minus DEBT SERVICE)								69,544	123,971	193,516	71,978	123,971	195,950
USES OF CASH FLOW BELOW (This row also shows DSCR.)										1.461			1.467
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL													
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)					3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)					3.5%	3.5%	per MOHCD policy	53,570	-	53,570	55,445	-	55,445
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					3.5%		per MOHCD policy no annual increase	15,974	-	15,974	16,534	-	16,534
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								69,544	-	69,544	71,978	-	71,978
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)								-	123,971	123,971	-	123,971	123,971
Does Project have a MOHCD Residual Receipt Obligation?					Yes		Year 15 is year indicated below:						
Will Project Defer Developer Fee?					Yes		2042						
1st Residual Receipts Split - Lender/Deferred Developer Fee					50% / 50%		2nd Residual Receipts Split Begins:						
2nd Residual Receipts Split - Lender/Owner					67% / 33%		2037						
Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):													
MOHCD RESIDUAL RECEIPTS DEBT SERVICE							Dist. Soft						
							Debt Loans						
MOHCD Residual Receipts Amount Due					100.00%		Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy			82,648			82,648
Proposed MOHCD Residual Receipts Amount to Loan Repayment										82,648			82,648
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease													
BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE										41,324			41,324
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)										41,324			41,324
Owner Distributions/Incentive Management Fee										41,324			41,324
Other Distributions/Uses													
Final Balance (should be zero)										-			-
REPLACEMENT RESERVE - RUNNING BALANCE													
Replacement Reserve Starting Balance										1,224,000			1,292,000
Replacement Reserve Deposits										68,000			68,000
Replacement Reserve Withdrawals (ideally tied to CNA)										-			-
Replacement Reserve Interest													
RR Running Balance										1,292,000			1,360,000
OPERATING RESERVE - RUNNING BALANCE										\$9,500			\$10,000
Operating Reserve Starting Balance										-			-
Operating Reserve Deposits										-			-
Operating Reserve Withdrawals										-			-
Operating Reserve Interest										-			-
OR Running Balance										-			-
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE							OR Balance as a % of Prior Yr Op Exps + Debt Service			0.0%			0.0%
Other Reserve 1 Starting Balance										-			-
Other Reserve 1 Deposits										-			-
Other Reserve 1 Withdrawals										-			-
Other Reserve 1 Interest										-			-
Other Required Reserve 1 Running Balance										-			-
OTHER RESERVE 2 - RUNNING BALANCE													

				Year 19			Year 20		
				2046			2047		
	136	136	0	Year 19			Year 20		
		100.00%	0.00%	2046			2047		
INCOME	% annual	% annual	Comments	LOSP	non-	Total	LOSP	non-	Total
	inc	increase	(related to annual inc assumptions)		LOSP			LOSP	
Other Reserve 2 Starting Balance						-			-
Other Reserve 2 Deposits						-			-
Other Reserve 2 Withdrawals									
Other Reserve 2 Interest									
Other Required Reserve 2 Running Balance						-			-

EXHIBIT C
Tenant Income Certification Form

[To be attached]

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 ☐ /PT ☐ /NA ☐	
2						FT ☐ /PT ☐ /NA ☐	
3						FT ☐ /PT ☐ /NA ☐	
4						FT ☐ /PT ☐ /NA ☐	
5						FT ☐ /PT ☐ /NA ☐	
6						FT ☐ /PT ☐ /NA ☐	
7						FT ☐ /PT ☐ /NA ☐	

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

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

TOTAL INCOME (E):

\$

PART IV. INCOME FROM ASSETS

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

TOTALS:

\$

\$

Enter Column (H) Total

Passbook Rate

If over \$5000

\$ _____ X

0.06%

= (J) Imputed Income

\$

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

TOTAL INCOME FROM ASSETS (K)

\$

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

\$

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY**RECERTIFICATION ONLY:**

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

\$

Unit Meets Federal
Income Restriction at:
☐ 60% ☐ 50%

Current Federal LIHTC
Income Limit x 140%:

\$

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

\$

Or Federal A.I.T. at:
☐ 80% ☐ 70% ☐ 60% ☐ 50%
☐ 40% ☐ 30% ☐ 20%

Household Income exceeds
140% at recertification:
☐ Yes ☐ No

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

\$

Unit Meets State Deeper
Targeting Income Restriction
at:

Household Size at Move-in:

Household Income as of Move-in:

\$

☐ Other _____ %**PART VI. RENT**

Tenant Paid Monthly Rent:

\$

Federal Rent Assistance:

\$

*Source: _____

Monthly Utility Allowance:

\$

Non-Federal Rent Assistance:

\$

(*0-8)

Other Monthly Non-optional charges:

\$

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%

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

If Applicable, Unit Meets Bond Rent
Restriction at:

☐ 60% ☐ 50%

Unit Meets State Deeper
Targeting Rent Restriction at:

☐ Other: _____ %**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ Yes ☐ No

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

Enter
1-5

*Student Explanation:

1 AFDC / TANF Assistance

2 Job Training Program

3 Single Parent/Dependent Child

4 Married/Joint Return

5 Former Foster Care

PART VIII. PROGRAM TYPE

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
A	Adult Co-Tenant	O	Other Family Member		Adoption or Foster
C	Child	F	Foster child(ren)/adult(s)		
L	Live-in Caretaker	N	None of the above		

Date of Birth	Enter each household member's date of birth.
Student Status	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)	Enter the greater of the total in Column (I) or (J)	
Row (L)	Total Annual Household Income From all Sources	Add (E) and (K) and enter the total

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

First Source Hiring Requirements and Numerical Goals

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83) as incorporated into MOHCD's Section 3 Plan. Borrower will, or will require its general contractor to, separately execute a First Source Hiring Agreement with the City as set forth below, although the lack of such a separate execution will not affect the requirements of Chapter 83 as incorporated herein.

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 will 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 have the meanings assigned to such terms in Chapter 83.

B. First Source Hiring Agreement. On or before the effective date of the Ground Lease, Borrower will, or will require its general contractor to, enter into a first source hiring agreement ("FSH Agreement") with the City, that will include the terms as set forth in Section 83.9(b). Borrower also enter into a FSH Agreement with the City for any other work that it performs in the City.

C. Hiring Decisions. Borrower or its general contractor will make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

D. Exceptions. Upon application by Contractor, 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. Borrower 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 Borrower'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 a contractor 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

7. That in the event the City is the prevailing party in a civil action to recover liquidated damages for breach of a contract provision required by this Chapter, the contractor will be liable for the City's costs and reasonable attorney's fees.

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 will be made by the FSHA.

F. Subcontracts. Any subcontract entered into by Borrower or its general contractor will require the subcontractor to comply with the requirements of Chapter 83 and will contain contractual obligations substantially the same as those set forth in this Section.

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.

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

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

(a) Borrower 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 131.2(a), 131.2(c)-(k), and 131.3 of the San Francisco Labor and Employment 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 131.2(b) of the San Francisco Labor and Employment Code.

(d) Condition to Contract. As a condition to this Agreement, Borrower will execute the "City's Declaration: Nondiscrimination in Contracts and Benefits" form with supporting documentation and secure the approval of the executed form by the San Francisco Contract Monitoring Division (formerly the Human Rights Commission).

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Article 131 ("Nondiscrimination in Contracts") and Article 132 ("Nondiscrimination in Property Contracts") of the San Francisco Labor and Employment 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 Articles of the Labor and Employment Code, including the remedies provided in such Articles. Without limiting the foregoing, Borrower understands that pursuant to Sections 131.2(h) and 132.3(g) of the San Francisco Labor and Employment 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 to conduct any meeting of its governing board that addresses any matter relating to the Project or to Borrower's performance under this Agreement as a passive meeting. Further, Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.]

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

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

this Agreement relates to a City Project and that the requisite sign has not been posted, Borrower 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 Article 142 “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Labor and Employment Code (Article 142), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Article 142 are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Article 142 is available on the web at www.sfgov.org/olse/fco. A partial listing of some of Borrower’s obligations under Article 142 is set forth in this Section. Borrower is required to comply with all of the applicable provisions of Article 142, 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 Article 142.

(b) The requirements of Article 142 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 and County 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 Article 142, 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 Article 142.

(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 Article 142, the City will have the right to pursue any rights or remedies available under Article 142, 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

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

21. Public Power. From and after the effective date of the Ground Lease, Borrower will procure water and sewer service from the City and electricity, telephone, natural gas, and any other utility service from the City or utility companies providing such services, and will pay all connection and use charges imposed in connection with such services. From and after the effective date of the Ground Lease, as between the City and Borrower, Borrower will be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing such service. All electricity necessary for operations on the Site will be purchased from the San Francisco Public Utilities Commission ("PUC"), at PUC's standard rates charged to third parties, unless PUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. PUC is the provider of electric services to City property, and the Interconnection Services Department of SFPUC's Power Enterprise coordinates with Pacific Gas and Electric Company and others to implement this service. To arrange for electric service to the Site, Borrower will contact the Interconnection Services Department in the Power Enterprise of the SFPUC.

22. Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Borrower will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code Chapter 14B ("LBE Ordinance") and will incorporate such requirements in contracts with any Contractors and Subcontractors.

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.

1979 MISSION STREET PSH ASSOCIATES, L.P.
a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

Exhibit F

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

DATE: _____

EXHIBIT G
Form of Annual Monitoring Report

[To be attached]

Exhibit G

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
3A. Occupancy & Rent Info	Required by MOHCD
3B. Demographic Information	➤ Completeness Tracker

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 - (in DAYS) State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. # 4 Please EXCLUDE any units that are being held vacant to support rehabilitation or other temporary relocation needs. If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)
37		Waiting List - How many applicants are currently on the waiting list? (Please also submit a copy of the waiting list, see AMR submission instructions.)
38		When was the waiting list last updated? (m/yyyy)
39		Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.) # 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"). 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.) # 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) 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.) # 3

46		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.)																				
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?																						
<i>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.</i>																						
		<table border="1"> <thead> <tr> <th colspan="2">Target Population</th> <th colspan="2">Actual Population</th> </tr> </thead> <tbody> <tr> <td>58</td> <td>0 Families</td> <td>0</td> <td>Families</td> </tr> <tr> <td>59</td> <td>0 Persons with HIV/AIDS</td> <td>0</td> <td>Persons with HIV/AIDS</td> </tr> <tr> <td>60</td> <td>0 Housing for Homeless</td> <td>0</td> <td>Housing for Homeless</td> </tr> <tr> <td>61</td> <td>0 Mentally or Physically Disabled</td> <td>0</td> <td>Mentally or Physically Disabled</td> </tr> </tbody> </table>	Target Population		Actual Population		58	0 Families	0	Families	59	0 Persons with HIV/AIDS	0	Persons with HIV/AIDS	60	0 Housing for Homeless	0	Housing for Homeless	61	0 Mentally or Physically Disabled	0	Mentally or Physically Disabled
Target Population		Actual Population																				
58	0 Families	0	Families																			
59	0 Persons with HIV/AIDS	0	Persons with HIV/AIDS																			
60	0 Housing for Homeless	0	Housing for Homeless																			
61	0 Mentally or Physically Disabled	0	Mentally or Physically Disabled																			

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

Remember, **SAVE YOUR WORK!**

Annual Monitoring Report - Transitional Programs - Reporting Year 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	
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	
29		Psychiatric hospital	INSTITUTIONAL
30		Inpatient alcohol or other drug treatment facility	
31		Jail/Prison	
32		Medical Facility	
33	0	Institutional Subtotal	
34		Emergency Shelter	OTHER
35		Places not meant for human habitation (e.g. street)	
36		Unknown	
37		Other	
38	0	Other Subtotal	
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 #s below	enter #s 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:	Female
20	Unapproved Subtenant	Bisexual	Male
21	0 Total number of households who received Notices of Eviction	Gay/Lesbian/Same-Gender Loving	Genderqueer/Gender Non-Binary
		Questioning/Unsure	Trans Female
		Straight/Heterosexual	Trans Male
		Not Listed	Not Listed
		Declined / Not Stated	Declined / Not Stated
		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 #s below	enter #s 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:	Female
40	Unapproved Subtenant	Bisexual	Male
41	0 Total number of unlawful detainer actions filed	Gay/Lesbian/Same-Gender Loving	Genderqueer/Gender Non-Binary
		Questioning/Unsure	Trans Female
		Straight/Heterosexual	Trans Male
		Not Listed	Not Listed
		Declined / Not Stated	Declined / Not Stated
		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 #s below	enter #s 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:	Female
60	Unapproved Subtenant	Bisexual	Male
61	0 Total number of households evicted (flows to question #35 on Worksheet 1A)	Gay/Lesbian/Same-Gender Loving	Genderqueer/Gender Non-Binary
		Questioning/Unsure	Trans Female
		Straight/Heterosexual	Trans Male
		Not Listed	Not Listed
		Declined / Not Stated	Declined / Not Stated
		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 LOSP 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	Miscellaneous Operating and Maintenance Expenses (must click & explain if >\$10k)	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					
106	Ground Lease Base Rent/Bond Fees/Reserves	Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
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)				

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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	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	RESERVE ACCOUNT DETAILS				
176	OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
177	Minimum Required Balance:				
178	Beginning Balance:				
179	Actual Annual Deposit from Operating Budget in Current Reporting Period (not editable, data entered in cash flow above, account number 1365):	\$0.00			
180	Additional Deposit (use ONLY to record deposits from the Op Budget attributable to a prior reporting period, or deposits made from an external source)				
181	Interest Earned:				
182	Annual Withdrawal Amount (enter as negative number):				
183	Ending Balance (don't edit cell -- calculated):	\$0.00			
184	Required Annual Deposit:				
185	Total Operating Expenses plus debt service (don't edit cell -- calculated)	\$0.00			
186	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%			
187	REPLACEMENT RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
188	Minimum Required Balance:				
189	Beginning Balance:				
190	Actual Annual Deposit:				
191	Interest Earned:				
192	Annual Withdrawal Amount (enter as negative number):				
193	Ending Balance (don't edit cell -- calculated):	\$0.00			
194	Required Annual Deposit (do not edit - taken from page 1 account number 1320):	\$0.00			
195	Describe how the amount of annual deposit and the minimum required balance is determined.				
196	CHANGES TO REAL ESTATE ASSETS				
197	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	
198	Building & Improvements		\$0.00		
199	Offsite Improvements		\$0.00		
200	Site Improvements		\$0.00		
201	Land Improvements		\$0.00		
202	Furniture, Fixtures & Equipment		\$0.00		
203	Other		\$0.00		
204	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 - Occupancy & Rent Info - Reporting Year 2020 - Mayor's Office of Housing & Community Development

Project Address:		Data supplied on this worksheet must be from the rent roll of the last month of the reporting period that was entered on worksheet 1A.	1/0/1900	# Units:	0

- Provide the data requested for the tenant population that was residing in the project at 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 is 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, provide data in columns **D, E, F, Q and R** only.
- For occupied units, provide data in columns D-L, Q-R, T-V. Data may also be required in Cols O, S, X & Y, enter data if any of the cells in those columns are unshaded in the row.
- For tenants who moved in during the reporting period, the data entered in columns G, H & I (at initial occupancy) is likely to be the same as the data entered in columns J, K & L (within reporting period), respectively.
- For tenants who have transferred units within the project, report the initial occupancy data (occupancy date, income, household size) for the first unit that the tenant occupied in the project, i.e. when they first moved in to the building.
- Before using the "paste" function to enter data for **Unit Type, Is the Unit Accessible and Rental Assistance Type**, please check the drop-down-menus to ensure that the data you are pasting **conforms with the choices of the drop-down menu**. This will help prevent you from submitting forms with invalid data. Any forms with invalid data will be returned with instructions to fix and resubmit.

[illegible]

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

Project Address:		1/0/1900	# Units:	0

	• Provide the data requested below for the tenant population that was residing in the project <i>at the end of the Reporting Period</i>. • Select one Gender and one Sexual Orientation category for the head of household. • Indicate whether or not any one member of the household is 62 years of age or older. • Enter the number of children under the age of 18 for whom the unit is their primary place of residence. • If one or more members of the household is/are disabled, indicate the nature of the primary disability of one of those members. • If unknown, manager's or vacant unit, select "Question Not Asked". • See the Instructions worksheet for a link to additional info about the City ordinance that requires collection of this data beginning in 2017.

[illegible]

**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

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).

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	

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

Target and Actual Population Served

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

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

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

MOHCD created the questions below to allow project owners to supply additional information about a small number of measurements that may indicate that a project is having difficulties. By providing this information, project owners will help provide context for the conclusions that can be made about the measurements. MOHCD will use the measurements and the information below to prioritize the projects that need closer scrutiny and support. Please supply as much information as is readily available.

1. Explanations & Comments

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers. Also use this field to describe in detail any amounts entered for "Other payments" on the worksheet "2.Fiscal," item 10.

2. Code Violations

Provide the following for any violations or citations of Health or Building or Housing Codes that were issued during the reporting period, or were issued in a prior reporting period but remained open during any time of the current reporting period:

[illegible]

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

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

Provide information 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.

Project Address:

Current Project Financing

Lien Order	Lender (and Loan Program if applicable)	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Monthly Debt Service Payment	Outstanding Principal Balance As Of End of Reporting Period	Accrued Interest As Of End of Prior Reporting Period
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

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

Completion of this page is required based on your answers to questions 51 thru 61 on worksheet 1A.Prop&Residents. Supply one row of data for each service that is being provided. (If more than one service is being provided by the same Provider under the same grant, please repeat the data for each service provided.)

Project Address:

Current Services Funding

[illegible]

Project Street Address:

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

Rental Income	Total
5120 Gross Potential Tenant Rents	\$0
5121 Rental Assistance Payments (inc. LOSP)	\$0
5140 Commercial Unit Rents	\$0
Total Rent Revenue:	\$0
Vacancies	
5220 Apartments	\$0
5240 Stores & Commercial	\$0
Total Vacancies:	\$0
Net Rental Income: (Rent Revenue Less Vacancies)	\$0
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)	
5910 Laundry & Vending Revenue	\$0
5920 Tenant Charges	\$0
5990 Misc. Revenue	\$0
Total Other Revenue:	\$0
Total Operating Revenue:	\$0

Project Street Address:

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

Management	Total
6320 Management Fee	\$0
"Above the Line" Asset Management Fee	\$0
Total Management Expenses:	\$0
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:	\$0

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:	\$0

Utilities

6450 Electricity	\$0
6451 Water	\$0
6452 Gas	\$0
6453 Sewer	\$0
Total Utilities Expenses:	\$0

Taxes and Licenses

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

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:	\$0

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:	\$0

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)	
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
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

Project Address:

Reporting End Date:

1/0/00

Submission Instructions:

Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certification, along with the attachments required under the Insurance and Tax Certification per page 3 of the Owner Certification, waitlist, and audited financial statements to: moh.amr@sfgov.org.

The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waitlist. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Worksheet 1A. Property & Residents	INCOMPLETE	
Questions 1 thru 4		Incomplete
Questions 5 thru 24		Incomplete
Questions 25 thru 39		Incomplete
Questions 40 thru 46		Incomplete
Questions 51 thru 57		Incomplete
Worksheet 1B. Transitional Programs	To Be Determined	
Questions 1 thru 11		To Be Determined
Questions 12 thru 18		To Be Determined
Questions 19 thru 39		To Be Determined
Worksheet 1C. Eviction Data	To Be Determined	
Question 1		To Be Determined
Questions 2 thru 21		To Be Determined
Questions 22 thru 41		To Be Determined
Questions 42 thru 61		To Be Determined
Worksheet 2. Fiscal Activity	INCOMPLETE	
Rental Income - Housing Unit GPTR		Incomplete
Vacancy Loss - Housing Units		Incomplete
Operating Expenses		Incomplete
Surplus Cash/Residual Receipts (Rows 140 - 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	
Worksheet 6. Services Funding	To Be Determined	

EXHIBIT H

Tenant Selection Plan Policy

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

Application Process

- **Application Materials.** MOHCD 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.

¹See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2; Unruh Civil Rights Act, Civil Code § 51; California Disabled Persons Act, Civil Code § 51.4;** Dymally-Alatorre Bilingual Services Act, Gov't Code §7290-7299.8; **San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider 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:
 - 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

[To be attached]

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.

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

- 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

[To be attached]

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

3. 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	AMI	% Change	AMI	% Change	AMI	% Change	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 Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) 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) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Borrower as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant will obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such

machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender 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

Intentionally Omitted

Exhibit M

EXHIBIT N

Intentionally Omitted

Exhibit N

EXHIBIT O

Intentionally Omitted

Exhibit O

EXHIBIT P
Residual Receipts Policy

[To be attached]

Exhibit P

City and County of San Francisco
Mayor's Office of Housing and Community Development
Residual Receipts Policy
Effective Date: May 16, 2025

I. Introduction

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under 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 (loan and/or below market ground lease).

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. This Residual Receipts Policy (this "**Policy**") sets forth the terms for repayment of MOHCD loans and/or payment of residual rent under MOHCD ground leases. For the purposes of this Policy, a "**Borrower**" means, collectively, the legal entity that owns an affordable housing project financed by MOHCD and borrowed funds from MOHCD, and all organizations within the ownership structure of the borrowing legal entity, including, but not limited to, project sponsors that own/control a portfolio of affordable housing financed by MOHCD.

The Residual Receipts Policy 2021 Supplement has expired.

II. Definition of Residual Receipts

Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) less any allowable uses of remaining cash flow before payment to MOHCD, such as partnership fees.

"**Project**" means an affordable housing project financed by MOHCD and/or on land owned by the City.

"**Project Income**" means all income and receipts in any form received by borrower from the operation of a 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 a 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 the MOHCD loan agreement for a purpose other than that for which the reserve account was established;
- (g) reimbursements and other charges paid to the borrower in connection with a Project; and
- (h) other consideration actually received from the operation of such project, including non-residential uses of Project.

Project Income will not include interest accruing on any portion of the MOHCD loan or tenant's refundable security deposits. Project Income will also not include income from a project's commercial space if specified in the MOHCD loan agreement and approved by MOHCD.

"Project Expenses" means the following applicable 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 a 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 Project and used to finance the Project that has been approved by the City;
- (d) 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) annual base rent under the ground lease with the City;

- (f) required deposits to the replacement reserve account, operating reserve account and any other reserve account required under the MOHCD loan agreement or by other lenders approved by MOHCD;
- (g) the approved annual asset management fees indicated in the Annual Operating Budget and approved by MOHCD;
- (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); and
- (i) any supportive services required by MOHCD.

The project-specific contracts may define what Project Income entails and which Project Expenses are allowable with the prior written approval of MOHCD. Each MOHCD contract will include a copy of the approved Operating Budget Proforma. **Project Expenses shall not include the following: partnership fees, developer fees, tax credit adjustors, or taxes owed by a limited partnership unrelated to the operations of a Project.**

Borrowers must clearly define and request which uses of annual cash flow/surplus cash have been approved for payment prior to the calculation of the amounts owed to MOHCD (and to other soft debt lenders, if applicable), and amount intended to be retained by the Borrower.

The approved uses of any available annual surplus cash 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 general partner, the limited partner, or asset management fees, if applicable (e.g. HCD funded project)
2. Fees payable to project funders
3. Deferred developer fee

Please see the City’s Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

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.

III. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

A. General Requirement. 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 50% of Residual Receipts to repay loans or pay residual rent. Larger Tax Credit projects. The Borrower’s portion of Residual

Receipts shall be considered payment of Deferred Developer Fee for tax credit projects. See the Developer Fee Policy for more details.

Any Residual Receipts loan payments shall be applied toward the unpaid balance of MOHCD's loan(s) according to the terms in MOHCD's promissory note and/or loan agreement. In general, payments are applied first to any fees and/or penalties, second to accrued and unpaid interest, and third to the outstanding principal amount of the loan. Any Residual Receipts payments required under a MOHCD ground lease ("Residual Rent") shall be due after full repayment of a MOHCD loan and any other soft debt loans approved by MOHCD (see above).

B. Special Waiver. For a Borrower that has Project that was placed in service prior to the Effective Date and has residual receipts loan repayment obligations, such Borrower shall continue to comply with their existing MOHCD loan agreement and promissory note(s), but may request a waiver to the residual receipt loan repayment amount. MOHCD may modify repayment amounts to be consistent with this Residual Receipts Policy as of the Effective Date, as amended from time to time, if a Borrower demonstrates the following:

1. Borrower is not in default under any loan agreement with MOHCD, or has any outstanding non-compliance notices issued by MOHCD;
2. Borrower has submitted all required Annual Monitoring Reports to MOHCD;
3. Project sponsor owns/control a portfolio of at least two (2) affordable housing financed by MOHCD, SFRA or OCII; and,
4. Borrower's portfolio of affordable housing has the minimum reserves required under applicable loan agreements and most recent capital needs assessment.

For example, if under current contracts, a Borrower must pay 2/3 of Residual Receipts to MOHCD for loan repayment and may retain a 1/3 of Residual Receipts as a Distribution, MOHCD may waive the repayment amount such that Borrower pays 50% of Residual Receipts to the City for loan repayment and could retain 50% of Residual Receipts as a Distribution (or a larger percentage distribution under future policy updates). If a Borrower's portfolio shows that one or more properties have insufficient reserves or has an operating deficit ("**Deficit Property**"), MOHCD may condition the waiver on the Borrower disbursing funds to a Deficit Property. A waiver granted under this section will be reviewed on an annual basis. For any project that has received a waiver, Borrower must agree to amend the MOHCD loan documents at the time the project refinances permanent debt, resyndicates, or receives additional funds from MOHCD. At no point will any Borrower be required to retain a smaller share of Residual Receipts than what their loan agreement and promissory note(s) call for, unless mutually agreed upon by MOHCD and the Borrower. The foregoing special waiver will not apply to modifications of residual rent, which requires the approval of the Board of Supervisors.

IV. When more than one MOHCD contract requires residual payments

Some projects supported by MOHCD may be governed by more than one MOHCD contract due to capital financing provided to the project at various times. In general, Residual Receipts payments to MOHCD will be allocated proportionately to each loan's original principal amount. 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. If a Borrower requests loan modifications related to a Project governed by more than one MOHCD contract executed before the Effective Date, Borrower will be required to get approval of a new MOHCD Operating Budget Proforma that reflects a comprehensive summary of the approved cash flow waterfall during the applicable approval process. Current best practice is to amend and restate all loan agreements and consolidate the loans so that all MOHCD loan requirements are consistent.

V. When a project has other Lenders in addition to MOHCD that require Residual Receipts payments

- A. If any other project lender besides MOHCD require repayment from Residual Receipts (a “soft debt lender”), the portion to be repaid to each lender will typically be determined by comparing (1) the amount of capital under a lender’s loan(s) in proportion to (2) the City’s total financial assistance (all loans, grants, land write down, and/or other project costs paid by the City) to the Project. For example, if a Project received \$6 million from MOHCD in the form of a capital loan, operating subsidy grant, and below market lease, and a \$2 million soft debt loan from another lender (\$8 million total), MOHCD would receive 75% of the amount available of Residual Receipts (see above) as loan repayment, and the other lender would receive 25% of the amount available of Residual Receipts as loan repayment. If Borrower will receive a loan from the California Department of Housing and Community Development, MOHCD will agree to the requirements under the Uniform Multifamily Regulations. 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 Borrower intends to make an agreement with any other soft debt lender(s) after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, Borrower must request MOHCD’s prior written approval of such loan and to amend the MOHCD-approved Operating Budget Proforma to include the new lender(s). Notwithstanding anything to the contrary in this Section V(A), soft debt loans from Borrower’s general partner or any entity affiliated with the Borrower or Borrower’s general partner shall be repaid from the Borrower’s share of Residual Receipts described in Section VI.
- B. During operations, MOHCD will require Residual Receipts payments using MOHCD’s calculation method. 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 own calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

See Exhibit A for sample residual receipt calculations.

VI. Distribution of Residual Receipts to Borrower

- A. If Borrower satisfies the conditions below, Borrower may retain the remaining portion (50%) of Residual Receipts as a Distribution under the MOHCD loan agreement and Borrower’s Limited Partnership Agreement. Subject to MOHCD granting a repayment waiver (see above), MOHCD will

allow Borrower to make a Distribution consistent with this Section VI, but no less than a prior funding approval.

- B. Distribution of Borrower's share of Residual Receipts (50%) under a MOHCD loan, or lessee of a MOHCD ground lease, may be made only after:
 - 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.
- C. 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).

VII. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages Project sponsors that to use the portion of Residual Receipts received from a Distribution 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).

VIII. Uses of Project Income

Borrowers must obtain the prior written approval of MOHCD for any use of Project Income derived from housing developed or preserved with MOHCD financing that is inconsistent with a MOHCD loan agreement, this Policy, or any other MOHCD policy. Evaluation by the Loan Committee and approval by the Mayor will be required at the time MOHCD's financing is committed and approved.

IX. Waiver of this Residual Receipts Policy

Subject to the evaluation and approval of the Citywide Affordable Housing Loan Committee, MOHCD may waive or modify any requirement under this Policy for the purpose of assuring project feasibility or payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents. A Borrower may request a waiver under this Policy by submitting a written request to the MOHCD Director, in care of the assigned Project Manager/Asset Manager.

Exhibit A. Sample Calculations of Residual Receipts

	2025 Policy - MOHCD Soft Debt Lender Only	2025 Policy - MOHCD & HCD Soft Debt Lenders*
Project Income	Notes	Notes
Tenant Rents	[A]	[A]
Tenant Assistance Payments	[B]	[B]
Other Income	[C]	[C]
Gross Potential Income	[D]=[A]+[B]+[C]	[D]=[A]+[B]+[C]
Vacancy Loss	[E]	[E]
Effective Gross Income	[F]=[D]-[E]	[F]=[D]-[E]
Operating Expenses		
Management	[G]	[G]
Salaries/Benefits	[H]	[H]
Administration	[I]	[I]
Utilities	[J]	[J]
Taxes and Licenses	[K]	[K]
Insurance	[L]	[L]
Maintenance & Repair	[M]	[M]
Supportive Service	[N]	[N]
Total Operating Expenses	[O]=[G]+[H]+[I]+[J]+[K]+[L]+[M]+[N]	[O]=[G]+[H]+[I]+[J]+[K]+[L]+[M]+[N]
Reserves/Ground Lease Base Rent/Bond Fees	[P]	[P]
Net Operating Income	[Q]=[F]-[O]-[P]	[Q]=[F]-[O]-[P]
Debt Service/Must Pay Payments	[R]	[R]
Cash Flow (aka Surplus Cash)	[S]=[Q]-[R]	[S]=[Q]-[R]
Approved Uses of Cash Flow (aka Cash Flow Waterfall)		
Partnership Management Fee	[T]	[T]
Limited Partner Asset Management Fee	[U]	[U]
Total Approved Uses of Cash Flow	[V]=[T]+[U]	[V]=[T]+[U]
Residual Receipts	[W]=[S]-[V]	[W]=[S]-[V]
Residual Receipts Due to MOHCD	[X]=1/2*[W]	[X1]=0.652*0.5*[W]
Residual Receipts Due to HCD**		[X2]=0.348*0.5*[W]
Distribution to Borrower	[Y]=1/2*[W]	[Y]=0.5*[W]
Final Balance	[Z]=[W]-[X1]-[Y]	[Z]=[W]-[X1]-[X2]-[W]

Definition of Project Expenses in funding agreements usually include [O], [P], [R], AND [T].

** Amount calculated based on MOHCD's Residual Receipts Policy. Each lender will be paid according to its own calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

* Sample MOHCD & HCD Capital Loan	Pro Rata Split
MOHCD Capital Loan	\$15,000,000 65.2%
HCD Capital Loan	\$8,000,000 34.8%
Total Soft Debt	\$23,000,000 100.0%

EXHIBIT Q
Early Retention Release

site and structural concrete, rebar, formwork, shoring, earthwork, demolition; partial release on wood framing, and structural steel, and crane once it leaves site.

EXHIBIT R

No Place Like Home Requirements

Exhibit R

VIII. ADDENDUM 1: KEY REQUIREMENTS OF NO PLACE LIKE HOME PROGRAM

For supportive housing funded by the State of California's No Place Like Home Program, MOHCD has developed this addendum to summarize key requirements of the NPLH Program. Sponsors of NPLH-funded supportive housing must comply with all relevant requirements of the NPLH Program Guidelines. The full program guidelines are available at the State of California Housing and Community Development Department's NO Place Like Home website.

The goal of MOHCD's NPLH Program is to facilitate acquisition, design, construction, rehabilitation, and preservation of affordable multifamily rental housing for persons with a serious mental illness who are homeless, chronically homeless, or at-risk of chronic homelessness. Qualifying multifamily structures must collectively contain five or more units and shall consist of scattered site housing and multifamily affordable developments. Shared housing is not an eligible development under MOHCD's guidelines.

Please disregard provisions of the HCD NPLH Program Guidelines in Article III, related to the transition reserve requirements, as these are superseded by MOHCD's own guidelines found in the LOSP Policies and Procedures.

Eligible Uses of Funds. MOHCD will evaluate each qualified multifamily project for suitability for NPLH funding. Awarding NPLH funding is conditional on acceptance or eligibility for available state funding. The total amount of funds to be awarded to NPLH-assisted units shall not exceed the costs associated with assisted units. To determine these costs, the cost allocation rules from the State of California's Multifamily Housing Program Regulations (25 California Code of Regulations, Section 7304(c)) that govern eligible uses of funds shall apply.

<https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/supernofa/2025-mhp-guidelines.pdf.pdf>

Selection Criteria. MOHCD will evaluate the site's eligibility for NPLH funding utilizing the following criteria identified in the HCD NPLH Guidelines (section 301(a) 4-8 and 13-14), including, but not limited to:

- Suitability of each location for the NPLH residents, including proximity to transportation, services, and other amenities in a manner that ensures integration of the NPLH residents in the community;
- The Project site must be free from severe adverse environmental conditions, such as the presence of toxic waste that is economically infeasible to remove and that cannot be mitigated.
- All units must be on a permanent foundation and must meet all applicable State and local requirements pertaining to rental housing, including but not limited to, requirements for minimum square footage, and requirements related to maintaining the property in a safe and sanitary condition.
- Readiness to proceed to construction;
- Capital, operating subsidy, and supportive services leverage;
- Compliance with applicable state and federal relocation laws including California Government

Code Section 7260 et seq., and 25 CCR Section 6000 et seq.; and

- Compliance with Article XXXIV Section 1 of the California Constitution, as clarified by Public Housing Election Implementation Law (H&S Code Section 37000 et seq.).

Experience. MOHCD will evaluate the experience of the project team including the development sponsor, property manager, and lead service provider to ensure that the following minimum experience requirements are met:

- (1) Development and ownership of at least two affordable rental housing projects in the last ten years, with at least one of those projects containing at least one unit housing a tenant who qualifies as a member of the NPLH target population
- (2) Property management operation of at least two affordable rental housing projects in the last ten years, with at least one of those projects containing at least one unit housing a tenant who qualifies as a member of the NPLH target population
- (3) Lead services provider, which may be the City, shall have three or more years of experience serving persons who qualify as members of the NPLH target population. If this experience does not include experience serving persons in supportive housing, it must include experience helping persons address barriers to housing stability or providing other support services related to housing retention (from Section 202 (e) that details Project Threshold Requirements)

Integration. Proposed projects must demonstrate integration of the NPLH target population with the general public. In order to demonstrate compliance with this requirement, following conditions must be met:

- (1) Assisted units must be integrated with other units in the project and not separated onto separate floors or areas in the building
- (2) To promote integration of the target population with other project tenants, in projects of greater than 20 units, MOHCD will fund no more than 49 percent of the project's total units as NPLH assisted units. This limitation shall not be interpreted to preclude occupancy of any project units by persons with disabilities, or restrictions by other funding sources, including but not limited to CTCAC, that result in more than 49 percent of the total project units being restricted to persons with disabilities
- (3) Sponsors must certify that they will facilitate or provide regular community building activities and architectural design features that promote tenant interaction, as feasible depending on the scope of the construction or rehabilitation activity
- (4) The service plan and property management plan submitted with the funding application must document policies that promote participation by tenants in community activities, and impose no restrictions on guests that are not otherwise required by other project funding sources or would not be common in other unsubsidized rental housing in the community. (from Section 202 (g))

A. Uses and Terms of NPLH Program Assistance (from Section 302 of NPLH Program Guidelines)

MOHCD will allocate NPLH funds to finance capital costs of supportive housing development including but not limited to acquisition, design, construction, rehabilitation, or preservation of affordable multifamily rental housing. (from Section 302 (a))

MOHCD will, on a project by project basis, allocate NPLH funds to capitalize operating subsidy reserves

(COSR) for assisted units (from Section 302 (b)), subject to the limitations specified in Section 305. The COSR shall be sized to cover anticipated operating deficits attributable to the NPLH assisted units, for a minimum of 20 years, structured as a grant as evidenced by a grant agreement, as required by Section 310 of the NPLH Guidelines, and can be used in conjunction with LOSP. The total amount of a project COSR will be determined based upon the individual project underwriting performed by MOHCD in accordance with Section 305. MOHCD shall hold each project COSR in a segregated interest bearing account for the benefit of the project's assisted units for as long as funds remain in the COSR, but for not less than 20 years.

NPLH funds may be provided as predevelopment, construction, or post-construction permanent financing. If funding is used as predevelopment or construction financing, NPLH funding must convert to post construction permanent financing. (from Section 302 (d))

NPLH allocations to multifamily rental housing of five or more units for capital costs shall be provided in the form of a deferred payment loan that shall have an initial affordability period of 55 years or longer commencing on the date of recordation of the NPLH regulatory agreement. (Section 302 (e)) The loan may bear a zero percent interest rate. Any interest payment, loan repayments, or other return of funds must be returned to the State Department of Housing and Community Development pursuant to Welfare and Institutions Code Section 5849.4 (b) that governs the NPLH Program. (from Section 302 (e))

https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=WIC&sectionNum=5849.4 (included as reference only)

Capital program funds shall be secured by the project's real property and improvements, and subject only to liens, encumbrances and other matters of record approved by MOHCD. (from Section 302 (f))

MOHCD may charge reasonable and customary annual monitoring fees to be used in conjunction with administration funds for compliance monitoring required under Section 311 of the NPLH Program Guidelines during the applicable period of affordability set forth in Section 302, paragraph (e). These fees must be based upon the average actual cost of performing the monitoring of the assisted units. The basis for determining the amount of the fee must be documented and the fee must be included in the costs of the project as part of the project underwriting analysis. (from Section 302 (g)). Currently, MOHCD has opted not to charge a separate NPLH monitoring fee. Any changes to this policy would be made to these Guidelines.

NPLH funds not committed to projects within 24 months of award by the State Department of Housing and Community Development shall be returned to the State, and such funds shall be made available for award to applicants as part of the State's Competitive Allocations. Evidence of committed funds may include award letters, commitment letters, or other written agreements evidencing a commitment of funds. (from Section 302 (h))

B. Occupancy, Income and Rent Limit Requirements (from Section 303 of NPLH Program Guidelines)

Occupancy of all NPLH assisted units shall be restricted to households with at least one member who qualifies as a member of the target population. (from Section 303 (a)) The NPLH target population includes adults or older adults with a serious mental disorder or children or adolescents with serious

emotional disturbance who are homeless, chronically homeless, or at-risk of chronic homelessness. This includes persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders. (from the State's Welfare and Institutions Code Section 5600.3 (a) and (b) that governs the Mental Health Services Act Program and the target population for the MHSA Program)

http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=5600.3.&lawCode=WIC

Total household income at the time of move-in shall not exceed 30 percent AMI limit as published by the State Department of Housing and Community Development. (from Section 303 (a))

Income determination shall be made in accordance with the requirements in the State of California's Multifamily Housing Program Regulations that govern the calculation of gross income and net income for eligible households for assisted units (25 California Code of Regulations, Section 6914 and 25 CCR, Section 6916) (from Section 303 (b))

For assisted units, if at the time of recertification, a tenant household's income exceeds the 30 percent AMI level and this increase is based solely on the current SSI/SSP payment rate or cost of living adjustment, the household rent shall not exceed 30 percent of household income. These units shall continue to be designated as assisted units. (from Section 303 (c))

For assisted units, if at the time of recertification, a tenant household's income exceeds the 30 percent AMI level and this increase is based on factors other than or in addition to the current SSI/SSP payment rate or cost of living adjustment, to the extent a rent increase for the household is permitted by statutes and regulations governing the project's other financing sources, the sponsor:

- (1) Shall redesignate the tenant's unit as a unit at the higher income level, provided that there are non-assisted units restricted at the higher income level. These units shall not be designated as NPLH assisted units.
- (2) Shall increase the tenant's rent to the level applicable to units at the higher income level; and
- (3) Shall designate the next available comparable non-assisted unit as an assisted unit by the income level originally applicable to the household unit the unit mix required by the program regulatory agreement is achieved.
- (4) If all of the project units are assisted units, that project can continue with the over-income unit until such time as the over-income household(s) no longer reside in the project.
- (5) A unit shall be deemed comparable if it has the same number of bedrooms and reasonably similar square footage as the original unit. (from Section 303 (d))

For assisted units, if at the time of recertification, a tenant household's income exceeds the income limit designated for the household's unit, but does not exceed the limit for a higher income level applicable to new NPH tenants, the sponsor may increase the household's rent to an amount not exceeding the closest rent limit applicable to the household's income level at the time of recertification. (from Section 303 (e))

Projects shall maintain documentation of tenant eligibility consistent in all of the following ways, as applicable:

- (1) Documentation of an adult or older adult with a serious mental disorder or a child or adolescent with a serious emotional disturbance, as provided by a qualified mental health worker in accordance with the requirements of WIC Section 5600.3 (from the State's Welfare and Institutions Code Section 5600.3 that governs the Mental Health Services Act Program and the target population for the MHSA Program)
- (2) Documentation of a person's status as homeless or chronically homeless as defined in Section 101 of the NPLH Program Guidelines and established through the local coordinated entry system or at-risk of chronic homelessness as defined in Section 101 of the NPLH Program Guidelines and established through the local coordinated entry system or other procedures for determining qualification
- (3) In no event shall a person be required to be a client of the City of San Francisco's behavioral health department or a recipient of mental health or other services in order to qualify for or remain in an assisted unit (from Section 303 (f))

These occupancy, income and rent limit requirements shall apply for the full term of the NPLH program loan (from Section 303 (g)).

C. Underwriting Standards and Other Requirements (from Section 304 of NPLH Program Guidelines)

All assisted units shall have rents restricted to 30 percent AMI (as defined by HCD) or below as specified in the project regulatory agreement with MOHCD, except as otherwise permitted in the above Occupancy, Income and Rent Limit Requirements (detailed in Section 303 (c) of NPLH Program Guidelines) (from 304 (a)).

Rent levels shall be expressed in five percent increments as a percentage of SMI (from 304 (b)).

Before committing funds to project, MOHCD must evaluate the project in accordance with underwriting standards it has chosen to use for this program. These standards must consider at a minimum, such things as: reasonableness of projected construction and operating expenses, income and expense escalators, vacancy rate assumptions, debt coverage ratio, operating reserves, replacement reserves, budgeted construction contingency, limits on development costs, developer fees, asset management and partnership fees, and use of operating cash flow (from 304 (c)).

The maximum amount of assistance per assisted unit shall take into account the number of bedrooms per unit or other measures of unit size, as well as the level of affordability provided per unit, with more affordable units being provided more subsidy (from Section 304 (d)).

The total amount of program assistance to a project shall not exceed the eligible costs associated with assisted units in accordance with a methodology that allocates costs among the assisted and non-assisted units in reasonable proportion to their anticipated share of costs (from Section 304 (e)). The total amount of NPLH funds per site will be determined at the sole determination of MOHCD, subject to funding availability and HCD limitations on State funds stacking, and in no case higher than the gap between the cost to build and the other available subsidies.

California Labor Code Section 1720 et seq. requires payment of prevailing wages for certain developments paid for in whole or in part from any public funding source, and exempts other

developments from this requirement. All funds provided under this program are public funds within the meaning of these Labor Code sections. Program funding for a portion of a project shall not necessarily, in and of itself, be considered public funding of the entire project. MOHCD shall be responsible for determining on a case-by-case basis, the extent of the applicability of state prevailing wage law to each individual project. (from Section 304 (f)).

http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB&sectionNum=1720.

Projects of five or more units must meet the accessibility requirements specified in the California Tax Credit Allocation Committee regulations, as may be amended and renumbered from time to time, including those of Section 10325(f)(7)(K) and, for senior projects, those of Section 10325(g)(2)(B) and (C), or a higher standard if required by MOHCD. Exemption requests, as provided for in the CTCAC regulations, must be approved by MOHCD. Projects must also provide a preference for accessible units to persons with disabilities requiring the features of the accessible units in accordance with Section 10337(b)(2) of the CTCAC regulations, or a higher standard if required by MOHCD. All projects must also ensure that any other applicable federal, state, and local accessibility requirements are met. (from Section 304 (g)).

<https://www.treasurer.ca.gov/ctcac/programreg/2018/20180516/clean.pdf> (CCR governing CTCAC regulations)

Projects shall have a transition reserve (further described in the LOSP Policies and Procedures) in an amount established by the MOHCD in the event that any project-based rental assistance is not renewed and the project cannot secure other rental or operating subsidies to continue without immediately raising rents on the assisted units.

- (1) If rent increases on the assisted units are necessary after exhausting all transition reserve funds such increases shall only be permitted to the minimum extent required for financial feasibility, as determined by MOHCD. In addition, rents on assisted units shall not, in any event, be increased to an amount in excess of 30 percent of 50 percent of AMI (as defined by HCD), adjusted by number of bedrooms.
- (2) MOHCD shall notify the State Department of Housing and Community Development at least 12 months in advance of any rent increase on the assisted units due to exhaustion of the transition reserve.
- (3) If rent increases on the assisted units are necessary due to loss of rental or operating assistance, if it is determined that NPLH tenants will need to move after exhausting all transition reserve funds, a transition plan shall be implemented to identify other permanent housing options that may be more affordable to NPLH tenants who cannot afford the increased rent, and to assist those persons in accessing other available housing. Funds from the transition reserve may be used for these expenses. (from Section 304 (h))

D. Operating Budget Requirements

MOHCD shall review annually proposed annual operating budgets of funded projects to ensure that budget line items, including any proposed rent increases, are reasonable and necessary in light of costs for comparable permanent supportive housing projects and prior year budgets (from Section 306).

E. Supportive Services Requirements

Each application selected for funding must include a project-specific supportive services plan developed by the county in partnership with the project sponsor, supportive service providers, and the property manager. (from Section 203 (a))

The property management staff and service providers must make participation in supportive services by NPLH tenants voluntary. Access to or continued occupancy in housing cannot be conditioned on participation in services or on sobriety. The supportive services plan must describe the services to be made available to NPLH tenants in a manner that is voluntary, flexible and individualized, so NPLH tenants may continue to engage with supportive services providers, even as the intensity of services needed may change. Adaptability in the level of services should support tenant engagement and housing retention. (from Section 203 (b))

The following supportive services shall be made available to NPLH tenants based on tenant need. Available mental health services shall be provided directly by the County or through a subcontracted lead service provider. The City or the City's lead service provider for the Project shall coordinate the provision of or referral to services needed by individual tenants, including but not limited to substance use treatment services, for a minimum of 20 years. Except as otherwise noted below, the following required services can be provided onsite at the project or offsite at another location easily accessible to tenants:

- (1) Case management;
- (2) Peer support activities;
- (3) Mental health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups;
- (4) Substance use services, such as treatment, relapse prevention, and peer support groups;
- (5) Support in linking to physical health care, including access to routine and preventive health and dental care, medication management, and wellness services;
- (6) Benefits counseling and advocacy, including assistance in accessing SSI/SSP, enrolling in Medi-Cal; and
- (7) Basic housing retention skills (such as Unit maintenance and upkeep, cooking, laundry, and money management). (from Section 203 (c))

The following additional information shall be provided in the supportive services plan:

- (8) Description of the Target Population to be served, and identification of any additional subpopulation target or occupancy preference for the NPLH Project that the Applicant wishes to undertake beyond what is permitted under the Target Population requirements. Any additional subpopulation targeting or occupancy preference for NPLH Project must be approved by the Department prior to construction loan closing and must be consistent with federal and state fair housing requirements;
- (9) Description of tenant outreach, engagement and retention strategies to be used;
- (10) Description of each service to be offered, how frequently each service will be offered or provided depending on the nature of the service, who is anticipated to be providing the services and the location and general hours of availability of the services;
- (11) For services provided off-site, the plan must describe what public or private transportation options will be available to NPLH tenants in order to provide them reasonable access to these

- services. Reasonable access is access that does not require walking more than ½ mile.
- (12) Description of how the supportive services are culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. This includes explaining how services will be provided to NPLH tenants who do not speak English, or have other communication barriers, including sensory disabilities, and how communication among the services providers, the property manager and these tenants will be facilitated;
 - (13) Estimated itemized budget, and sources of funding for services;
 - (14) Description of how the supportive services staff and property management staff will work together to prevent evictions, to adopt and ensure compliance with harm reduction principles, and to facilitate the implementation of reasonable accommodation policies from rent-up to ongoing operations of the Project;
 - (15) General service provider and property manager communication protocols;
 - (16) Description of how the physical design of the Project fosters tenant engagement, onsite supportive services provision, safety and security, and sustainability of furnishings, equipment, and fixtures; and
 - (17) Other information needed by the Department to evaluate the supportive services to be offered consistent with the Program. (from Section 203 (e))

Copies of draft written agreements or memoranda of understanding (MOUs) must be provided which identify the roles and responsibilities of the City, the project owner, other service providers, and the property manager. Specific organizations do not need to be identified unless those organizations are used to satisfy the experience requirements required to submit an application under NPLH Project Threshold Requirements. The draft written agreements or MOUs must be materially consistent with the information set forth in the supportive services plan. (from Section 203 (f))

MOHCD may request that any necessary updates to the supportive services plan or related documents, including fully executed written agreements between the City, service providers, the Project owner, and the property manager, be provided prior to the beginning of the initial rent-up period or prior to permanent loan closing. (from Section 203 (g))

F. Tenant Selection, Rental Agreements and Grievance Procedure Requirements

Chronically homeless and homeless persons shall be referred to NPLH assisted units through the local coordinated entry system (from Section 307 (a)).

If San Francisco's coordinated entry system cannot refer persons at-risk of chronic homelessness, the City will first prioritize chronically homeless and homeless persons through the local coordinated entry system. Then, San Francisco will develop an alternate system to prioritize those with the greatest need who are at-risk of chronic homelessness for NPLH assisted units. (from Section 307 (b))

Projects utilizing MOHCD's Noncompetitive Allocation of NPLH funding shall first prioritize homeless individuals with a serious mental illness and then individuals at-risk of chronic homelessness with a serious mental illness. (from Section 307 (c))

MOHCD shall have reasonable standards for project rental agreements, property management plans, and tenant grievance procedures to ensure compliance with the State's Housing First requirements (from the State's Welfare and Institutions Code Section 8255(b) that detail the core components of Housing First), and compliance with basic tenant protections established under federal, state and local

law. (from Section 307 (d))

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=WIC&division=8.&title=&part=&chapter=6.5.&article=

Tenants shall be accepted regardless of sobriety, participation in services or treatment, history of incarceration, credit, or history of eviction in accordance with practices permitted pursuant to the State's Welfare and Institutions Code Section 8255 that details core components of Housing First, or other federal or state project funding sources. (from Section 307 (e))

G. Reporting Requirements

MOHCD and project owners shall comply with the reporting requirements listed in the NPLH Program Guidelines Section 214, except for subsections (a) and (b). (from Section 309 (a)) In the event of any conflicting reporting requirements, HCD NPLH Guidelines will prevail. These are listed below for reference:

- On an annual basis, the City shall submit the data elements listed below for each of its NPLH Assisted Units. The City shall work with each Project's property manager and lead service provider to gather the data. The data may be, but is not required to be, gathered from the local Homeless Management Information System (HMIS).
- The data shall be submitted in electronic format on a form provided by the Department of Housing and Community Development. The City, the property manager and the lead service provider shall work together to resolve any data quality concerns to the best of their ability prior to submission of the data to the Department.
- The data below shall be submitted to the Department no later than September 30 of each year for the previous State fiscal year of activity (July 1-June 30) and shall include all the following information for each Project:

Elements for reporting include:

- (1) Project location, services, and amenities;
- (2) Number of NPLH Assisted Units, total Units assisted by other government programs, and total non-Assisted Units;
- (3) Project occupancy restrictions;
- (4) Number of individuals and households served;
- (5) Homeless status, veteran status as requested in item (12) below, and mental health status. No information on specific mental health diagnoses will be collected; and
- (6) Average Project vacancy rate during the reporting period (12-month average).

For NPLH Units Only:

- (1) Average vacancy rate of NPLH Assisted Units during the reporting period (12-month average);
- (2) Head of Household gender, race, ethnicity, age;
- (3) Income levels of NPLH tenants as a percentage of AMI, (i.e., 10 percent of AMI, 15 percent of AMI, 20 percent of AMI, etc.);
- (4) The percentage of NPLH tenants who have lived in the building less than 12 months, 12 to 24 months, and longer than 24 months;
- (5) The number of tenants who moved into a NPLH Assisted Unit during the reporting period who,

prior to Project entry, were (A) Chronically Homeless, (B) Homeless, or (C) At-Risk of Chronic Homelessness, as defined under Section 101 of these Guidelines;

- (6) The number of tenants who served on active duty in the armed forces of the United States (for tenants over age 18);
- (7) The number of tenants who continue to have a Serious Mental Disorder or the number who are Seriously Emotionally Disturbed Children or Adolescents, as defined in Welfare and Institutions Code Section 5600.3;
- (8) Of those who moved in during the reporting period, the number of tenants who were referred from:
 - A. CES and/or;
 - B. The City behavioral health department or a service provider acting on its behalf;
 - C. A State Department of Developmental Services regional center, or
 - D. Another reported source.
- (9) Of those who moved in during the reporting period, the length of time prior to moving in that they reported they were:
 - A. On the streets (including a vehicle or other place not meant for human habitation), or
 - B. In an emergency shelter, safe haven, or transitional or interim housing.
- (10) Of those who moved in during the reporting period, and to the extent the information was available prior to referral to the Project, the number of tenants who had:
 - A. A physical, mental, or emotional impairment, including an impairment caused by alcohol or drug abuse, post-traumatic stress disorder, or brain injury that:
 - (i) Is expected to be long-continuing or of indefinite duration;
 - (ii) Substantially impedes the individual's ability to live independently; and
 - (iii) Could be improved by the provision of more suitable housing conditions.
 - B. A developmental disability, as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002); or
 - C. The disease of acquired immunodeficiency syndrome (AIDS) or any condition arising from human immunodeficiency virus (HIV).
- (11) For tenants who exited NPLH Assisted Units during the reporting period:
 - A. The number of tenants who exited during the reporting period to:
 - (i) other permanent housing,
 - (ii) the street, emergency shelter, transitional housing, or safe haven, or
 - (iii) an institutional destination, and the specific institutional destination, if known (including, but not limited to hospitalization or psychiatric hospitalization, residential substance use treatment facility, skilled nursing facility, jail or prison).
- (12) The number of tenants who died during the reporting period.
- (13) For tenants who leased or remained in NPLH Assisted Units during the reporting period:
 - A. Changes in employment income during the reporting period;
 - B. Changes in non-employment cash income during the reporting period; and
 - C. Changes in total cash income during the reporting period.

- Notwithstanding the above requirements, the Department of Housing and Community Development may modify the data collected over time to conform to changes in the specific data metrics required by HUD through CES, or required by another state or federal agency
- If readily available, counties may also provide aggregate data on: (1) emergency room visits for NPLH tenants before and after move-in; (2) average number of hospital and psychiatric facility admissions and in-patient days before and after move-in; and (3) number of arrests and returns to jail or prison before and after move-in

- Data collected annually will be compiled by the Department of Housing and Community Development and made available on the Department's website
- Where there is a difference between these guidelines and the Department of Housing and Community Development's current reporting requirements, the provisions of these guidelines shall prevail

For each project completed by June 30th of the reporting year, MOHCD shall submit to the State Department of Housing and Community Development a project completion report, no later than September 30th of that year, with evidence acceptable to the State that the project is complete, and that all assisted units in the project are occupied by persons meeting the occupancy, income, rent, and tenant eligibility requirements for the assisted units. This information shall be provided on forms made available by the State. (from Section 309 (b))

The State may extend the deadline for submission of a project completion report, if a project was completed less than 150 days prior to the deadline for submission of the report under the NPLH Program Guidelines Section 213 (e) in order to enable the project to submit occupancy information based on an initial rent-up period not to exceed 120 days. (from Section 309 (c))

H. Monitoring Requirements

MOHCD is responsible for ensuring that NPLH funds are used in accordance with all program requirements and Alternative Process County Program agreements (between the State Department of Housing and Community Development and MOHCD). MOHCD must take appropriate action when performance problems arise. The performance and compliance of each project must be reviewed as set forth in NPLH Program Guidelines Section 311 (b). (paragraph below) MOHCD must have and follow written procedures, and systems, including a system for assessing risk of activities and projects and a system for monitoring projects, to ensure developers, property managers, and service providers are meeting all program requirements. (from Section 311 (a))

To ensure that funded projects are completed, projects are able to meet long-term affordability, and project are meeting other program requirements as set forth in the NPLH Program Guidelines and relevant statutes, MOHCD must meet the following minimum requirements for project monitoring:

- (1) On-site physical inspections of all projects as needed during construction, at project completion, and at least once every three years during the term of the loan;
- (2) Annual review of project operating budgets, audits, or other certified financial statements.
- (3) Annual review of supportive services plans and outcome measures to ensure that the supportive services being offered are the most appropriate and effective for existing NPLH tenants and the NPLH tenants proposed to be served in the NPLH regulatory agreement (from Section 311(b))

REVOCABLE PERMIT TO ENTER AND USE PROPERTY

by and between

CITY AND COUNTY OF SAN FRANCISCO

and

1979 Mission Street PSH Associates, L.P.
Permittee

to enter and use property located at

[_____] ,
San Francisco, California

_____, 2025

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CITY AND COUNTY OF SAN FRANCISCO
REVOCABLE PERMIT
TO ENTER AND USE PROPERTY
(_____)

THIS REVOCABLE PERMIT TO ENTER AND USE PROPERTY (this “**Permit**”), dated for reference purposes only as of _____, 2025, is made by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**City**”) and 1979 MISSION STREET PSH ASSOCIATES, L.P., a California limited partnership (“**Permittee**”).

City and Permittee agree as follows:

1. LICENSE

City grants to Permittee a revocable, personal, unassignable, non-exclusive, and non-possessory privilege to enter on and use that certain real property owned by City located at _____, San Francisco, CA 94103, (Assessor’s Parcel Number [Block 3553, Lot 052]) in the City and County of San Francisco, more particularly shown in **Exhibit A** attached to this Permit (the “**Permit Area**”), for the limited purpose and subject to the terms, conditions and restrictions set forth below. This Permit gives Permittee a license only, revocable at any time at the will of City and nothing in this Permit constitutes a grant by City of any ownership, leasehold, easement, or other property interest or estate whatsoever in the Permit Area, or any portion of it. The privilege given to Permittee under this Permit is effective only to the extent of City’s rights in the Permit Area, and Permittee will obtain any further permission necessary because of any other existing rights affecting the Permit Area. For purposes of this Permit, “Permittee” means, collectively, Permittee and its Agents and Invitees (as each term is defined under Section 20) that access and use the Permit Area under this Permit as set forth in Section 3.

2. USE OF PERMIT AREA

2.1 Scope of Permitted Use

Permittee may enter and use the Permit Area for the sole purpose of temporary access to the Permit Area by [temporary workers and vehicles and for storage and staging of equipment] in connection with Permittee’s demolition of the existing improvements and construction of a new affordable housing project at the adjacent property located at 2970 16th Street (Assessor’s Parcel Number Block [3553, Lot 052]), more particularly shown in **Exhibit B** and for no other purpose whatsoever. At least three days before commencing any work within the Permit Area, Permittee will notify Jenny Collins, Project Manager, SF MOHCD at jennifer.m.collins@sfgov.org, or (415) 244-3243 of the date such work will commence and the intended schedule. Permittee will schedule a site walk with a City representative to confirm the Permit Area is being returned in acceptable condition.

2.2 Compliance with Loan Agreement.

The City, acting through the Mayor's Office of Housing and Community Development ("MOHCD"), and Permittee have entered into that certain Amended and Restated Loan Agreement dated concurrently herewith ("**Loan Agreement**") for the purpose of Permittee receiving a loan to undertake the permitted activities described in Section 2.1. Permittee shall comply with the terms of the Loan Agreement regarding Permittee's use of the Permit Area under this Permit. If there is any conflict between the Loan Agreement and this Permit, the Loan Agreement shall control.

2.3 Exercise Duty of Care

Permittee will use, and will cause its Agents and Invitees (as each is defined in Section 20 below) to use, due care at all times to avoid any damage or harm to City's property and to native vegetation and natural attributes of the Permit Area and to minimize slope erosion. Permittee will take such soil and resource conservation and protection measures with the Permit Area as City may request. City has the right to approve and supervise any excavation work. Permittee will do everything reasonably within its power, both independently and on request by City, to prevent and suppress fires on and adjacent to the Permit Area attributable to Permittee's actions or inactions. During the Term, Permittee will be solely responsible for maintaining any facilities, equipment, supplies, or other item placed in or on the Permit Area in good and safe condition, and City will have no duty whatsoever for any maintenance of the Permit Area or any such facilities, equipment, supplies, or other items in the Permit Area.

2.4 Cooperation with City Personnel

Permittee and its Agents will work closely with City personnel to minimize any potential disturbance (even if temporary) of the natural features of the Permit Area and to avoid disruption (even if temporary) of City property in, under, on, or about the Permit Area and City uses of the Permit Area. The Permit Area must be screened with temporary fencing to keep the Permit Area secure and to reduce visual impact. In the event of inquiries from the public, Permittee and its Agents shall refer public inquiries to Jenny Collins, Project Manager, SF MOHCD at jennifer.m.collins@sfgov.org, or (415) 244-3243.

2.5 Restoration of Permit Area

If Permittee or its Agents have made any alterations or modifications to the Permit Area (with the prior written approval of the City), Permittee will restore the Permit Area to its condition immediately before Permittee's use, to the satisfaction of City.

3. ENTRY UNDER PERMITTEE'S AUTHORITY.

This Permit granted to Permittee shall include Permittee's Agents and Invitees (as each term is defined under Section 20) identified in **Exhibit C**, attached hereto and incorporated herein. Permittee shall include, or cause to be included, in any agreement with such Agents and/or Invitees, that such Agents and/or Invitees shall be bound by the terms and conditions of this Permit. Permittee shall deliver written notice to City of any changes in the Agents and/or Invitees who will enter upon the Permit Area, and within four (4) calendar days of such written notice of any change, Permittee shall deliver to the City an updated list under **Exhibit C** of

Agents and/or Invitees. Unless City provides written notice to Permittee of its rejection of an updated **Exhibit C** within four (4) business days of receipt, the updated **Exhibit C** will be deemed approved and incorporated herein. Permittee assumes all responsibility for the safety of all persons and property on the Permit Area pursuant to this Permit. All work performed in the Permit Area and all persons entering the Permit Area and all property and equipment placed therein in furtherance of the permission granted herein is presumed to be with the express authorization of Permittee.

4. RESTRICTIONS ON USE

Permittee acknowledges that the following uses of the Permit Area by Permittee or any other person claiming by or through Permittee are inconsistent with the limited purpose of this Permit and are strictly prohibited. The uses listed below are not exclusive and this Section does not limit the City's authority to specify additional restrictions on the use of the Permit Area, in City's sole discretion.

4.1 Improvements

Except as otherwise expressly provided in this Permit, Permittee may not construct or place any temporary or permanent structures or improvements on the Permit Area, and Permittee will not alter any existing structures or improvements on the Permit Area.

4.2 Dumping

Permittee may not dump or dispose of refuse or other unsightly materials on, in, under, or about the Permit Area.

4.3 Hazardous Material

Permittee will not cause, and Permittee will not allow any of its Agents or Invitees (as defined in Section 20 below) to cause, any Hazardous Material (as defined below) to be brought on, kept, used, stored, generated, or disposed of in, on, or about the Permit Area, or transported to or from the Permit Area. Permittee will immediately notify City when Permittee learns of or has reason to believe that a release of Hazardous Material has occurred in, on, or about the Permit Area. Permittee will comply with all laws requiring notice of releases or threatened releases to governmental agencies, and will take all action necessary to mitigate the release or minimize the spread of contamination. If Permittee or its Agents or Invitees cause a release of Hazardous Material, Permittee will, without cost to City and in accordance with all laws and regulations, restore the Permit Area to the condition immediately before the release. In connection with the release and restoration of the Permit Area, Permittee will give City a full opportunity to participate in any discussion with governmental agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise proceeding involving Hazardous Material. "**Hazardous Material**" means material that, because of its quantity, concentration, or physical or chemical characteristics, is at any time deemed by any federal, state, or local governmental authority to pose a present or potential hazard to public health, welfare, or the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance, pollutant or contaminant" under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq., or under California Health & Safety Code Section 25316; a

“hazardous waste” listed under California Health & Safety Code Section 25140; any asbestos and asbestos containing materials whether or not those materials are part of the Permit Area or are naturally occurring substances in the Permit Area, and any petroleum, including, without limitation, crude oil or any fraction thereof, natural gas or natural gas liquids. The term “release” or “threatened release” when used with respect to Hazardous Material includes any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing in, on, under, or about the Permit Area.

4.4 Nuisances

Permittee will not conduct any activities on or about the Permit Area that constitute waste, nuisance, or unreasonable annoyance (including, without limitation, emission of objectionable odors, noises, or lights) to City, to the owners or occupants of neighboring property or to the public.

4.5 Damage

Permittee will not do anything about the Permit Area that will cause damage to any of City's property.

5. RESERVED

6. PERMIT FEES

Permittee will pay to City a one-time non-refundable permit fee of \$1 to cover City's processing, inspection, and other administrative costs. The fee is payable at the same time Permittee signs and delivers this Permit to City. Payment must be made in cash or by good check payable to the City and County of San Francisco and delivered to City's Director of Property at the primary address for notices to City specified below, or any other place that City may designate in writing.

7. TERM OF PERMIT; REVOCABILITY

The privilege given to Permittee under this Permit is temporary only and will commence [on _____, 20__,] (“**Commencement Date**”), and will expire at 5:00 p.m. on the third (3rd) anniversary of the Commencement Date, unless sooner terminated. At the written request of Permittee, City may grant an extension of the term of this Permit of up to one year for the purpose of completing construction of the affordable housing (as described under the Loan Agreement), provided that this Permit shall expire no later than the conversion of Permittee’s construction financing into permanent financing. Without limiting any of its rights under this Permit, City may at its sole option freely revoke this Permit at any time before the expiration date, without cause and without any obligation to refund any part of any fee or other charge paid under this Permit or pay any consideration to Permittee.

8. INSURANCE

(a) Permittee will procure and keep in effect at all times during the term of this Permit, at Permittee's expense, and cause its contractors and subcontractors to maintain at all times during any work or construction activities on the Permit Area insurance as follows:

(i) General Liability Insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Independent Permittees, Explosion, Collapse and Underground (XCU), Broad Form Property Damage, Sudden and Accidental Pollution, Products Liability and Completed Operations;

(ii) 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 coverages for owned, non-owned and hired automobiles, as applicable, and Sudden and Accidental Pollution; and

(iii) Workers' Compensation Insurance with Employer's Liability Coverage with limits of not less than One Million Dollars (\$1,000,000) each accident.

(b) All liability policies must provide for the following: (i) name as additional insureds the City and County of San Francisco, its officers, agents, and employees; and (ii) specify that the policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Permit and that insurance applies separately to each insured against whom claim is made or suit is brought. The policies must also provide for severability of interests and that an act or omission of one of the named insureds that would void or otherwise reduce coverage will not reduce or void the coverage as to any insured, and will afford coverage for all claims based on acts, omissions, injury, or damage that occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period. Sudden and accidental pollution coverage in the liability policies required by this Permit will be limited to losses resulting from Permittee's activities (and Permittee's Agents and Invitees) under this Permit (excluding non-negligent aggravation of existing conditions with respect to Hazardous Materials).

(c) All insurance policies Permittee is required to maintain must be endorsed to provide for thirty (30) days' prior written notice of cancellation for any reason, non-renewal, or reduction in coverage to both Permittee and City. Notice to City will be mailed to the address(es) for City set forth in Section 39 below.

(d) Before the commencement date of this Permit, Permittee will deliver to City certificates of insurance and additional insured policy endorsements from insurers in a form satisfactory to City, evidencing the coverages required, together with complete copies of the policies at City's request. If Permittee fails to procure the required insurance, or to deliver the policies or certificates, then City may procure the required insurance for the account of Permittee, and Permittee will pay the cost of those policies will to City within five (5) days after delivery an invoice.

(e) 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 the general annual aggregate limit, then the general aggregate limit must be double the occurrence or claims limits specified above.

(f) If any of the required insurance is provided under a claims made form, then Permittee will maintain that coverage continuously throughout the term of this Permit and, without lapse, for a period of three (3) years beyond the Permit expiration, to the effect that, if any occurrences during the Permit term give rise to claims made after expiration of the Permit, then those claims will be covered by the claims-made policies.

(g) On City's request, Permittee and City will periodically review the limits and types of insurance carried under this Section. 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 Permittee 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 Permittee to conform to the general commercial practice.

(h) Permittee's compliance with the provisions of this Section will in no way relieve or decrease Permittee's indemnification obligations under this Permit or any of Permittee's other obligations under this Permit. Notwithstanding anything to the contrary in this Permit, this Permit will terminate immediately, without notice to Permittee, on the lapse of any required insurance coverage. Permittee will be responsible, at its expense, for separately insuring Permittee's personal property.

Notwithstanding the foregoing, Permittee and its Agents shall comply with the insurance requirements under the Loan Agreement, and if there is any conflict between the Loan Agreement and this Section 8, the insurance requirements under the Loan Agreement shall control.

9. RESERVED

10. COMPLIANCE WITH LAWS

Permittee will, at its expense, conduct and cause to be conducted all activities on the Permit Area in a safe and prudent manner and in compliance with all laws, regulations, codes, ordinances, and orders of any governmental or other regulatory entity (including, without limitation, the Americans with Disabilities Act and any other disability access laws), whether presently in effect or subsequently adopted and whether or not in the contemplation of the parties. Permittee will, at its sole expense, procure and maintain in force at all times during its use of the Permit Area any and all business and other licenses or approvals necessary to conduct the activities allowed under this Permit. Permittee understands and agrees that City is entering into this Permit in its capacity as a property owner with a proprietary interest in the Permit Area and not as a regulatory agency with police powers. Nothing in this Permit will limit in any way Permittee's obligation to obtain any required regulatory approvals from City departments, boards, or commissions or other governmental regulatory authorities or limit in any way City's exercise of its police powers.

11. COVENANT TO MAINTAIN PERMIT AREA

In connection with its use of the Permit Area, Permittee will at all times, at its sole cost, maintain the Permit Area in a good, clean, safe, secure, sanitary, and sightly condition.

12. REMOVAL OF IMPROVEMENTS

Without limiting any of City's other rights under this Permit or otherwise, Permittee will promptly, at City's request, alter or remove at no cost to City all improvements or other property installed or placed in, on, under, or about the Permit Area by or for Permittee, as may be necessary to avoid any actual or potential interference with any public utilities now or later installed in, on, under, or about the Permit Area, with the maintenance or repair the Permit Area or those utilities, or otherwise with any public trust uses or any other municipal operations or uses by City. In the event of an emergency City may, at its sole option and without notice, alter, remove, or protect at Permittee's sole expense, any and all facilities, improvements, plantings, or other property installed or placed in, on, under, or about the Permit Area by Permittee.

13. SURRENDER

On the expiration of this Permit or within ten (10) days after any other termination of this Permit, Permittee will surrender the Permit Area in the same condition as received, and broom clean, free from hazards, and clear of all debris, and Permittee will remove all of its property from the Permit Area and any signs or any other improvements permitted under this Permit, and will repair, at no cost to City, any damage to the Permit Area caused by that removal. Permittee's obligations under this Section will survive any termination of this Permit.

14. WAIVER OF CLAIMS; INDEMNIFICATION

(a) Limitation on City's Liability; Waiver of Claims

City will not be responsible for or liable to Permittee, and Permittee hereby assumes the risk of, and waives and releases City and its Agents from all Claims (as defined in Section 20), whether direct or indirect, known or unknown, foreseen or unforeseen, arising out of any of the following: (a) injury to or death of any person; or (b) loss of, injury or damage to, or destruction of any tangible or intangible property, including the resulting loss of use, economic losses, and consequential or resulting damage of any kind from any cause, including building defects, building system malfunctions or failures, and other property conditions. Nothing in this Section will relieve City from liability caused solely and directly by the active gross negligence or willful misconduct of City or its Agents, but City will not be liable under any circumstances for any consequential, incidental, or punitive damages.

Permittee understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Permit might be found later to be other than or different from the facts now believed to be true, and agrees that the releases in this Permit shall remain effective. Therefore, with respect to the Claims released in this Permit, Permittee waives any rights or benefits provided by Section 1542 of the Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE
CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO

EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Permittee acknowledges that this Section was negotiated with City, that the consideration for it is fair and adequate, that Permittee understands the consequences of the release, and that Permittee had a fair opportunity to negotiate, accept, reject, modify, or alter it. The provisions of this Section will survive the expiration or termination of this Permit.

(b) Permittee acknowledges that this Permit is freely revocable by City and in view of that fact, Permittee expressly assumes the risk of making any expenditures in connection with this Permit, even if the expenditures are substantial. Without limiting any indemnification obligations of Permittee or other waivers contained in this Permit and as a material part of the consideration for this Permit, Permittee fully RELEASES, WAIVES, AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue, City, its Agents, and all persons acting by, through or under each of them, under any present or future laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, if City exercises its right to revoke or terminate this Permit.

(c) Permittee acknowledges that it will not be a displaced person at the time this Permit is terminated or revoked or expires by its own terms, and Permittee fully RELEASES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue, City, its Agents, and all persons acting by, through or under each of them, under any present or future laws, statutes, or regulations, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws.

Permittee expressly acknowledges and agrees that the fees payable under this Permit do not take into account any potential liability of City for any consequential, special, or incidental damages including, but not limited to, lost profits and any other damages relating to or arising from the inability of Permittee to use the Permit Area for the purposes intended under this Permit, or arising out of disruption to the facilities or Permittee's uses under this Permit. City would not be willing to give this Permit in the absence of a complete waiver of liability for consequential, special, and incidental damages due to the acts or omissions of City or its Agents, and Permittee expressly assumes all risk with respect thereto. Accordingly, without limiting any indemnification obligations of Permittee or other waivers contained in this Permit and as a material part of the consideration for this Permit, Permittee fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential, special, and incidental damages (including without limitation, lost profits and or any other damages relating to or arising from the inability of Permittee to use the Permit Area for the purposes intended under this Permit), and covenants not to sue for such damages, City, its Agents, and all persons acting by, through or under each of them, arising out of this Permit or the uses authorized under this Permit, including, without limitation, any interference with uses conducted by Permittee under this Permit, regardless of the cause, and whether or not due to the negligence or gross negligence of City or its Agents.

(d) In connection with the foregoing releases, Permittee acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Permittee acknowledges that the releases contained in this Permit includes all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Permittee acknowledges that foregoing releases were negotiated with City, that the consideration for it is fair and adequate, that Permittee understands their consequences and had a fair opportunity to negotiate, accept, reject, modify, or alter them, and that Permittee has agreed to this Permit with full knowledge of these releases and their effect. Being fully aware of the consequences, Permittee intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The releases contained in this Permit will survive any termination of this Permit.

15. REPAIR OF DAMAGE

If any portion of the Permit Area or any property of City located on or about the Permit Area is damaged by Permittee, its Agents or Invitees or as a result of any activities conducted by Permittee, its Agents or Invitees, Permittee will immediately, at no cost to City, repair any and all the damage and restore the Permit Area or property to its previous condition.

16. SIGNS

Permittee will not place, erect, or maintain any sign, advertisement, banner, or similar object on or about the Permit Area, except for any temporary sign that is necessary for Permittee's use so long as Permittee first obtains City's written consent, which City may give or withhold in its sole discretion.

17. UTILITIES

City has no responsibility or liability of any kind for any utilities that may be on, in, or under the Permit Area. Permittee has the sole responsibility to locate all utilities and protect them from damage. Permittee will arrange and pay for any necessary temporary relocation of City and public utility company facilities, subject to the prior written approval by City and any utility companies for any relocation. Permittee will be solely responsible for arranging and paying directly for any utilities or services necessary for its activities; provided, however, that under San Francisco Administrative Code Section 99.3, Permittee will only receive electricity at the Permit Area from the San Francisco Public Utilities Commission (“SFPUC”) unless SFPUC determines that the service is not feasible.

18. CITY'S RIGHT TO CURE PERMITTEE DEFAULTS

If Permittee fails to perform any of its obligations under this Permit, to restore the Permit Area or repair damage, or if Permittee defaults in the performance of any of its other obligations

under this Permit, then City may, at its sole option, remedy the failure for Permittee's account and at Permittee's expense by providing Permittee with three (3) days' prior written or oral notice of City's intention to cure the default (except that no prior notice will be required in an emergency as determined by City). No actions taken by City will be construed as a waiver of any rights or remedies of City under this Permit or otherwise, and nothing in this Permit will imply any duty of City to do any act that Permittee is obligated to perform. Permittee will pay to City on demand, all costs, damages, expenses, or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy the default. Permittee's obligations under this Section will survive the termination of this Permit.

19. NO COSTS TO CITY

Permittee will bear all costs or expenses of any kind or nature in connection with its use of the Permit Area, and will keep the Permit Area free and clear of any liens or claims of lien arising out of or in any way connected with its use of the Permit Area.

20. INDEMNITY

Permittee will indemnify, defend, and hold harmless City, its commissions, departments, boards, officers, agents, employees, contractors or subcontractors (collectively, “**Agents**”), and each of them, from and against all demands, claims, legal or administrative proceedings, losses, costs, expenses, penalties, fines, liens, judgments, settlements, damages, and liabilities, including direct and vicarious liability of every kind (collectively, “**Claims**”), incurred in connection with or arising in any manner out of **(a)** any injury to or death of any person or damage to or destruction of any property occurring in, on, or about the Permit Area, or any part of it, whether the person or property of Permittee, its Agents, its invitees, guests, or business visitors (collectively, “**Invitees**”), or third persons, relating in any manner to any use or activity by Permittee; **(b)** any failure by Permittee to faithfully observe or perform any of the terms, covenants, or conditions of this Permit; **(c)** the use of the Permit Area or any activities conducted by Permittee, its Agents, or Invitees; or **(d)** any release or discharge, or threatened release or discharge, of any Hazardous Material caused or allowed by Permittee, its Agents, or Invitees, on, in, under, or about the Permit Area, any improvements on the Permit Area, or into the environment; except solely to the extent of Losses resulting directly and solely from the willful misconduct of City or City's authorized representatives. The foregoing indemnity includes, without limitation, reasonable attorneys' and consultants' fees, investigation and remediation costs, and all other reasonable costs and expenses incurred by the indemnified parties, including, without limitation, damages for decrease in the value of the Permit Area and claims for damages or decreases in the value of adjoining property. Permittee specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim that actually or potentially falls within this indemnity provision even if the allegation is or may be groundless, fraudulent, or false, which obligation arises at the time the claim is tendered to Permittee by City and continues at all times thereafter. Permittee's obligations under this Section will survive the expiration or other termination of this Permit.

21. “AS IS” CONDITION OF PERMIT AREA; DISABILITY ACCESS; DISCLAIMER OF REPRESENTATIONS

Permittee accepts the Permit Area in its “AS IS” condition, without representation or warranty of any kind by City, its officers, agents, or employees, including, without limitation, the

suitability, safety, or duration of availability of the Permit Area or any facilities on the Permit Area for Permittee's use. Without limiting the foregoing, this Permit is made subject to all applicable laws, rules, and ordinances governing the use of the Permit Area, and to any and all covenants, conditions, restrictions, easements, encumbrances, claims of title, and other title matters affecting the Permit Area, whether foreseen or unforeseen, and whether those matters are of record or would be disclosed by an accurate inspection or survey. It is Permittee's sole obligation to conduct an independent investigation of the Permit Area and all matters relating to its use of the Permit Area, including, without limitation, the suitability of the Permit Area for its uses. Permittee, at its own expense, will obtain all permissions or other approvals from any third parties with existing rights as may be necessary for Permittee to make use of the Permit Area in the manner contemplated under this Permit.

Under California Civil Code Section 1938, to the extent applicable to this Permit, Permittee is advised that the Permit Area has not undergone inspection by a Certified Access Specialist (“CASp”) to determine whether it meets all applicable construction-related accessibility requirements. A CASp can inspect the Permit Area and determine if it complies with all the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Permit Area, City may not prohibit Permittee from obtaining a CASp inspection of the Permit Area for the occupancy or potential occupancy of Permittee if requested by Permittee. City and Permittee will mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the CASp inspection fee, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Permit Area.

22. NO ASSIGNMENT

This Permit is personal to Permittee and may not be assigned, conveyed, or otherwise transferred by Permittee under any circumstances. Any attempt to assign, convey, or otherwise transfer this Permit will be null and void and cause the immediate termination of this Permit.

23. CESSATION OF USE

Permittee will not terminate its activities on the Permit Area without prior written notice to City.

24. NO JOINT VENTURES OR PARTNERSHIP; NO AUTHORIZATION

This Permit does not create a partnership or joint venture between City and Permittee as to any activity conducted by Permittee on, in or relating to the Permit Area. Permittee is not a State actor with respect to any activity conducted by Permittee on, in, or under the Permit Area. The giving of this Permit by City does not constitute authorization or approval by City of any activity conducted by Permittee on, in, or relating to the Permit Area.

25. MACBRIDE PRINCIPLES - NORTHERN IRELAND

The provisions of San Francisco Administrative Code Section 12F are incorporated into this Permit by this reference and made part of this Permit. By signing this Permit, Permittee confirms that Permittee has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and

urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

26. NON-DISCRIMINATION

26.1 Covenant Not to Discriminate

In the performance of this Permit, Permittee will not to discriminate against any employee of, any City employee working with Permittee, or applicant for employment with Permittee, 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 those protected classes, or in retaliation for opposition to discrimination against those classes.

26.2 Subcontracts

Permittee will include in all subcontracts relating to the Permit Area a non-discrimination clause applicable to the subcontractor in substantially the form of Subsection 25.1 above. In addition, Permittee 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 and will require all subcontractors to comply with those provisions. Permittee's failure to comply with the obligations in this Subsection will constitute a material breach of this Permit.

26.3 Non-Discrimination in Benefits

Permittee does not as of the date of this Permit and will not during the term of this Permit, in any of its operations in San Francisco, on real property owned by City, 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 the employees, where the domestic partnership has been registered with a governmental entity under state or local law authorizing the registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

26.4 Condition to Permit

As a condition to this Permit, Permittee 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 form by the San Francisco San Francisco Contract Monitoring Division (the "CMD"). Permittee represents that prior to execution of this Permit, (i) Permittee executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) the CMD approved the form.

26.5 Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the use of City property are incorporated in this Section by reference and made a part of this Permit as though fully set forth. Permittee will comply fully with and be bound by all of the provisions that apply to this Permit under those Chapters of the Administrative Code, including but not limited to, the remedies provided in those Chapters. Without limiting the foregoing, Permittee understands that under Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which that person was discriminated against in violation of the provisions of this Permit may be assessed against Permittee and/or deducted from any payments due Permittee.

27. TROPICAL HARDWOODS AND VIRGIN REDWOOD BAN

The City and County of San Francisco urges companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product, except as expressly permitted by the application of San Francisco Environment Code sections 802(b) and 803(b). Permittee will not, except as permitted by the application of sections 802(b) and 803(b), use or incorporate any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product in the performance of this Permit.

28. NOTIFICATION OF PROHIBITION ON CONTRIBUTIONS

Through its execution of this Permit, Permittee acknowledges its obligations under Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever the transaction would require the approval by a City elected officer, the board on which that City elected officer serves, or a board on which an appointee of that elected officer serves, from making any campaign contribution to (1) the City elected officer if the contract must be approved by that official, (2) a candidate for the City elective office, or (3) a committee controlled by the elected officer or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for the contract or twelve (12) months after the date the contract is approved. Permittee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same elected officer or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Permittee further acknowledges that (i) the prohibition on contributions applies to each Permittee; each member of Permittee's board of directors, and Permittee's chief executive officer, chief financial officer, and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Permittee; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Permittee and (ii) within thirty (30) days of the submission of a proposal for the Permit, the City department with whom Permittee is contracting is obligated to submit to the Ethics Commission the parties to the Permit and any sublicensee. Additionally, Permittee certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the lease, and has provided the names of the persons required to be informed to the City department with whom it is leasing.

29. POSSESSORY INTEREST TAXES

Permittee recognizes and understands that this Permit may create a possessory interest subject to property taxation and that Permittee may be subject to the payment of property taxes levied on that interest under applicable law. Permittee agrees to pay taxes of any kind, including possessory interest taxes, if any, that may be lawfully assessed on Permittee's interest under this Permit or use of the Permit Area and to pay any other taxes, excises, licenses, permit charges, or assessments based on Permittee's usage of the Permit Area that may be imposed on Permittee by applicable law. Permittee will pay all of charges when they become due and payable and before delinquency.

San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublicense, or other transfer of this Permit be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Permittee must provide a copy of this Permit to the County Assessor not later than sixty (60) days after the commencement date of this Permit, and any failure of Permittee to timely provide a copy of this Permit to the County Assessor will be a default under this Permit. Permittee will also timely provide any information that City may request to ensure compliance with this or any other reporting requirement.

30. RESTRICTION ON THE USE OF PESTICIDES

Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or “**IPM Ordinance**”) describes an integrated pest management (“**IPM**”) policy to be implemented by all City departments. Permittee will not use or apply or allow the use or application of any pesticides on the Permit Area or contract with any party to provide pest abatement or control services to the Permit Area without first receiving City’s written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Permittee may need to apply to the Permit Area during the term of this Permit, (ii) describes the steps Permittee will take to meet the City’s IPM Policy described in Section 300 of the IPM Ordinance and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Permittee’s primary IPM contact person with the City. Permittee will comply, and will require all of Permittee’s contractors to comply, with the IPM plan approved by the City and will comply with the requirements of sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Permittee were a City department. Among other matters, those provisions of the IPM Ordinance: (a) provide for the use of pesticides only as a last resort, (b) prohibit the use or application of pesticides on property owned by the City, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City’s Department of the Environment), (c) impose certain notice requirements, and (d) require Permittee to keep certain records and to report to City all pesticide use at the Permit Area by Permittee’s staff or contractors.

If Permittee or Permittee’s contractor will apply pesticides to outdoor areas at the Permit Area, Permittee must first obtain a written recommendation from a person holding a valid Agricultural Pest Control Advisor license issued by the California Department of Pesticide Regulation (“**CDPR**”) and any pesticide application must be made only by or under the supervision of a person holding a valid, CDPR-issued Qualified Applicator certificate or Qualified Applicator license. City’s current Reduced Risk Pesticide List and additional details

about pest management on City property can be found at the San Francisco Department of the Environment website, <http://sfenvironment.org/ipm>.

31. PROHIBITION OF TOBACCO SALES AND ADVERTISING

Permittee acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Permit Area. This advertising prohibition includes the placement of the name of a company producing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. In addition, Permittee acknowledges and agrees that no Sales, Manufacture, or Distribution of Tobacco Products (as such capitalized terms are defined in Health Code Section 19K.1) is allowed on the Permit Area and such prohibition must be included in all subleases or other agreements allowing use of the Permit Area. The prohibition against Sales, Manufacture, or Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sale, Manufacture, and/or Distribution of Tobacco Products is conducted as part of academic research.

32. PROHIBITION OF ALCOHOLIC BEVERAGE ADVERTISING

Permittee acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Permit Area. This advertising prohibition includes the placement of the name of a company producing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.

33. DRUG-FREE WORKPLACE

Permittee acknowledges that under the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession, or use of a controlled substance under federal law is prohibited on City premises. Permittee agrees that any violation of this prohibition by Permittee, its Agents, or Invitees will be a material breach of this Permit.

34. CONFLICTS OF INTEREST

Through its execution of this Permit, Permittee acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and sections 87100 et seq. and sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of those provisions, and agrees that if Permittee becomes aware of any such fact during the term of this Permit, Permittee will immediately notify the City.

35. FOOD SERVICE AND PACKAGING WASTE REDUCTION

Permittee will comply fully with and be bound by all of the provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided in that chapter, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated into this Permit by reference and made a part of this Permit as though fully set forth. This provision is a material term of this Permit. Permittee acknowledges that Chapter 16 includes monetary penalties for violations of One Hundred Dollars (\$100.00) for the first breach, Two Hundred

Dollars (\$200.00) for the second breach in the same year, and Five Hundred Dollars (\$500.00) for subsequent breaches in the same year. Any assessment of those penalties will not limit City's rights under this Permit or otherwise for a breach of this Section, and are in addition to City's rights and remedies under this Permit and at law or in equity.

36. PERMITTEE'S COMPLIANCE WITH CITY BUSINESS AND TAX AND REGULATIONS CODE

Permittee acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Permittee under this Permit is withheld, then City will not be in breach or default under this Permit, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Permittee, without interest, late fees, penalties, or other charges, upon Permittee coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

37. CONSIDERATION OF SALARY HISTORY

Permittee must comply with San Francisco Administrative Code Chapter 12K. For each employment application to Permittee for work of eight (8) or more hours per week at the Permit Area, Permittee must not consider the applicant's current or past salary (a "Salary History") in deciding whether to hire the applicant or what salary to offer the applicant unless the applicant voluntarily discloses that Salary History without prompting. In addition, Permittee must not (1) ask those applicants about their Salary History, (2) refuse to hire, or otherwise disfavor, injure, or retaliate against applicants that do not disclose their Salary History, or (3) disclose a current or former employee's Salary History without that employee's authorization unless it is required by law, publicly available, or subject to a collective bargaining agreement.

38. NOTICES

Except as otherwise expressly provided in this Permit, any notices given under this Permit will be effective only if in writing and given by delivering the notice in person, by sending it first class mail or certified mail, with a return receipt requested, or overnight courier, return receipt requested, with postage prepaid, addressed as follows:

City:	Real Estate Division City and County of San Francisco 25 Van Ness Avenue, Suite 400 San Francisco, California 94102 Attn: Director of Real Estate Re: 1979 Mission Street Permit
Permittee:	1979 Mission Street PSH Associates, L.P. c/o Mission Housing Development Corporation 474 Valencia St # 280 San Francisco, CA 94103 Attn: Executive Director

With Copy to: Mission Economic Development Agency
2301 Mission St #301
San Francisco, CA 94110
Attn: Chief Executive Officer

Notices under this Permit will be deemed given two (2) days after the date when it has been mailed if sent by first class, certified or overnight courier, or on the date personal delivery is made. For convenience of the parties, copies of notices may be sent by email, but no notice sent only by email will be deemed given and will not be binding on the parties.

39. SEVERABILITY

If any provision of this Permit or the application of a provision of this Permit to any person, entity, or circumstance is invalid or unenforceable, the remainder of this Permit, or the application of the provision to persons, entities, or circumstances other than those as to which it is invalid or unenforceable, will not be affected, and each other provision of this Permit will be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Permit without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Permit.

40. COUNTERPARTS

This Permit may be executed in two or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

41. COOPERATIVE DRAFTING

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

46. GENERALLY APPLICABLE PROVISIONS

(a) This Permit may be amended or modified only by a writing signed by City and Permittee. (b) No waiver by any party of any of the provisions of this Permit will be effective unless in writing and signed by an officer or other authorized representative, and only to the extent expressly provided in the written waiver. (c) All approvals and determinations of City requested, required, or permitted under this Permit may be made in the sole and absolute discretion of the Director of Property or other authorized City official. (d) This instrument (including the exhibit(s) attached to this Permit) contains the entire agreement between the parties and all prior written or oral negotiations, discussions, understandings and agreements are merged into this Permit. (e) The section and other headings of this Permit are for convenience of reference only and will be disregarded in the interpretation of this Permit. (f) Time is of the essence. (g) This Permit will be governed by California law and the City's Charter. Any legal suit, action, or proceeding arising out of or relating to this Permit 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 Permit 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. **(h)** If Permittee consists of more than one person then the obligations of each person will be joint and several. **(i)** Permittee may not record this Permit or any memorandum hereof. **(j)** Subject to the prohibition against assignments or other transfers by Permittee under this Permit, this Permit will be binding on and inure to the benefit of the parties and their respective heirs, representatives, successors, and assigns. **(k)** If City sells or otherwise conveys the property where the Permit Area is located, then this Permit will automatically be revoked. **(l)** All exhibits attached to this Permit are incorporated by reference.

[SIGNATURES ON FOLLOWING PAGE]

Permittee represents and warrants to City that it has read and understands the contents of this Permit and will comply with and be bound by all of its provisions.

PERMITTEE:

**1979 MISSION STREET PSH ASSOCIATES,
L.P.**, a California limited partnership

By: 1979 Mission PSH Housing Associates
LLC, a California limited liability
company, its managing general partner

By: Mission Housing Development
Corporation, a California nonprofit
public benefit corporation, its sole
member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC, a California limited
liability company, its administrative general
partner

By: Mission Economic Development
Agency, a California nonprofit
public benefit corporation, its sole
member/manager

By: _____
Luis Granados,
Chief Executive Officer

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Sarah R. Oerth,
Director of Real Estate
(pursuant to San Francisco Administrative
Code Section 23.31)

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Keith Nagayama,
Deputy City Attorney

EXHIBIT A

Permit Area



EXHIBIT B

Permittee's Property

[insert after parcel map is recorded]

EXHIBIT C

List of Permittee's Agents

1. Cahill Guzman Joint Venture

EXHIBIT D

Intentionally Omitted

GROUND LEASE

This Ground Lease is dated as of [_____], 2025 (the “**Agreement Date**”), by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “**City**” or “**Landlord**”), acting by and through its Real Estate Division and the Mayor's Office of Housing and Community Development (“**MOHCD**”), and 1979 MISSION STREET PSH ASSOCIATES, L.P., a California limited partnership, as tenant (the “**Tenant**”).

RECITALS

A. The City is the fee owner of the land described in Attachment 1 and the existing improvements located thereon (“**Land**”). The Land is held under MOHCD’s jurisdiction.

B. MOHCD issued a Request for Qualifications (“RFQ”) on August 3, 2023, to solicit qualified affordable housing developers for the development and construction of new affordable housing and associated infrastructure on the Land. In response to the RFQ, MOHCD selected the team of Mission Economic Development Agency, a California nonprofit public benefit corporation (“MEDA”), and Mission Housing Development Corporation, California nonprofit public benefit corporation (“MHDC”) to develop and construct an affordable housing project and lease the Land for the purpose of such new affordable housing. MHDC and MEDA formed the Tenant for the purpose of undertaking the activities described in the RFQ.

C. On September 26, 2025, the Citywide Affordable Housing Loan Committee made a recommendation to approve MOHCD’s financing of Tenant’s plan to develop the Land and construct thereon a multifamily residential rental building consisting of 136 rental units of affordable housing for formerly homeless households inclusive of 40 units reserved for residents who qualify under the Homeless Household pursuant to the No Place Like Home Criteria, and 122 HAP Units reserved for Restore-Rebuild project-based vouchers (collectively, the “**Project**”).

D. On December 14, 2023, the City and the Tenant entered into that certain Option to Lease Agreement under which City granted the Tenant an option to ground lease the Land (the “**Option**”) that expires on December 31, 2026.

E. The Tenant is now exercising its Option to enter into this Ground Lease, under which City agrees to lease the Land to the Tenant to develop and construct the Project. Tenant

will operate the Project to serve the needs of low income residents, including formerly homeless households, and will restrict rents for all units in accordance with the terms described herein.

F. The City believes that the fulfillment of the terms and conditions of this Ground Lease are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in full accord with the public purposes and provisions of applicable Laws.

G. On [_____, 2025, the City's Board of Supervisors and the Mayor approved Resolution No. [_____] authorizing the City to enter into a ground lease with the Tenant to develop and construct the Project on the Land.

NOW THEREFORE, in consideration of the mutual obligations of the parties to this Ground Lease, the City hereby leases to the Tenant, and the Tenant hereby leases from the City, the Land for the Term (as defined in ARTICLE 2) to develop and construct the Project, and subject to the terms, covenants, agreements, and conditions set forth below, each and all of which the City and the Tenant mutually agree.

ARTICLE 1 DEFINITIONS

Terms used herein have the meanings given them when first used or as set forth in this ARTICLE 1, unless the context clearly requires otherwise. Whenever an Attachment is referenced, it means an attachment to this Ground Lease unless otherwise specifically identified. Whenever a section, article, or paragraph is referenced, it is a reference to this Ground Lease unless otherwise specifically referenced.

"Agreement Date" means the date first set forth above.

"Annual Rent" has the meaning set forth in the Section 4.01(a).

"Area Median Income" (or **"AMI"**) 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 the U.S. Department of Housing and Urban Development for the San Francisco area, but not adjusted for a high housing cost area.

"Change" has the meaning set forth in Section 12.02.

"City" means the City and County of San Francisco, a municipal corporation.

"Effective Date" means the date the City records the Memorandum of Ground Lease against the Land, but in no event will the date be before the date of approval of the Ground Lease by the City's Board of Supervisors and the Mayor.

"Extension Notice" has the meaning set forth in Section 2.03.

“First Lease Payment Year” means the year in which the earlier of: (i) the date the first certificate of occupancy of the Project is issued evidencing completion of construction activities are completed on the Project, or (ii) the third (3rd) anniversary of the Effective Date..

“First Mortgage Lender” means any lender and its successors, assigns, and participants or other entity holding the senior leasehold deed of trust on the Leasehold Estate.

“Ground Lease” means this Ground Lease, as amended from time to time in accordance with the terms herein.

“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 Local Operating Subsidy Program.

“HUD” means the U.S. Department of Housing and Urban Development.

“HUD Requirements” has the meaning set forth in Section 9.01(c).

“HAP” means the rental assistance payments to the Tenant under that certain [Restore Rebuild] Project Rental Assistance Contract/Housing Assistance Payment contract from and budget authority with the Housing Authority of the City and County of San Francisco.

“Improvements” means all physical improvements to be constructed and/or rehabilitated on the Land, including all structures, fixtures, and other improvements, including but not limited to the Project.

“Land” has the meaning set forth in Recital A.

“Landlord” means the City and County of San Francisco, a municipal corporation.

“Laws” means all applicable statutes, laws, ordinances, regulations, rules, orders, writs, judgments, injunctions, decrees, or awards of the United States or any state, county, municipality, or governmental agency.

“Lease Year” means each calendar year during the Term, beginning on January 1 and ending on December 31, provided that the first Lease Year will commence on the Effective Date and continue through December 31st of that same calendar year and the last Lease Year will end upon the expiration of the Term.

“Leasehold Estate” means the Tenant’s leasehold estate in the Land created by and pursuant to this Ground Lease.

“Leasehold Mortgage” means any mortgage, deed of trust, trust indenture, letter of credit, or other security instrument, and any assignment of the rents, issues, and profits, that constitutes a lien on the Leasehold Estate and is approved in writing by the City.

“Lender” means any entity holding a Leasehold Mortgage.

“Loan Documents” means those certain loan agreements, notes, deeds of trust, declarations, and any other documents executed and delivered in connection with the construction and/or permanent financing for the Project.

“LOSP” means the local operating subsidy provided by the City to the Tenant for the operation of the Project, the amount of which is sufficient to permit Tenant to operate the Project with residential units for Qualified Households with income levels below those set forth in the MOHCD Declaration of Restrictions.

“LOSP Program” means the program administered by MOHCD that regulates the distribution of LOSP.

“MOHCD” means the Mayor’s Office of Housing and Community Development for the City.

“MOHCD Declaration of Restrictions” means that certain Declaration of Restrictions and Affordable Housing Covenants dated [_____], 2025, executed by Tenant for the benefit of the Landlord, and recorded against the Leasehold Estate concurrently with the Memorandum of Ground Lease, pursuant to the MOHCD Loan Agreement.

“MOHCD Loan Agreement” means that certain Amended and Restated Loan Agreement dated [_____], 2025, by and between Landlord and Tenant.

“NPLH Funds Restrictions” means the No Place Like Home program funding requirements summarized in Attachment 6.

“Official Records” means the Official Records of the City and County of San Francisco.

“Partnership Agreement” means that certain [First Amended and Restated Agreement of Limited Partnership] of Tenant dated on or about the date hereof, as may be amended from time to time.

“Partnership Fees” means (i) a combined annual partnership management fee in the amount of \$57,680.00 increasing by 3.5% annually, payable to the Tenant’s general partner, and (ii) an annual investor services fee in the amount of \$8600.00, increasing annually by 3.5%, payable to the Tenant’s Permitted Limited Partner (as each is shown in the Annual Operating Budget under the MOHCD loan agreement and approved by the City).

“Permitted Limited Partner” means MCC Housing, LLC, a California limited liability company, as investor limited partner, and its successors and assigns as approved by the City.

“Permitted Use” has the meaning set forth in Section 9.01.

“Personal Property” means all fixtures, furniture, furnishings, equipment, machinery, supplies, software and other tangible personal property that is located in, on, or about the Premises and that can be removed from the Premises without substantial economic loss to the Premises or substantial damage to the Premises and that is incidental to the ownership, development, or operation of the Improvements or the Premises, belonging to the Tenant, any Residential Occupant, any Non-residential Occupant, or any subtenant or other occupant of the Premises and/or in which the Tenant, Residential Occupant, Non-residential Occupant, or any subtenant or other occupant has an ownership interest, together with all present and future attachments, replacements, substitutions, and additions thereto or therefor.

“Premises” means the Land and all Improvements.

“Project” is defined in Recital C.

“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 and/or possessory interest taxes, assessments, and liability, fire, and other hazard insurance premiums; (b) salaries, wages, and other compensation due and payable to the employees or agents of the Tenant who maintain, administer, operate, or provide services in connection with the Project, including all withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments required for such employees; (c) required payments of interest, principal, or annual servicing fees, if any, on any construction or permanent financing secured by the Project that has been approved by the City; (d) all other expenses actually incurred by the Tenant to cover routine operating and services provision costs of the Project, including maintenance and repair and the reasonable fee of any managing agent; (e) annual Base Rent payments; (f) deposits to reserves accounts required to be established under the Loan Documents or the Partnership Agreement; (g) the approved annual asset management fees, bond issuer fees, and fiscal agent fees indicated in the Annual Operating Budget and approved by the City; (h) any extraordinary expenses as approved in advance by the City, and (i) supportive services. Partnership Fees are not Project Expenses.

“Project Income” means all income and receipts in any form received by the Tenant from the operation of the Premises, 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 Tenant in connection with the Project; and (h) other consideration actually received from the operation of the Project, including non-residential uses of the Premises. Project Income does not include interest accruing on any portion of the Funding Amount or tenant’s refundable security deposits. Project Income does not include interest accruing on any portion of the MOHCD Loan, if applicable, or refundable security deposits from Residential Occupants

“Qualified Households” means households whose income does not exceed the maximum permissible annual income level allowed under the MOHCD Declaration of Restrictions, subject to ARTICLE 9 below. For purposes of this Ground Lease, Qualified Households has the same meaning as “Qualified Tenants” in the MOHCD Declaration of Restrictions.

“Residential Occupant” means any residential household authorized by the Tenant to occupy a Residential Unit on the Premises, whether or not a Qualified Household.

“Residential Unit” has the meaning set forth in Section 9.01.

“Residual Receipts” means all Project Income in any given Lease Year remaining after payment of Project Expenses and Partnership Fees. The amount of Residual Receipts will be based on figures contained in audited financial statements.

Subsequent Owner means any successor to the Tenant’s interest in the Leasehold Estate and the Improvements who acquires that interest as a result of a foreclosure, deed in lieu of foreclosure, or transfer from a Lender, its affiliate, and any successors to any such person or entity.

“TCAC” means the California Tax Credit Allocation Committee.

“Tenant” means **1979 Mission Street PSH Associates, L.P.**, a California limited partnership, and its successors and assigns (or a Subsequent Owner, where appropriate).

“Term” has the meaning set forth in Section 2.01, as extended pursuant to Section 2.02 or earlier terminated as provided in this Ground Lease.

ARTICLE 2 TERM

2.01 Term. The term of this Ground Lease will commence upon the Effective Date and will expire seventy-five (75) years from that date (“Term”), unless extended under Section 2.02 below or earlier terminated as provided in this Ground Lease.

2.02 Option for Extension. Provided that the Tenant is not in default under the terms of this Ground Lease and the Loan Documents beyond any notice, grace, or cure period either at the time of giving of an Extension Notice under Section 2.03 below, or on the last day of the Term (the “**Initial Termination Date**”), Tenant is granted an option to extend the Term for one twenty-four (24) year period, as provided in this Article. If the Term is extended pursuant to this Section, all references in this Ground Lease to the “Term” will mean the Term as extended by such extension period. Upon Tenant’s written exercise of this option under Section 2.03, the Term will automatically be extended for twenty-four (24) years from the Initial Termination Date for a Term not to exceed ninety-nine (99) years, provided that Tenant is not in default under the terms of this Ground Lease and the Loan Documents beyond any notice, grace, or cure period on the Initial Termination Date.

2.03 Notice of Extension. By no later than one hundred eighty (180) days before the Initial Termination Date, the Tenant may notify the City in writing that it is exercising its option to extend the Term under Section 2.02 above (an “**Extension Notice**”).

2.04 Rent During Extended Term. Rent for any extended term will be as set forth in ARTICLE 4.

2.05 Holding Over. Any holding over after the expiration or earlier termination of the Term without the City’s written consent will constitute a default by the Tenant and entitle the City to exercise any or all of its remedies as provided in this Ground Lease, even if the City elects to accept one or more payments of Annual Rent. Failure to surrender the Premises in the condition required by this Ground Lease will constitute holding over until the conditions of surrender are satisfied.

ARTICLE 3 FINANCIAL ASSURANCE

As a condition to Landlord’s authorization to record the Memorandum of Ground Lease, the Tenant will submit to the City for approval evidence satisfactory to the City that the Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or

such other evidence of capacity to proceed with the development and construction of the Project in accordance with this Ground Lease.

ARTICLE 4 RENT

4.01 Annual Rent

4.01(a) Tenant will pay to the City *up to* One Million Three Hundred Twenty-Six Thousand and No/100 Dollar (\$1,326,000.00) (the “**Annual Rent**”) per year for each year of the Term of this Ground Lease. Annual Rent consists of Base Rent and Residual Rent, as defined in Section 4.02 below, without offset of any kind (except as otherwise permitted by this Ground Lease) and without necessity of demand, notice, or invoice. Annual Rent will be re-determined on the fifteenth (15th) anniversary of the date of the first payment of Base Rent pursuant to Section 4.02(a) below and every fifteen (15) years thereafter, and will be equal to ten percent (10%) of the appraised fair market value of the Land as determined by an MAI appraiser selected by and at the sole cost of the Tenant. Any such adjustment will be made to the Residual Rent and not to the Base Rent.

4.01(b) If the Tenant elects to extend the term of this Ground Lease pursuant to ARTICLE 2 above, Annual Rent (along with any potential future adjustments) during any such extended term will be set by mutual agreement of the parties; provided, however, that Annual Rent during the extended term will in no event be less than the Annual Rent set forth in Section 4.01(a) above. If the parties cannot agree on Annual Rent for the extended term, either party may invoke a neutral third-party process and the parties will agree on a neutral third-party appraiser to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Notwithstanding the foregoing, after the neutral third-party process, Tenant, in its sole discretion, may rescind the Extension Notice prior to the Initial Termination Date if it does not wish to extend the Term of this Ground Lease.

4.02 Base Rent

4.02(a) “**Base Rent**” means, in any given Lease Year, One and No/100 Dollars (\$1.00) per annum; provided, however, that if the Tenant or any Subsequent Owner fails, after notice and opportunity to cure, to comply with the provisions of Section 9.01, then Base Rent will be increased to the full amount of Annual Rent. Base Rent will be due and payable in arrears on January 31st of each Lease Year; provided that the first Base Rent payment will not be due until January 31st of the calendar year following the First Lease Payment Year. Additionally, if a Subsequent Owner elects under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will be adjusted as provided in Section 26.07.

4.02(b) If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year after the payment of (a) through (d) in the definition of Project Expenses, above, and the City has received written notice from Tenant regarding its inability to pay Base Rent from Project Income at least sixty (60) days before the Base Rent due date, along with supporting documentation for Tenant’s position that it is unable to pay Base Rent from Project

Income, then the unpaid amount will be deferred and all deferred amounts will accrue without interest until paid (“**Base Rent Accrual**”). The Base Rent Accrual will be due and payable each year from and to the extent Residual Receipts are available. Any Base Rent Accrual will be due and payable on the earlier of (i) sale of the Project and Leasehold Estate (but not a refinancing or foreclosure of the Project and Leasehold Estate); or (ii) termination of this Ground Lease (unless a new lease is entered into with a mortgagee under Section 26.09 below).

4.02(c) If Tenant has not provided City with the required written notice and documentation under Section 4.02(b) in connection with its claim that it cannot pay Base Rent due to insufficient Project Income, and/or the City has reasonably determined that Tenant’s claim that it is unable to pay Base Rent is not supported by such documentation, the City will assess a late payment penalty of two percent (2%) for each month or any part thereof that any Base Rent payment is delinquent. This penalty will not apply to Base Rent Accrual that has been previously approved by the City under Section 4.02(b). The Tenant may request in writing that the City waive such penalties by describing the reasons for Tenant’s failure to pay Base Rent and Tenant’s proposed actions to ensure that Base Rent will be paid in the future. The City may, in its sole discretion, waive in writing all or a portion of such penalties if it finds that Tenant’s failure to pay Base Rent was beyond Tenant’s control and that Tenant is diligently pursuing reasonable solutions to such failure to pay.

4.03 Residual Rent. “**Residual Rent**” means, in any given Lease Year, up to One Million Three Hundred Twenty-Five Thousand Nine Hundred Ninety-Nine and No/Dollars (\$1,325,999.00), subject to any periodic adjustments under Section 4.01(a). Residual Rent will be due in arrears on June 30 following each Lease Year. Except as otherwise provided in Section 26.07(a), Residual Rent will be payable only to the extent of Residual Receipts as provided in Section 6.02(g) below and after full repayment of the MOHCD Loan, and any unpaid Residual Rent will not accrue. In the event that in any year Residual Receipts is insufficient to pay the full amount of the Residual Rent, Tenant will certify to the City in writing by June 30 that available Residual Receipts is insufficient to pay Residual Rent and Tenant will provide to City any supporting documentation reasonably requested by the City to allow City to verify the insufficiency.

4.04 Triple Net Lease. This Ground Lease is a triple net lease and the Tenant will be responsible to pay all costs, charges, taxes, impositions, and other obligations related to the Premises accruing after the Effective Date. If the City pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, the City will be entitled to be reimbursed by Tenant the full amount of such payments as additional rent within thirty (30) days of written demand by the City. Failure to timely pay the additional rent will be a default by Tenant of this Ground Lease. No occurrence or situation arising during the Term, or any Law, whether foreseen or unforeseen, and however extraordinary, relieves Tenant from its liability to pay all of the sums required by any of the provisions of this Ground Lease, or otherwise relieves Tenant from any of its obligations under this Ground Lease, or gives Tenant any right to terminate this Ground Lease in whole or in part.

4.05 Tenant’s Compliance with City Business and Tax and Regulations Code. Tenant acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations

Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Tenant under this Ground Lease is withheld, then City will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

ARTICLE 5 CITY COVENANTS

The City is duly created, validly existing, and in good standing under the Law, and has full right, power, and authority to enter into and perform its obligations under this Ground Lease. The City covenants and warrants that, during the Term, Tenant and its Residential Occupants will have, hold, and enjoy peaceful, quiet, and undisputed possession of the Land, leased without hindrance or molestation by or from anyone so long as the Tenant is not in default under this Ground Lease. For the avoidance of doubt, Landlord will not mortgage its fee estate unless there is an express subordination of the fee mortgage to Tenant's Leasehold Estate, provided that such obligation in no way relates to the City's taxing authority or ability to pledge its full faith and credit related to any general obligation bond. If Landlord mortgages its interest in the fee estate during the term of any Lender's loan, Tenant may not subordinate the Ground Lease to the lien of that mortgage.

ARTICLE 6 TENANT COVENANTS

Tenant covenants and agrees for itself and its successors and assigns that:

6.01 Authority. Tenant is a duly formed California limited partnership under California law and has the full rights, power, and authority to enter into and perform its obligations under this Ground Lease.

6.02 Use of Premises and Rents. During the Term of this Ground Lease, Tenant and its successors and assigns will comply with the following requirements:

6.02(a) Permitted Uses. Except as provided in Sections 26.06 and 26.07 of this Ground Lease, Tenant will devote the Premises to, exclusively and in accordance with, the uses authorized by this Ground Lease, as specified in ARTICLE 9 below, which are the only uses permitted by this Ground Lease. Tenant acknowledges that a prohibition on the change in use contained in Section 9.01 is expressly authorized by California Civil Code section 1997.230 and is fully enforceable.

6.02(b) Non-Discrimination. Tenant will not discriminate against or segregate any person or group of persons on account of race, color, creed, religion, ancestry, national origin, sex, gender identity, marital or domestic partner status, sexual orientation, or disability (including HIV or AIDS status) in the sale, lease, rental, sublease, transfer, use, occupancy, tenure, or enjoyment of the Premises, or any part thereof, and Tenant or any person claiming under or through it will not establish or permit any such practice or practices of discrimination or

segregation with reference to the selection, location, number, use or occupancy, of Residential Occupants, Non-residential Occupants, subtenants or vendees on the Premises, or any part thereof, except to the extent permitted by Law or required by funding source. Tenant will not discriminate against Residential Occupants with certificates or vouchers under the Section 8 program or any successor rent subsidy program.

6.02(c) Non-Discriminatory Advertising. All advertising (including signs) for sublease of the whole or any part of the Premises must include the legend “Equal Housing Opportunity” in type or lettering of easily legible size and design, or as required by applicable Law.

6.02(d) Access for Disabled Persons. Tenant will comply with all applicable Laws providing for access for persons with disabilities, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

6.02(e) Equal Opportunity Marketing and Selection Plan. No later than six (6) months before completion of the Project, Tenant will deliver to MOHCD for MOHCD's review and approval an affirmative plan for initial and ongoing marketing of the Residential Units and a written Residential Occupant selection procedure for initial and ongoing renting of the Residential Units based on MOHCD's then-current form of marketing and tenant selection plan (the “**Marketing and Tenant Selection Plan**”), all in compliance with the restrictions set forth in Section 9.01 and in form and substance acceptable to the City. Any Marketing and Tenant Selection Plan must follow the City's marketing requirements for such plans and comply with all federal and state fair housing laws. Notwithstanding the foregoing, this subsection will not apply if all of the Residential Units are serving formerly Homeless Households and are leased through referrals from HSH.

6.02(f) Lead-Based Paint. Tenant will comply with the regulations set forth in 24 CFR Part 35 and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in certain residential structures undergoing federally assisted construction and require the elimination of lead-based paint hazards.

6.02(g) Permitted Uses of Residual Receipts. All annual Project Income, before the calculation of Residual Receipts, will be used to pay Project Expenses, including but not limited to Base Rent, and Partnership Fees. If the Tenant is in compliance with MOHCD's Residual Receipts Policy, as amended from time to time, and all applicable requirements and agreements under this Ground Lease, Tenant will then use any Residual Receipts to make the following payments in the following order of priority:

- i. First to Base Rent Accrual payments, if any;
- ii. Second, to replenish the operating reserve account, if necessary, up to the amount required by Lenders and the Permitted Limited Partner;
- iii. Fifty Percent (50%) of remaining Residual Receipts to the City; The City's portion of Residual Receipts will be applied first to repayment in full of all

City loans according to the terms of the City loan documents, then to annual Residual Rent after repayment of all City loans.

- iv. Then, any remaining Residual Receipts may be used by Tenant for any purposes permitted under the Partnership Agreement of Tenant, as it may be amended from time to time.

Notwithstanding the foregoing, Tenant and the City agree that the distribution of Residual Receipts may be modified based on the requirements of other Lenders.

6.03 City Deemed Beneficiary of Covenants. In amplification, and not in restriction, of the provisions of the preceding subsections, it is intended and agreed that the City will be deemed beneficiary of the agreements and covenants provided in this ARTICLE 6 for in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Those agreements and covenants will run in favor of the City for the entire term of those agreements and covenants, without regard to whether the City has at any time been, remains, or is an owner of any land or interest therein, or in favor of, to which such agreements and covenants relate. The City will have the exclusive right, in the event of any breach of any such agreements or covenants, in each case, after notice and the expiration of cure periods, to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenants, to which it or any other beneficiaries of such agreements or covenants may be entitled.

ARTICLE 7 ANNUAL INCOME COMPUTATION, AND CERTIFICATION

Upon written request by the City, Tenant will furnish to the City a list of the persons who are Residential Occupants, the specific unit that each person occupies, the household income of the Residential Occupants of each unit, the household size and the rent being charged to the Residential Occupants of each unit along with an income certification, in the form set forth in Attachment 5, for each Residential Occupant. In addition, each Residential Occupant must be required to provide any other information, documents, or certifications deemed necessary by the City to substantiate the Residential Occupant's income. If any state or federal agency requires an income certification for Residential Occupants containing the above-referenced information, the City will accept such certification in lieu of Attachment 5 as meeting the requirements of this Ground Lease. In addition to such initial and annual list and certification, Tenant will provide the same information and certification to the City regarding each Residential Occupant by no later than twenty (20) business days after such Residential Occupant commences occupancy.

ARTICLE 8 CONDITION OF THE LAND—"AS IS"

8.01 Tenant acknowledges and agrees that Tenant is familiar with the Land, the Land is being leased and accepted in its "as-is" condition, without any changes or alterations by the City, without representation or warranty of any kind, and subject to all applicable Laws governing their use, development, occupancy, and possession. Tenant further represents and warrants that Tenant has investigated and inspected, independently or through agents of Tenant's choosing, the condition of the Land and the suitability of the Land for Tenant's intended use. Tenant

acknowledges and agrees that, except as otherwise provided in Section 8.03, neither the City nor any of its agents have made, and the City hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Land, the physical or environmental condition of the Land, or the present or future suitability of the Land for Tenant's use, or any other matter whatsoever relating to the Land, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose; it being expressly understood that the Land is being leased in an "AS IS" condition with respect to all matters.

8.02 Accessibility Disclosure. California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("CASp") to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is advised that the Land has not been inspected by a CASp.

8.03 Presence of Hazardous Substances. California law requires landlords to disclose to tenants the presence of certain Hazardous Substances. Tenant is advised that the Land may contain the contaminants described in the following reports: a) Pre-Demolition Hazardous Buildings Materials Survey dated May 1, 2025 prepared by SCA Environmental, Inc., b) Phase I Environmental Site Assessment Report dated January 6, 2025 prepared by AEW Engineering, Inc., and c) Phase II Environmental Site Assessment Report dated May 28, 2025 prepared by AEW Engineering, Inc.

ARTICLE 9 PERMITTED AND PROHIBITED USES

9.01 Permitted Uses and Occupancy Restrictions. The permitted uses of the Project (in each instance, a "**Permitted Use**" and collectively, "**Permitted Uses**") are limited to the development, construction, and operation of 136 units of affordable rental housing for Qualified Households, including 136 LOSP units reserved for formerly homeless households and 122 HAP Units (collectively, the "**Residential Units**") and common areas.

9.01(a) MOHCD Restrictions. Upon the completion of construction of the Project, one hundred percent (100%) of the Residential Units in the Project will be occupied by or available for rental by Residential Occupants certified as Qualified Households, as set forth in the MOHCD Declaration of Restrictions and any amendments thereto mutually agreed upon by the parties, provided that the maximum income and rent may be altered to the extent necessary for the Project to remain financially feasible as further described in the MOHCD Declaration of Restrictions. Residential Units must be occupied and rented in accordance with all applicable restrictions imposed on the Project by this Ground Lease, the MOHCD Declaration of Restrictions, and by Lenders for so long as such restrictions are required by the applicable Lender. All Residential Units will be made available to Qualified Households who are formerly homeless or those at risk of homelessness during the period in which (1) if applicable, the City's Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP grant agreement, and/or (2) SFHA provides housing assistance payments to the Project under the HAP.

9.01(b) No Place Like Home Restrictions. The Project will also comply with the NPLH Funds Restrictions on forty (40) Residential Units whereby occupancy will be restricted to households with at least one member who has a serious mental illness and who is homeless, chronically homeless, or at-risk of chronic homelessness, as incorporated into the MOHCD Declaration of Restrictions and the MOHCD Loan Agreement, for fifty-five (55) years.

9.01(c) HUD Requirements and Restrictions. The HUD Requirements and Restrictions (“**HUD Requirements**”) attached hereto as Attachment 7 is incorporated by reference. By execution of this Lease, Landlord and Tenant have agreed to the terms of the HUD Requirements for public housing units in the Project. Capitalized terms in this Section 9.01(c) will have the same meanings set forth in the HUD Requirements, unless defined in Article 1. In the event of a conflict between the provisions of the HUD Requirements and this Lease, the terms and provisions of the HUD Requirements will control and remain in effect until the latest to occur of: (A) expiration of the minimum period during which the Public Housing Units are required by law to be operated as public housing in accordance with the Act; and (B) the expiration of forty (40) years from the date the Project becomes available for occupancy.

9.02 Prohibited Uses. The following activities, by way of example only and without limitation, and any other use that is not a Permitted Use (in each instance, a “**Prohibited Use**” and collectively, “**Prohibited Uses**”), are inconsistent with this Ground Lease, are strictly prohibited and are considered Prohibited Uses:

9.02(a) any activity, or the maintaining of any object, that is not within the Permitted Use;

9.02(b) any activity, or the maintaining of any object, that will in any way increase the existing rate of, affect or cause a cancellation of, any fire or other insurance policy covering the Premises, any part thereof or any of its contents;

9.02(c) any activity or object that will overload or cause damage to the Premises;

9.02(d) any activity that constitutes waste or nuisance, including, but not limited to, the preparation, manufacture or mixing of anything that might emit any objectionable odors, noises, or lights onto adjacent properties, or the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises;

9.02(e) any activity that will in any way injure, obstruct, or interfere with the rights of owners or occupants of adjacent properties, including, but not limited to, rights of ingress and egress;

9.02(f) any vehicle and equipment maintenance, including but not limited to, fueling, changing oil, transmission or other automotive fluids;

9.02(g) the storage of any and all excavated materials, including but not limited to, dirt, concrete, sand, asphalt, and pipes, except as necessary for construction of the Improvements;

9.02(h) the storage of any and all aggregate material, or bulk storage, such as wood or of other loose materials, except as necessary for construction of the Improvements; or

9.02(i) the washing of any vehicles or equipment; or

9.02(j) bars, retail liquor sales, marijuana sales, or any other uses that cater exclusively to adults.

ARTICLE 10 SUBDIVISION; CONSTRUCTION OF IMPROVEMENTS

10.01 Schedule of Performance. Tenant will undertake and complete all physical construction of the Improvements, as approved by the City, in accordance with the Schedule of Performance attached hereto as Attachment 2.

10.02 Reserved.

10.03 General Requirements and Rights of the City. All construction documents, including but not limited to preliminary and final plans and specifications for the construction of the Improvements by Tenant (collectively the “**Construction Documents**”) must be prepared by a person registered in and by the State of California to practice architecture and must be in conformity with this Ground Lease, including any limitations established in the City’s reasonable approval of the schematic drawings, if any, preliminary construction documents, and final construction documents for the Premises, and all applicable Laws. The architect will use, as necessary, members of associated design professions, including engineers and landscape architects. Notwithstanding anything to the contrary contained in this ARTICLE 10, the City hereby acknowledges that for purposes of this Ground Lease, the Final Construction Documents for the Project have been approved as of the Agreement Date.

10.04 City Approvals and Limitation Thereof. The Construction Documents must be approved by the City in the manner set forth below:

10.04(a) Compliance with Ground Lease. The City’s approval with respect to the Construction Documents is limited to determination of their compliance with this Ground Lease. The Construction Documents will be subject to general architectural review and guidance by the City as part of this review and approval process.

10.04(b) MOHCD Does Not Approve Compliance with Construction Requirements. The City’s approval is not directed to engineering or structural matters or compliance with local building codes and regulations, the Americans with Disabilities Act, or any other applicable Law relating to construction standards or requirements. Tenant further understands and agrees that the City is entering into this Ground Lease in its capacity as a property owner with a proprietary interest in the Land and not as a regulatory agency with police powers. Nothing in this Ground Lease will limit in any way Tenant’s obligation to obtain any required approvals from the City officials, departments, boards, or commissions having jurisdiction over the Premises. By entering into this Ground Lease, the City is in no way modifying or limiting Tenant’s obligation to cause the Premises to be used and occupied in accordance with all applicable Laws.

10.05 Construction to be in Compliance with Construction Documents and Law.

10.05(a) Compliance with City Approved Documents. The construction of the Improvements must be in compliance with the City-approved Construction Documents.

10.05(b) Compliance with Local, State and Federal Laws. The construction of the Improvements must be in strict compliance with all applicable Laws. Tenant understands and agrees that Tenant's use of the Premises and the construction of the Improvements permitted under this Ground Lease will require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant will be solely responsible for obtaining any and all such regulatory approvals. Tenant may not seek any regulatory approval without first obtaining the written consent of the City as Landlord under this Ground Lease. Tenant will bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and will be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Premises or the City's interest therein must first be approved by the City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval will be immediately paid and discharged by Tenant, and the City will have no liability, monetary or otherwise, for any such fines or penalties. Tenant will indemnify, defend, and hold harmless the City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in ARTICLE 21 below) arising in connection with Tenant's failure to obtain, or failure by Tenant, its agents, or invitees to comply with, the terms and conditions of any regulatory approval, except to the extent such Claims are caused by the City's or an Indemnified Party's (acting in its or their proprietary capacity as or related to City as landlord under this lease) gross negligence or willful misconduct.

10.06 Approval of Construction Documents by the City. The City hereby acknowledges that, as Landlord under this Ground Lease, as of the Agreement Date, the City has approved the Construction Documents for the Project.

10.07 Intentionally Omitted

10.08 Issuance of Building Permits. Tenant will have the sole responsibility for obtaining all necessary building permits and will make application for such permits directly to the City's Department of Building Inspection. The City understands and agrees that Tenant may use the Fast Track method of permit approval for construction of the Improvements.

10.09 Performance and Payment Bonds. Before commencement of construction of the Improvements, Tenant will deliver to the City performance and payment bonds, each for the full value of the cost of construction of the Improvements, which bonds will name the City as co-obligee, or such other completion security which is acceptable to the City. The payment and performance bonds may be obtained by Tenant's general contractor and name Tenant and the City as co-obligees.

10.10 City Approval of Changes after Commencement of Construction. Tenant may not approve or permit any change to the Construction Documents approved by the City without the

City's prior written consent. For purposes of this Ground Lease, Tenant will provide adequate and complete supporting documentation for analysis of the appropriateness of the change order request to MOHCD. Tenant's supporting documentation for the change order request will include confirmation that the requested change order has been reviewed, vetted/negotiated, and accepted by (with modifications where appropriate) Tenant and architect/engineer prior to submission to MOHCD. MOHCD will provide any questions, comments, or requests for additional information and/or supporting documentation to Tenant within three (3) business days of receipt of a change order request. In the event MOHCD requests additional information and/or supporting documentation, the review period will be extended by three (3) business days from MOHCD's receipt of such information and/or supporting documentation. MOHCD will promptly review and approve or disapprove of a change order request within the later of: (a) ten (10) business days of a complete submission by Tenant, including supporting documentation, or (b) five (5) business days of receipt of requested additional information and/or supporting documentation. In the event MOHCD fails to approve or disapprove the change order request within the foregoing review period, the change order will be deemed approved. If MOHCD denies a change order request, MOHCD will specify the reasons for the denial in writing. Tenant will submit on a monthly basis, or as requested by MOHCD, a contingency balance report (in excel format or equivalent) which documents all change orders as approved, pending, or under review. Tenant will have the sole responsibility to obtain any other applicable approvals of change orders by other City departments or lenders.

10.11 Times for Construction. Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns will promptly begin and diligently prosecute to completion the construction of the Improvements on the Land, and that such construction will be completed no later than the dates specified in the Schedule of Performance attached hereto as Attachment 2, subject to force majeure, unless such dates are extended by the City.

10.12 Force Majeure. For the purposes of any of the provisions of this Ground Lease, and notwithstanding anything to the contrary, neither the City nor Tenant, as the case may be, will be considered in breach or default of its obligations, and there will not be deemed a failure to satisfy any conditions with respect to the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of enforced delay in the performance of such obligations or satisfaction of such conditions, due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of the public enemy, terrorism, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials, unusually severe weather, or delays of subcontractors due to unusual scarcity of materials or unusually severe weather; it being the purposes and intent of this provision that the time or times for the satisfaction of conditions to this Ground Lease including those with respect to construction of the Improvements, will be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph must have notified the other party of the delay and its causes in writing within thirty (30) days after the beginning of any such enforced delay and requested an extension for the reasonably estimated period of the enforced delay; and, provided further, that this paragraph does apply to, and nothing contained in this paragraph will extend or will be construed to extend, the time of performance of any of Tenant's obligations to be performed before the commencement of

construction, and the failure to timely perform pre-commencement of construction obligations will not extend or be construed to extend Tenant's obligations to commence, prosecute, and complete the construction of the Improvements in the manner and at the times specified in this Ground Lease.

10.13 Reports. Beginning when the construction of the Improvements commences and continuing until completion of the construction of the Improvements, Tenant will make a report in writing to the City every month, in such detail as may reasonably be required by the City, as to the actual progress of the Tenant with respect to the construction, including, but not limited to, monthly logs for on change orders, and allowances under the construction contracts. The MOHCD Monthly Project Update required under the MOHCD Loan Documents will satisfy this requirement. Every three (3) months, Tenant's monthly logs will include the general contractor contingency and Tenant's contingency.

10.14 Access to Premises. As of the Effective Date and until the City issues a Certificate of Completion (as defined in Section 11.01 below), Tenant will permit access to the Premises to the City whenever and to the extent necessary to carry out the purposes of the provisions of this Ground Lease, at reasonable times and upon reasonable advance notice, and on an emergency basis without notice whenever the City believes that emergency access is required. After the City's issuance of a Certificate of Completion, access to the Premises will be governed by ARTICLE 24, below.

10.15 Notice of Completion. Promptly upon completion of the construction of the Improvements, Tenant will record a Notice of Completion ("NOC") in the Official Records. Tenant will provide the City with a copy of the recorded NOC.

10.16 Completion of Improvements by New Developer. In the event a Lender forecloses, obtains a deed in lieu of foreclosure, or a Subsequent Owner otherwise realizes on the Premises and undertakes construction of the Improvements ("**New Developer**"): (a) the New Developer will not be bound by the provisions of the Schedule of Performance attached hereto as Attachment 2 with respect to any deadlines for the completion of the Improvements but will only be required to complete the Improvements with due diligence and in conformance with a new Schedule of Performance as agreed upon by the New Developer and the City; (b) the New Developer will only be required to complete the Improvements in accordance with all applicable building codes and ordinances, and the approved Construction Documents with such changes that are mutually agreed upon by the City and the New Developer under the following clause (c); and (c) the City and the New Developer will negotiate in good faith such reasonable amendments and reasonable modifications to ARTICLE 10 of this Ground Lease as the parties mutually determine to be reasonably necessary based on the financial and construction conditions then existing.

ARTICLE 11 RESERVED.

ARTICLE 12 CHANGES TO THE IMPROVEMENTS

12.01 Post-Completion Changes. The City has a particular interest in the Project and in the nature and extent of the permitted changes to the Premises. Accordingly, it imposes the

following control on the Premises: during the term of this Ground Lease, neither Tenant, nor any voluntary or involuntary successor or assign, may make or permit any Change (as defined in Section 12.02) in the Premises, unless and until the express prior written consent for any change has been requested in writing from the City and received, and, if received, on such terms and conditions as the City may reasonably require. The City will not unreasonably withhold or delay its response to such a request.

12.02 Definition of Change. “**Change**” means any alteration, modification, addition, and/or substitution of or to the Land, the Improvements, and/or the density of development that differs materially from that which existed upon the completion of construction of the Improvements in accordance with this Ground Lease. For purposes of the foregoing, “exterior” includes the roof of the Improvements. “Change” does not include any repair, maintenance, cosmetic interior alterations (e.g., paint, carpet, installation of moveable equipment and trade fixtures, and hanging of wall art) in the normal course of operation of the Project, or as may be required in an emergency to protect the safety and well-being of the Project’s Residential Occupants.

12.03 Enforcement. Subject to ARTICLE 19 below, the City will have all remedies in law or equity (including, without limitation, restraining orders, injunctions, and/or specific performance), judicial or administrative, to enforce the provisions of this ARTICLE 12, including, without limitation, any threatened or actual breach or violation of this ARTICLE 12.

ARTICLE 13 TITLE TO IMPROVEMENTS

The City acknowledges that fee title to the Improvements will be vested in Tenant for the Term of this Ground Lease. It is the intent of the Parties that this Ground Lease and the Memorandum of Ground Lease will create a constructive notice of severance of the Improvements from the Land without the necessity of a deed from Lessor to Lessee. The City and Tenant agree that fee title to the Improvements will remain vested in Tenant during the Term, subject to Section 14.01 below; provided, however, that, subject to the rights of any Lenders and as further consideration for the City entering into this Ground Lease, at the expiration or earlier termination of this Ground Lease, fee title to all the Improvements will vest in the City without further action of any party, without any obligation by the City to pay any compensation to Tenant, and without the necessity of a deed from Tenant to the City. Without limiting the effectiveness of the previous sentence, upon the City’s written request, on expiration or sooner termination of this Ground Lease, Tenant will execute and deliver to the City an acknowledged and good and sufficient grant deed conveying to the City Tenant’s fee interest in the Improvements. Tenant will have the exclusive right to deduct, claim, retain and enjoy any and all rental income appreciation, gain, depreciation, amortization, and tax credits for federal and State tax purposes relating thereto, substitution therefor, fixtures therein and other property relating thereto.

ARTICLE 14 ASSIGNMENT, SUBLEASE, OR OTHER CONVEYANCE

14.01 Assignment, Sublease, or Other Conveyance by Tenant. Tenant will not cause or permit any voluntary transfer, assignment, or encumbrance of its Leasehold Estate or its interest in the Premises or of any ownership interests in Tenant, or lease or permit a sublease on all or any part

of the Premises, other than: (a) leases, subleases, or occupancy agreements to Residential Occupants 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 the City in its reasonable discretion, (c) transfers from Tenant to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Tenant or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Tenant to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Tenant to an investor under the tax credit syndication of the Project and transfers of any limited partner interest in Tenant to affiliates of the Permitted Limited Partner in accordance with the terms of the Partnership Agreement during the tax credit compliance period; (f) the grant or exercise of an option agreement between Tenant and Tenant'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; (g) transfer to Lender(s) or affiliates of Lender(s) through foreclosure or deed in lieu of foreclosure as provided in this Ground Lease; or (h) 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 a 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 Ground Lease. Tenant will provide any background or supporting documentation that the City may require in assessing Tenant's request for approval.

14.02 Assignment, Sublease, or Other Conveyance by the City. The parties acknowledge that any sale, assignment, transfer, or conveyance of all or any part of the City's interest in the Land, the Improvements, or this Ground Lease, is subject to this Ground Lease. The City will require that any purchaser, assignee, or transferee expressly assume all of the obligations of the City under this Ground Lease by a written instrument recordable in the Official Records of the City. This Ground Lease will not be affected by any such sale, and Tenant will attorn to the purchaser or assignee.

ARTICLE 15 TAXES

Subject to any available exemption, Tenant will pay, or cause to be paid, before delinquency to the proper authority, any and all valid taxes, assessments, and similar charges on the Premises that become effective after the Effective Date of this Ground Lease, including all real and personal property taxes, real property transfer taxes, general and special assessments, real property transfer taxes, license fees, permit fees and all other governmental charges of any kind or nature whatsoever, including without limitation all penalties and interest thereon, levied or assessed on the Premises, on Tenant's Property, the leasehold or subleasehold estate or Tenant's use of the Premises, or any transfer of a leasehold interest or subleasehold interest in the Premises (including but not limited to, any transfer of the leasehold interest in the Premises pursuant to this Lease) whether under Laws in effect at the time this Lease is entered into or that become later effective, and all taxes levied or assessed on the possession, use, or occupancy of the Land. Tenant will not permit any taxes, assessments, or other similar charges to become a

defaulted lien on the Premises; provided, however, that in the event any tax, assessment, or similar charge is payable in installments, Tenant may make, or cause to be made, payment in installments; and, provided further, that Tenant may contest the legal validity or the amount of any tax, assessment, or similar charge, through any proceeding Tenant considers reasonably necessary or appropriate, and Tenant may defer the payment so long as the validity or amount is contested by Tenant in good faith and without expense to the City. If Tenant contests a tax, assessment, or other similar charge, then Tenant will protect, defend, and indemnify the City against all Claims resulting from the contest, and if Tenant is unsuccessful in the contest, Tenant will immediately pay, discharge, or cause to be paid or discharged, the tax, assessment, or other similar charge. The City will furnish any information Tenant may reasonably request in connection with a contest, so long as that information is in the City's possession or control or is otherwise available to the public. The City consents to and will reasonably cooperate and assist with Tenant applying for and obtaining any applicable exemptions from taxes, or assessments, or other similar charges levied on the Premises, or on Tenant's interest therein. Tenant will have no obligation under this Section before the Effective Date, including, but not limited to, any taxes, assessments, or other similar charges levied against the Land that are incurred before the Effective Date.

ARTICLE 16 UTILITIES

From and after the Effective Date, Tenant will procure water and sewer service from the City and electricity, telephone, natural gas, and any other utility service from the City or utility companies providing such services, and will pay all connection and use charges imposed in connection with such services. From and after the Effective Date, as between the City and Tenant, Tenant will be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing such service. All electricity necessary for operations in the Premises must be purchased from San Francisco Public Utilities Commission ("**SFPUC**"), at SFPUC's standard rates charged to third parties, unless SFPUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. SFPUC is the provider of electric services to City property, and the Interconnection Services Department of SFPUC's Power Enterprise coordinates with Pacific Gas and Electric Company and others to implement this service. To arrange for electric service to the Premises, Tenant will contact the Interconnection Services Department in the Power Enterprise of the SFPUC.

ARTICLE 17 MAINTENANCE AND OPERATION

17.01 Maintenance. Tenant, at all times during the Term, will maintain or cause to be maintained the Premises in good condition and repair to the reasonable satisfaction of the City, including the exterior, interior, substructure, and foundation of the Improvements and all fixtures, equipment, and landscaping from time to time located on the Premises or any part of them. The City will not be obligated to make any repairs, replacements, or renewals of any kind, nature, or description whatsoever to the Premises or any buildings or improvements now or later located on the Land. Tenant will, at its sole expense, maintain any sidewalk and sidewalk area adjacent to the Premises in a good and safe condition in accordance with San Francisco Public Works Code Section 706 or any successor ordinance concerning the sidewalk maintenance

within the City and County of San Francisco. Tenant will be considered an “owner” under Public Works Code Section 706 regarding the maintenance of any sidewalk and sidewalk area adjacent to the Premises. Tenant waives all rights to make repairs at the City's expense under Sections 1932(1), 1941 and 1942 of the California Civil Code or under any similar Law now or later in effect.

17.02 City's Consent for Work Requiring a Permit. Following completion of the Improvements, Tenant will not make, or cause or suffer to be made, any repairs or other work for which a permit is required by any applicable building code, standard, or regulation without first obtaining the City's prior written consent and the required permit.

17.03 Capital Needs Assessment. Every five (5) years beginning on the fifth anniversary date of the issuance of the Certificate of Completion, Tenant will deliver to MOHCD a 20-year capital needs assessment or analysis of the Premises and replacement reserve requirements as set forth in MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time. In accordance with the CNA Policy, Tenant must deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval.

17.04 City's Right to Inspect. Without limiting ARTICLE 24 below, the City may make periodic inspections of the Premises and other areas for which Tenant has obligations and may advise Tenant when maintenance or repair is required, but such right of inspection will not relieve Tenant of its independent responsibility to maintain the Premises and other areas as required by this Ground Lease in a condition as good as, or better than, their condition at the completion of the Improvements, excepting ordinary wear and tear.

17.05 City's Right to Repair. If Tenant fails to maintain or to promptly repair any damage as required by this Ground Lease, the City may repair the damage at Tenant's sole cost and expense and Tenant will immediately reimburse the City for all costs of the repair.

17.06 Operation. Following completion of the Improvements, Tenant will maintain and operate the consistent with the maintenance and operation of a safe, clean, well-maintained first-class mixed use residential/commercial project located in San Francisco. Tenant will be exclusively responsible, at no cost to the City, for the management and operation of the Premises, including, but not limited to, the Residential Units. In connection with managing and operating the Premises, Tenant will provide (or require others to provide), services as necessary and appropriate to the uses to which the Project are put, including (a) repair and maintenance of the Improvements; (b) utility and telecommunications (including internet/Wi-Fi) services to the extent, if any, customarily provided by equivalent projects located in San Francisco; (c) cleaning, janitorial, pest extermination, recycling, composting, and trash and garbage removal; (d) landscaping and groundskeeping; (e) security services with on-site personnel for the Premises; and (f) sufficient lighting at night for pedestrians along pathways. Tenant will use commercially reasonable efforts to ensure that the Premises are used continuously during the Term for the Permitted Use and not allow any portion of the Premises to remain unoccupied or unused without the prior written consent of the City, which consent may be withheld in the City's sole and absolute discretion.

ARTICLE 18 LIENS

Tenant will use its best efforts to keep the Premises free from any liens arising out of any work performed or materials furnished by itself or its subtenants. If a lien is filed, Tenant will have the right, upon posting of an adequate bond or other security, to contest any lien, and Tenant will satisfy or discharge the lien within ten (10) days after the final determination of the validity of the lien. If Tenant contests a lien, then Tenant will protect, defend, and indemnify the City against all Claims resulting therefrom. If Tenant does not cause a lien to be released of record or bonded around within twenty (20) days following written notice from the City of the imposition of the lien, or, if Tenant contests the lien but does not cause the lien to be satisfied or discharged as required under this Section, then the City will have, in addition to all other remedies provided in this Ground Lease and by Law, the right (but not the obligation) to cause the lien to be released by any means as it deems proper, including payment of the claim giving rise to such lien. All sums paid by the City for such purpose, and all reasonable expenses incurred by it in connection therewith, will be payable to the City by Tenant on demand. The provisions of this Section will not apply to any liens arising before the Effective Date that are not the result of Tenant's contractors, consultants, or activities.

ARTICLE 19 GENERAL REMEDIES

19.01 Application of Remedies. The provisions of this ARTICLE 19 govern the parties' remedies for breach of this Ground Lease.

19.02 Breach by the City. If Tenant believes that the City has materially breached this Ground Lease, Tenant will first notify the City in writing of the purported breach, giving the City one hundred twenty (120) days from receipt of such notice to cure the breach. If the City does not cure the breach within the 120-day period, or, if the breach is not reasonably susceptible to cure within that one hundred twenty (120) day period, begin to cure within one hundred twenty (120) days and diligently prosecute then cure to completion, then Tenant will have all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating in writing this entire Ground Lease with the written consent of each Lender; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Ground Lease; or (iv) any other remedy available at law or equity.

19.03 Breach by Tenant.

19.03(a) Default by Tenant

Subject to the notice and cure rights under Sections 19.03(b) and 19.04, the following events each constitute a basis for the City to take action against Tenant:

(i) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.01;

(ii) Tenant voluntarily or involuntarily assigns, transfers, or attempts to transfer or assign this Ground Lease or any rights in this Ground Lease, or in the Improvements, except as permitted by this Ground Lease or otherwise approved by the City;

(iii) From and after the Effective Date, Tenant, or its successor in interest, fails to pay real estate taxes or assessments or other similar charges on the Premises or any part thereof before delinquency, or places on the Premises any encumbrance or lien unauthorized by this Ground Lease, or suffers any levy or attachment, or any material supplier's or mechanic's lien or the attachment of any other unauthorized encumbrance or lien, and the taxes or assessments or other similar charges not have been paid, or the encumbrance or lien removed or discharged within the time period provided in ARTICLE 18; provided, however, that Tenant has the right to contest any tax or assessment or encumbrance or lien as provided in ARTICLE 15 and ARTICLE 18;

(iv) Tenant is adjudicated bankrupt or insolvent or makes a transfer to defraud its creditors, or makes an assignment for the benefit of creditors, or brings or is brought against Tenant any action or proceeding of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy, or reorganization act and, in the event such proceedings are involuntary, Tenant is not dismissed from the proceedings within sixty (60) days thereafter; or, a receiver is appointed for a substantial part of the assets of Tenant and such receiver is not discharged within sixty (60) days;

(v) Tenant breaches any other material provision of this Ground Lease;

(vi) Tenant fails to pay any portion of Annual Rent when due in accordance with the terms and provisions of this Ground Lease.

19.03(b) Notification and City Remedies. Upon the happening of any of the events described in Section 19.03(a) above, and before exercising any remedies, the City will notify Tenant, the Permitted Limited Partners, and each Lender in writing of the Tenant's purported breach, failure, or act in accordance with the notice provisions of ARTICLE 38, giving Tenant sixty (60) days from the giving of the notice to cure such breach, failure, or act. The City will accept or reject cure by the Permitted Limited Partner or Lender, as applicable, on the same terms as if rendered by Tenant within the time periods provided to Tenant herein. If Tenant, Permitted Limited Partner, or Lender. If Tenant, Permitted Limited Partner, or Lender does not cure or, if the breach, failure, or act is not reasonably susceptible to cure within that sixty (60) day period, begin to cure within sixty (60) days and diligently prosecute such cure to completion, then, subject to the rights of the Permitted Limited Partner and any Lender and subject to Section 19.04 and ARTICLE 26, the City will have all of its rights at law or in equity, including, but not limited to

(i) the remedy described in Section 1951.4 of the California Civil Code (a landlord may continue the lease in effect after a tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations) under which it may continue this Ground Lease in full force and effect and the City may enforce all of its rights and remedies under this Ground Lease, including the right to collect rent when due. During the period Tenant is in default, the City may enter the

Premises without terminating this Ground Lease and relet them, or any part of them, to third parties for Tenant's account. Tenant will be liable immediately to the City for all reasonable costs that the City incurs in reletting the Premises, including, but not limited to, broker's commissions, expenses of remodeling the Premises required by the reletting and like costs. Reletting can be for a period shorter or longer than the remaining Term, at such rents and on such other terms and conditions as the City deems advisable, subject to any restrictions applicable to the Premises. Tenant will pay the City the rent due under this Ground Lease on the dates the rent is due, less the rent the City receives from any reletting. If the City elects to relet, then rentals received by the City from the reletting will be applied in the following order: (1) to reasonable attorneys' and other fees incurred by the City as a result of a default and costs if suit is filed by the City to enforce its remedies; (2) to the payment of any costs of maintaining, preserving, altering, repairing, and preparing the Premises for reletting, the other costs of reletting, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of Tenant's Personal Property and Changes; (3) to the payment of rent due and unpaid; (4) the balance, if any, will be paid to Tenant upon (but not before) expiration of the Term. If that portion of the rentals received from any reletting during any month that is applied to the payment of rent, is less than the rent payable during the month, then Tenant must pay the deficiency to the City. The deficiency will be calculated and paid monthly. No act by the City allowed by this Section will terminate this Ground Lease unless the City notifies Tenant that the City elects to terminate this Ground Lease. After Tenant's default and for as long as the City does not terminate Tenant's right to possession of the Premises by written notice, if Tenant obtains the City's consent Tenant will have the right to assign or sublet its interest in this Ground Lease, but Tenant will not be released from liability and the assignment or subletting will not serve to cure the default;

(ii) the City may terminate Tenant's right to possession of the Premises at any time. No act by the City other than giving notice of termination to Tenant will terminate this Ground Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on the City's initiative to protect the City's interest under this Ground Lease will not constitute a termination of Tenant's right to possession. If the City elects to terminate this Ground Lease, then the City has the rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Annual Rent and any additional charges for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. The City's efforts to mitigate the damages caused by Tenant's breach of this Ground Lease will not waive the City's rights to recover damages upon termination;

(iii) The right to have a receiver appointed for Tenant upon application by the City to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to the City under this Ground Lease;

(iv) seeking specific performance of this Ground Lease; or

(v) in the case of default under Section 19.03(a)(i), increasing the Base Rent to the full amount of the Annual Rent.

Notwithstanding the foregoing, during the 15-year tax credit “compliance period” (as defined in Section 42 of the Internal Revenue Code, as amended) for the Project, the City may only terminate this Ground Lease for a default by Tenant under Section 19.03(a)(vi) above.

19.04 Rights of Permitted Limited Partner.

19.04(a) If a Permitted Limited Partner cannot cure a default due to an automatic stay in Bankruptcy court because the general partner of the Tenant is in bankruptcy, any cure period will be tolled during the pendency of such automatic stay.

19.04(b) The City will not exercise its remedy to terminate this Ground Lease if a Permitted Limited Partner is attempting to cure the default and the cure requires removal of the managing general partner, so long as the Permitted Limited Partner is proceeding diligently to remove the managing general partner in order to effect a cure of the default.

19.04(c) Unless otherwise provided for in this Ground Lease, any limited partner that is not the Permitted Limited Partner identified in ARTICLE 38 wishing to become a Permitted Limited Partner must provide five (5) days written notice to the City in accordance with the notice provisions of this Ground Lease, setting forth a notice address and providing a copy of such notice to the Tenant and all of the Tenant’s partners. The limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this Section with respect to any default occurring before the limited partner becomes a Permitted Limited Partner.

19.05 City’s Right to Cure Tenant’s Default. If Tenant defaults in the performance of any of its obligations under this Ground Lease, the City may at any time thereafter after notice and expiration of the applicable cure period (except in the event of an emergency as determined by the City, in which case the City may act when the City determines necessary), remedy the default for Tenant’s account and at Tenant’s expense. Tenant will pay to the City as additional Base Rent, promptly upon demand, all sums expended by the City, or other costs, damages, expenses, or liabilities incurred by the City, including reasonable attorneys’ fees, in remedying or attempting to remedy the default. Tenant’s obligations under this Section will survive the termination of this Ground Lease. Nothing in this Section implies any duty of the City to do any act that Tenant is obligated to perform under any provision of this Ground Lease, and the City’s cure or attempted cure of Tenant’s default will not constitute a waiver of Tenant’s default or any rights or remedies of the City on account of the default.

19.06 Waiver of Redemption. Tenant hereby waives, for itself and all persons claiming by and under Tenant, redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Law, in the event Tenant is evicted or the City takes possession of the Premises by reason of any default of Tenant hereunder.

19.07 Remedies Not Exclusive. The remedies set forth in Section 19.03(b) are not exclusive; they are cumulative and in addition to any and all other rights or remedies of the City now or later allowed by Law. Tenant's obligations hereunder will survive any termination of this Ground Lease.

ARTICLE 20 DAMAGE AND DESTRUCTION

20.01 Insured Casualty. If the Premises or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant under this Ground Lease, Tenant will promptly commence and diligently complete the restoration of the Premises as nearly as possible to the condition thereof before such damage or destruction; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to complete the restoration, then Tenant, with the prior written consent of Lender, may terminate this Ground Lease within thirty (30) days after the date on which Tenant is notified of the amount of insurance proceeds available for restoration. If Tenant is required or elects to restore the Premises, then all proceeds of any policy of insurance required to be maintained by Tenant under this Ground Lease will, subject to any applicable rights of Lenders, be used by Tenant for that purpose and Tenant 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. If Tenant elects to terminate this Ground Lease as provided under this Section 20.01, or elects not to restore the Premises, then the insurance proceeds will be divided in the order set forth in Section 20.03.

20.02 Uninsured Casualty. 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 Ground Lease; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender, other than the City, terminate this Ground Lease upon ninety (90) days written notice to the City. If it appears that the provisions of this Section 20.02 may apply to a particular event of damage or destruction, Tenant 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. If Tenant terminates this Ground Lease under this Section 20.02, then all insurance proceeds and damages payable by reason of the casualty will be divided among City, Tenant, and Lenders in accordance with the provisions of Section 20.03. If Tenant does not have the right, or elects not to exercise the right, to terminate this Ground Lease as a result of an uninsured or underinsured casualty, then Tenant will promptly commence and diligently complete the restoration of the Premises as nearly as possible to their condition before the damage or destruction in accordance with the provisions of Section 20.01 and will, subject to any applicable rights of Lenders, be entitled to all available insurance proceeds to do so.

20.03 Distribution of the Insurance Proceeds. If Tenant elects to terminate and surrender as provided in either Sections 20.01 or 20.02, then the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder will be as follows:

20.03(a) First to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective Leasehold Mortgages and applicable Law;

20.03(b) Second, to pay for the cost of removal of all debris from the Premises or adjacent and underlying property, and for the cost of any work or service required by any Law, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;

20.03(c) Third, to compensate City for any diminution in the value (as of the date of the damage or destruction) of the Land caused by or arising from the damage or destruction; and

20.03(d) The remainder to Tenant.

20.04 Clean-up of Premises. If Tenant terminates this Ground Lease under the provisions of Sections 20.01 or 20.02, then Tenant must all clean up and remove all debris from the Premises and adjacent and underlying property and leave the Premises in a clean and safe condition and in compliance with all Laws upon surrender, as described in in Section 20.03(b). If the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Section 20.03(b), then Tenant must pay the portion of the costs not covered by the insurance proceeds.

20.05 Waiver. Tenant and the City intend that this Ground Lease fully govern all of their rights and obligations in the event of any damage or destruction of the Premises. Accordingly, the City and Tenant each hereby waive the provisions of Sections 1932(2), 1933(4), 1941 and 1942 of the California Civil Code, as such sections may from time to time be amended, replaced, or restated.

ARTICLE 21 DAMAGE TO PERSON OR PROPERTY; HAZARDOUS SUBSTANCES; INDEMNIFICATION

21.01 Damage to Person or Property—General Indemnification. City will not in any event whatsoever be liable for any injury or damage to any person happening on or about the Premises, for any injury or damage to the Premises, or to any property of Tenant, or to any property of any other person, entity, or association on or about the Premises, unless arising from the active gross negligence or willful misconduct of the City or any of its commissioners, officers, agents, or employees. Tenant will defend, hold harmless, and indemnify the City including, but not limited to, its boards, commissions, commissioners, departments, agencies, and other subdivisions, officers, agents, and employees (each, an “**Indemnified Party**” and collectively the “**Indemnified Parties**”), of and from all claims, loss, damage, injury, actions, causes of action, and liability of every kind, nature and description (collectively, “**Claims**”) incurred in connection with or directly or indirectly arising from the Premises, this Ground Lease, Tenant’s tenancy, its

or their use of the Premises, including adjoining sidewalks and streets, and any of its or their operations or activities thereon or connected thereto; all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the indemnity is void or otherwise unenforceable under applicable Law in effect on or validly retroactive to the date of this Ground Lease and further excepting only such Claims that are caused exclusively by the willful misconduct or active gross negligence of the Indemnified Parties. The foregoing indemnity will include, without limitation, reasonable fees of attorneys, consultants, and experts and related costs and the City's costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim that actually or potentially falls within any indemnity provision set forth in this Ground Lease even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to Tenant by the City and continues at all times thereafter. Notwithstanding the foregoing, this Article 21 shall not be deemed or construed to and shall not impose any obligation to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or gross negligence by an Indemnified Party. Tenant's obligations under this Article will survive the termination or expiration of this Ground Lease.

21.02 Hazardous Substances—Indemnification.

21.02(a) Tenant will indemnify, defend, and hold the Indemnified Parties harmless from and against any and all Claims of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to Tenant's violation of any Environmental Law, or any Release, threatened Release, and any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from the Premises, except to the extent such Claims relate to existing conditions on the Land prior to the Effective Date.

21.02(b) For purposes of this Section 21.02, the following definitions apply:

(i) **"Hazardous Substance"** has the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Ground Lease, 42 U.S.C. 9601(14), and in addition includes, without limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos-containing materials, polychlorinated biphenyls ("**PCBs**"), PCB-containing materials, all hazardous substances identified in the California Health & Safety Code 25316 and 25281(d), all chemicals listed under the California Health & Safety Code 25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition does not include substances that occur naturally on the Land or commercially reasonable amounts of hazardous materials used in the ordinary course of construction and operation of a residential development, provided they are used and stored in accordance with all applicable Laws.

(ii) **“Environmental Law”** means all Laws governing hazardous waste, wastewater discharges, drinking water, air emissions, Hazardous Substance releases or reporting requirements, Hazardous Substance use or storage, and employee or community right-to-know requirements related to the work being performed under this Ground Lease.

(iii) **“Release”** means any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discharging of barrels, containers, and other closed receptacles containing any Hazardous Substance.

21.03 Exculpation and Waiver. Tenant, as a material part of the consideration to be rendered to the City, hereby waives any and all Claims, including without limitation all Claims arising from the joint or concurrent, active or passive, negligence of the Indemnified Parties, but excluding any Claims caused solely by the Indemnified Parties' willful misconduct or active gross negligence. The Indemnified Parties will not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases the Indemnified Parties from all Claims for, any injury, loss, or damage to any person or property in or about the Premises by or from any cause whatsoever including, without limitation, (a) any act or omission of persons occupying adjoining premises or any part of the Premises adjacent to or connected with the Premises, (b) theft, (c) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (d) stopped, leaking, or defective building systems, (d) construction or Premises defects, (f) damages to goods, wares, goodwill, merchandise, equipment, or business opportunities, (g) Claims by persons in, on or about the Premises or any other City property for any cause arising at any time, (h) alleged facts or circumstances of the process or negotiations leading to this Ground Lease before the Effective Date and (i) any other acts, omissions, or causes.

21.04 Tenant understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Ground Lease might be found later to be other than or different from the facts now believed to be true, and agrees that the releases in this Ground Lease will remain effective. Therefore, with respect to the Claims released in this Ground Lease, Tenant waives any rights or benefits provided by Section 1542 of the Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT
THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR
SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF
EXECUTING THE RELEASE, AND THAT, IF KNOWN BY HIM OR
HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER
SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Tenant specifically acknowledges and confirms the validity of the release made above and the fact that Tenant was represented by counsel who explained the consequences of the release at the time this Ground Lease was made, or that Tenant had the opportunity to consult with counsel, but declined to do so.

21.05 Insurance. The Indemnification requirements under this Ground Lease, or any other agreement between the City and Tenant, will in no way be limited by any insurance requirements under any such agreements.

21.06 Survival. The provisions of ARTICLE 21 will survive the expiration or earlier termination of this Ground Lease.

ARTICLE 22 INSURANCE

22.01 Insurance. The Tenant must maintain insurance meeting the requirements of this Article.

22.01(a)Insurance Requirements for Tenant. During the term of this Ground Lease, Tenant will procure and maintain insurance against claims for injuries to persons or damage to property that may arise from or in connection with the performance of any work by the Tenant, its agents, representatives, employees or subcontractors and the Tenant's use and occupancy of the Premises.

22.01(b)Minimum Scope of Insurance. Coverage must be at least as broad as:

(i) Insurance Services Office Commercial General Liability coverage (form CG 00 01—"Occurrence") or other form approved by the City's Risk Manager.

(ii) Insurance Services Office Automobile Liability coverage, code 1 (form CA 00 01—"Any Auto") or other form approved by the City's Risk Manager.

(iii) Workers' Compensation insurance as required by the State of California and Employer's Liability insurance.

(iv) Professional Liability Insurance: Tenant will require that all architects, engineers, and surveyors for the Project have liability insurance covering all negligent acts, errors, and omissions. Tenant will provide the City with copies of consultants' insurance certificates showing that coverage.

(v) Insurance Services Office Property Insurance coverage (form CP 10 30 60 95—"Causes of Loss—Special Form") or other form approved by the City's Risk Manager.

(vi) Crime Policy or Fidelity Bond covering the Tenant's officers and employees against dishonesty with respect to the use of City funds.

22.01(c)Minimum Limits of Insurance. Tenant must maintain limits no less than:

(i) General Liability: Commercial General Liability insurance with 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 blanket contractual liability (including tort liability and of another party and Tenant's liability of injury or death to persons and damage to property set forth in

Section 21.01 above); 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 Tenant is conducting any activity on, alteration or improvement to the Premises with risk of explosion, collapse, or underground hazards.

(ii) Automobile Liability: Business Automobile Liability insurance with no less than One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage, including owned, hired, and non-owned auto coverage, as applicable.

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

(iv) Professional Liability: 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 Tenant's architects, engineers, and surveyors. If the Professional Liability Insurance provided by the architects, engineers, or surveyors is "claims made" coverage, Tenant must assure that these minimum limits are maintained for no less than three (3) years beyond completion of the construction or remodeling.

(v) Crime Policy or Fidelity Bond: Crime Policy or Fidelity Bond of no less than Seventy-Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss.

(vi) Pollution Liability and/or Asbestos Pollution Liability: Pollution Liability and/or Asbestos Pollution Liability applicable to the work being performed, with a limit no less than \$1,000,000 per claim or occurrence and \$2,000,000 aggregate per policy period of one year; this coverage must be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Tenant's contractor, provided that the policy must be "claims made" coverage and Tenant must require Tenant's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the Project.

(vii) Property Insurance:

(1) Before construction:

a. Property insurance, excluding earthquake[and flood], in the amount no less than One Hundred Percent (100%) of the then-current replacement cost of all improvements before commencement of construction and City property in the care, custody, and control of the Tenant or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable Law; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

b. During the course of construction:

i. Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the then-current replacement cost of all completed improvements and City property in the care, custody, and control of the Tenant 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; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

ii. Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Tenant as dual obligees or other completion security approved by the City in its sole discretion.

(2) Upon completion of construction:

a. Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the then-current replacement value of all improvements and City property in the care, custody, and control of the Tenant or its contractor. For rehabilitation/construction projects that are unoccupied by Residential Occupants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

b. Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Premises that is used by Tenant for heating, ventilating, air-conditioning, power generation, and similar purposes, in an amount not less than one hundred percent (100%) of the actual then-current replacement value of such machinery and equipment.

22.01(d)Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in excess of \$25,000 must be declared to and approved by the City's Risk Manager. At the option of City's Risk Manager, either: the insurer will reduce or eliminate the deductibles or self-insured retentions with respect to the City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees; or the Tenant must procure a financial guarantee satisfactory to the City's Risk Manager guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

22.01(e)Other Insurance Provisions. The policies must contain, or be endorsed to contain, the following provisions:

(i) General Liability and Automobile Liability Coverage: The "City and County of San Francisco and their respective commissioners, members, officers, agents, and employees" are to be covered as additional insured with respect to: liability arising out of

activities performed by or on behalf of the Tenant related to the Project; products and completed operations of the Tenant, premises owned, occupied or used by the Tenant related to the Project; and automobiles owned, leased, hired, or borrowed by the Tenant for the operations related to the Project. The coverage may not contain any special limitations on the scope of protection afforded to the City and its Commissioners, members, officers, agents, or employees.

(ii) Workers' Compensation and Property Insurance: The insured will agree to waive all rights of subrogation against the "City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees" for any losses in connection with this Project.

(iii) Claims-made Coverage: If any of the required insurance is provided under a claims-made form, Tenant will maintain such coverage continuously throughout the term of this Ground Lease and, without lapse, for a period of three years beyond the expiration of this Ground Lease, to the effect that, if occurrences during the contract term give rise to claims made after expiration of the Ground Lease, then those claims will be covered by the claims-made policies.

(iv) All Coverage. Each insurance policy required by this Article must:

(1) Be endorsed to state that coverage will not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to City, except in the event of suspension for nonpayment of premium, in which case ten (10) days' notice will be given.

(2) Contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(3) For any claims related to this Ground Lease, the Tenant's insurance coverage will be primary insurance with respect to the City and its commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by the City or its commissioners, members, officers, agents, or employees will be in excess of the Tenant's insurance and will not contribute with it.

(4) The Tenant's insurance will apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(5) Any failure to comply with reporting provisions of the policies will not affect coverage provided to the City and its commissioners, members, officers, agents, or employees.

(6) Approval of Tenant's insurance by the City will not relieve or decrease the liability of Tenant under this Ground Lease.

(7) The City reserves the right to require an increase in insurance coverage if the City determines that conditions (including, but not limited to, property

conditions, market conditions, or commercially reasonable practice) show cause for an increase, unless Tenant demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Tenant.

22.01(f) Acceptability of Insurers. All insurers must have a Best's rating of no less than A-VIII or as otherwise approved by the City's Risk Manager.

22.01(g) Verification of Coverage. Tenant will furnish City with certificates of insurance and with original endorsements effecting coverage required by this clause at the commencement of this Ground Lease and annually thereafter. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by these specifications at any time.

22.01(h) Contractor, Subcontractors, and Consultants Insurance. Tenant must include all subcontractors and consultants as additional insureds under its policies or furnish separate certificates and endorsements for each. Tenant will require the subcontractor(s) and consultants to provide all necessary insurance and to name the City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees and the Tenant as additional insureds. All coverage for subcontractors and consultants will be subject to all of the requirements stated herein unless otherwise approved by the City's Risk Manager.

ARTICLE 23 COMPLIANCE WITH APPLICABLE LEGAL REQUIREMENTS

23.01 Compliance with Legal Requirements. From and after the Effective Date, Tenant will at its cost and expense, promptly comply with all applicable Laws now in force or that may later be in force, including, without limitation, the requirements of the fire department or other similar body now or later constituted and with any direction or occupancy certificate issued under any Law as any of them may relate to or affect the condition, use, or occupancy of the Land. If Tenant contests any of the foregoing, Tenant will not be obligated to comply therewith to the extent that the application of the contested Law is stayed by the operation of law or administrative or judicial order and Tenant indemnifies, defends, and holds harmless the Indemnified Parties against all Claims resulting from noncompliance.

23.02 Regulatory Approvals. Tenant understands and agrees that the City is entering into this Ground Lease in its capacity as a landowner with a proprietary interest in the Premises and not as a regulatory agency with certain police powers. Tenant understands and agrees that neither entry by the City into this Ground Lease nor any approvals given by the City under this Ground Lease will be deemed to imply that Tenant has thereby obtained any required approvals from City departments, boards, or commissions that have jurisdiction over the Premises. By entering into this Ground Lease, the City is in no way modifying or limiting the obligations of Tenant to develop the Project in accordance with all Laws and as provided in this Ground Lease.

Tenant understands that the construction of the Improvements on the Land and development of the Project will require approval, authorization, or permit by governmental agencies with jurisdiction, which may include the City's Planning Commission and/or Zoning Administrator and the Department of Building Inspection. Tenant must use good faith efforts to obtain and will be solely responsible for obtaining any approvals required for the Project in the manner set forth in this Section. Tenant will not seek any regulatory approval without first obtaining MOHCD's approval, which approval may not be unreasonably withheld or delayed. Throughout the permit process for any regulatory approvals, Tenant will consult and coordinate with MOHCD in Tenant's efforts to obtain permits. MOHCD will cooperate reasonably with Tenant in its efforts to obtain permits; provided, however, Tenant may not agree to the imposition of conditions or restrictions in connection with its efforts obtain a permit from any other regulatory agency if the City is required to be a co-permittee under the permit or the conditions or restrictions could create any financial or other material obligations on the part of the City whether on or off of the Premises, unless in each instance MOHCD has approved the conditions previously in writing and in MOHCD's reasonable discretion. No approval by MOHCD will limit Tenant's obligation to pay all the costs of complying with conditions under this Section. Tenant must bear all costs associated with applying for and obtaining any necessary regulatory approval, as well as any fines, penalties or corrective actions imposed as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval.

With MOHCD's prior written consent, Tenant will have the right to appeal or contest any condition in any manner permitted by Law imposed upon any regulatory approval. In addition to any other indemnification provisions of this Ground Lease, Tenant must indemnify, defend, and hold harmless the City and its commissioners, officers, agents or employees from and against any and all Claims that may arise in connection with Tenant's failure to obtain or comply with the terms and conditions of any regulatory approval or with the appeal or contest of any conditions of any regulatory approval, except to the extent damage arises out of the active gross negligence or willful misconduct of the City or its agents.

ARTICLE 24 ENTRY

24.01 The City reserves for itself and its authorized representatives the right to enter the Premises at all reasonable times during normal business hours upon not less than forty-eight (48) hours' written notice to Tenant (except in the event of an emergency), subject to the rights of the occupants, tenants, and others lawfully permitted on the Premises, for any of the following purposes:

24.01(a) to determine whether the Premises is in good condition and to inspect the Premises (including soil borings or other Hazardous Substance investigations);

24.01(b) to determine whether Tenant is in compliance with its Ground Lease obligations and to cure or attempt to cure any Tenant default;

24.01(c) to serve, post, or keep posted any notices required or allowed under any of the provisions of this Ground Lease;

24.01(d) to do any maintenance or repairs to the Premises that the City has the right or the obligation, if any, to perform hereunder; and

24.01(e) to show the Premises to any prospective purchasers, brokers, Lenders, or public officials, or, during the last year of the Term of this Ground Lease, exhibit the Premises to prospective tenants or other occupants, and to post any reasonable “for sale” or “for lease” signs in connection therewith.

24.02 In the event of any emergency, as reasonably determined by the City, at its sole option and without notice, the City may enter the Premises, remove or alter any portion of the Premises, and alter or remove any of Tenant’s personal property on or about the Premises as reasonably necessary, given the nature of the emergency. The City will have the right to use any and all means the City considers appropriate to gain access to any portion of the Premises in an emergency, in which case, the City will not be responsible for any damage or injury to any property, or for the replacement of any property, and no emergency entry may be deemed to be a forcible or unlawful entry onto or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

24.03 The City will not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of the City’s entry onto the Premises, except to the extent damage arises out of the active gross negligence or willful misconduct of the City or its agents. The City will be responsible for any losses resulting from its active gross negligence or willful misconduct and will repair any resulting damage promptly.

24.04 Tenant will not be entitled to any abatement in Annual Rent if the City exercises any rights reserved in this Section, subject to Section 24.03 above.

24.05 The City will use its reasonable good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant’s use of the Premises as permitted by this Ground Lease.

ARTICLE 25 MORTGAGE FINANCING

25.01 No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Ground Lease and subject to the prior written consent of the City in the form attached hereto as Attachment 3, which consent will not be unreasonably withheld, conditioned, or delayed, Leasehold Mortgages are permitted to be placed on the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition, rehabilitation, design, construction, renovation and reconstruction of the Project; refinancing of financing used to acquire, rehabilitate, design, construct, renovate or reconstruct the Project; design, construction, renovation, or reconstruction of the Improvements; and any other expenditures reasonably necessary and appropriate to acquire, own, develop, construct, renovate, or reconstruct the Project under this Ground Lease and in connection with the operation of the Project; and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Ground Lease. The City, acting solely in its capacity as landlord under this Ground Lease and not in its capacity as a Project Lender, acknowledges and accepts Western Alliance Business Trust, a

Delaware statutory trust as a Lender, and consents to the Leasehold Mortgage associated with Lender's construction and permanent loans to Tenant for the Project.

25.02 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust, or other security interest authorized by Section 25.01 ("**Holder**" or "**Lender**"), including the successors or assigns of the Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; and no covenant or any other provision of this Ground Lease may be construed to obligate the Holder. However, if the Holder undertakes to complete or guarantee the completion of the construction of the Improvements, except as provided in Section 26.06(b), nothing in this Ground Lease will be deemed or construed to permit or authorize the Holder or its successors or assigns to devote the Premises or any portion thereof to any uses, or to construct any Improvements on the Land, other than those authorized under Section 9.01 and any reasonable modifications in plans proposed by the Holder or its successors in interest proposed for the viability of the Project approved by the City in its reasonable discretion under Section 10.16. Except as provided in Section 26.06(b), to the extent any Holder or its successors in interest wish to change such uses or construct different improvements, Holder or its successors in interest must obtain the advance written consent of the City.

25.03 Failure of Holder to Complete Construction. In any case where six (6) months after assumption of obligations under Section 25.02 above, a Lender, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, the City will have all the rights against the Holder it would otherwise have against Tenant under this Ground Lease for events or failures occurring after such assumption; subject to any extensions of time granted under Section 10.16 of this Ground Lease.

25.04 Default by Tenant and the City's Rights.

25.04(a) Right of City to Cure a Default or Breach by Tenant under a Leasehold Mortgage.
In the event of a default or breach by Tenant under any Leasehold Mortgage, and Tenant's failure to timely commence or diligently prosecute cure of the default or breach, the City may, at its option, cure the breach or default during the one hundred ten (110) days after the date that the Lender files a notice of default. If the City undertakes to cure the default or breach, then the City will be entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by the City. The City will also be entitled to a lien on the Leasehold Estate to the extent Tenant does not reimburse the costs and expenses. City's lien will be subject to the lien of any then-existing Leasehold Mortgage authorized by this Ground Lease, including any lien contemplated because of advances yet to be made. After ninety (90) days following the date of Lender filing a notice of default and expiration of all applicable cure periods under the terms of the applicable loan documents, the City will also have the right to assign Tenant's interest in the Ground Lease to another entity, subject to all Lenders' and Permitted Limited Partner's written consents, and which consent may be conditioned, among other things, on the assumption by the other entity of all obligations of the Tenant under the Leasehold Mortgage.

25.04(b) Notice of Default to City. Tenant will require Lender to give the City prompt written notice of any default or breach of the Leasehold Mortgage and each Leasehold Mortgage will provide for that notice to the City and contain the City's right to cure as above set forth.

25.05 Cost of Mortgage Loans to be Paid by Tenant. Tenant covenants and affirms that it will bear all of the costs and expenses in connection with (a) the preparation and securing of any Leasehold Mortgage, (b) the delivery of any instruments and documents and their filing and recording, if required, and (c) all taxes and charges payable in connection with any Leasehold Mortgage.

ARTICLE 26 PROTECTION OF LENDER

26.01 Notification to the City. Promptly on the creation of any Leasehold Mortgage and as a condition precedent to the existence of any of the rights set forth in this ARTICLE 26, Tenant will cause each Lender to give written notice to the City of the Lender's address and of the existence and nature of its Leasehold Mortgage. Execution of Attachment 3 will constitute City's acknowledgement of Lender's having given such notice as is required to obtain the rights and protections of a Lender under this Ground Lease. The City acknowledges that Western Alliance Business Trust, a Delaware statutory trust, is the First Mortgage Lender and is deemed to have given such written notice as First Mortgage Lender and Attachment 3 is not required.

26.02 Lender's Rights to Prevent Termination. Each Lender has the right, but not the obligation, at any time before termination of this Ground Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due under this Ground Lease, to effect any insurance, to pay any taxes and assessments and other similar charges, to make any repairs and improvements, to do any other act or thing required of Tenant or necessary and proper to be done in the performance and observance of the agreements, covenants and conditions of this Ground Lease to prevent a termination of this Ground Lease to the same effect as if the same had been made, done, and performed by Tenant instead of by Lender.

26.03 Lender's Rights When Tenant Defaults. If any event of default under this Ground Lease occurs and is continuing, and is not cured within the applicable cure period, the City will not terminate this Ground Lease or exercise any other remedy unless it first gives written notice of the event of default to Lender; and

26.03(a) If the event of default is a failure to pay a monetary obligation of Tenant, Lender will have sixty (60) days from the date of written notice from the City to Lender to cure the default; or

26.03(b) If the event of default is not a failure to pay a monetary obligation of Tenant, Lender will have sixty (60) days of receipt of the written notice, to either (a) remedy such default; or (b) obtain title to the Leasehold Estate in lieu of foreclosure; or (c) to commence foreclosure or other appropriate proceedings in the nature thereof (including the appointment of a receiver) and thereafter diligently prosecute such proceedings to completion, in which case such event of

default will be remedied or deemed remedied in accordance with Section 26.04 below.

26.03(c) All rights of the City to terminate this Ground Lease as the result of the occurrence of any uncured event of default is subject to, and conditioned upon, the City having first given Lender written notice of the event of default and Lender having failed to remedy such default or acquire Tenant's Leasehold Estate or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time specified by this Section 26.03, and upon the Permitted Limited Partners having failed to proceed as permitted under Sections 19.04(b) or 26.06(b).

26.04 Default That Cannot be Remedied by Lender. Any event of default under this Ground Lease that in the nature thereof cannot be remedied by Lender will be deemed to be remedied as it pertains to Lender or any Subsequent Owner if (a) within sixty (60) days after receiving notice from the City setting forth the nature of such event of default, Lender has acquired Tenant's Leasehold Estate or has commenced foreclosure or other appropriate proceedings in the nature of foreclosure, (b) Lender is diligently prosecuting any such proceedings to completion, (c) Lender has fully cured any event of default arising from failure to pay or perform any monetary obligation in accordance with Section 26.03, and (d) after gaining possession of the Improvements, Lender diligently proceeds to perform all other obligations of Tenant as and when due in accordance with the terms of this Ground Lease.

26.05 Court Action Preventing Foreclosure. If Lender is prohibited by any process or injunction issued by any court or because of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature of foreclosure, the times specified in Sections 26.03 and 26.04 above for commencing or prosecuting such foreclosure or other proceedings will be extended for the period of such prohibition. If this Ground Lease is terminated or rejected by Tenant in bankruptcy, then the City will enter into a new ground lease with the Lender on the same terms set forth in this Ground Lease. For purpose of this Article, if there is more than one Lender, the City will offer the new lease to each Lender in the order of priority until accepted.

26.06 Lender's Rights to Record, Foreclose, and Assign. With respect to any Leasehold Mortgage:

26.06(a) the Lender may cause its Leasehold Mortgage to be recorded and enforced, and upon foreclosure, sell and assign the Leasehold Estate to an assignee from whom it may accept a purchase price; subject, however, to Lender's first securing written approval from City, which approval will not be unreasonably withheld, and if the Subsequent Owner has elected to maintain the use restrictions of ARTICLE 9, the Subsequent Owner must be controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code so that the Premises receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code (to the extent such exemption is then available). Furthermore, Lender may acquire title to

the Leasehold Estate in any lawful way, and if the Lender becomes the assignee, then Lender may sell and assign the Leasehold Estate subject to City approval (which may not be unreasonably withheld) and to the City's rights under Section 25.04.

26.06(b) each Subsequent Owner must take said Leasehold Estate subject to all of the provisions of this Ground Lease, and must, so long as and only so long as it is the owner of the Leasehold Estate, except as provided elsewhere in this Ground Lease, assume all of the obligations of Tenant under this Ground Lease; provided, however, that, subject to the rent provisions of Section 26.07 below, the Subsequent Owner may operate and maintain the Residential Units without any limitations on the rents charged or the income of the occupants thereof, subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance, including, but not limited to, the MOHCD Declaration of Restrictions;

26.06(c) the City will mail or deliver to any Lender that has an outstanding Leasehold Mortgage a duplicate copy of all notices that the City may give to Tenant under this Ground Lease; and

26.06(d) any Permitted Limited Partners of Tenant will have the same rights as any Lender under Sections 26.02, 26.03, and 26.06(c), and any reference to a Lender in those sections will be deemed to include the Permitted Limited Partners; provided, however, that the rights of the Permitted Limited Partners are subordinate to the rights of any Lender.

26.07 Ground Lease Rent after Lender Foreclosure or Assignment. From and after the time that the Subsequent Owner acquires title to the Leasehold Estate, Annual Rent will be set as follows:

26.07(a) City will forgive any accrued Annual Rent at the time of foreclosure, and it will not be an obligation of the Lender, its assignee, or the Subsequent Owner. After foreclosure or assignment of the Leasehold Estate to the Lender in lieu of foreclosure, if the Lender continues to operate the Project subject to the use and occupancy restrictions of Section 9.01, then Annual Rent otherwise due may, at the option of the Lender, be deferred until the earlier of the date of the Lender's sale or assignment of the Project to a Subsequent Owner that does not agree to operate the Project subject to such restrictions or the date that is sixty (60) days after Lender ceases to operate the Project in accordance with those restrictions. All deferred Annual Rent will accrue, with simple interest at six percent (6%) per annum until paid.

26.07(b) If the Subsequent Owner exercises its rights under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will be set at the then fair market rental value taking into account any affordability restrictions agreed to by the Subsequent Owner, if any, and the Base Rent will be increased to the new fair market rent under this Section 26.07(b) and the provisions of Section 6.02(g) will be suspended; provided, however, that the City will be entitled to

reduce Annual Rent by any dollar amount (but not below zero) in its sole discretion and, in such case, the Subsequent Owner will be required to reduce rent charged to Residential Occupants on a dollar for dollar basis, with respect to such aggregate units occupied by Qualified Households as the City and the Subsequent Owner may agree. The fair market rental value will be determined by a jointly-commissioned appraisal (instructions prepared jointly by the Subsequent Owner and the City, with each party paying one half of the appraiser's fee) that will include a market land valuation, as well as a market land lease rent level. Absent a market land lease rent determination, the Annual Rent will be set at an amount equal to ten percent (10%) of the then appraised market land value. If the parties cannot agree on the joint appraisal instructions, either party may invoke a neutral third-party process to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. But, after the neutral third-party process, the Lender, in its sole discretion, may rescind its written notification of intent to not comply with Section 9.01 of this Ground Lease.

26.08 Permitted Uses After Lender Foreclosure. Notwithstanding the above, in the event of a foreclosure and transfer to a Subsequent Owner, then the Premises will be operated in accordance with the uses specified in the building permit with all addenda, as approved by the City's Department of Building Inspection.

26.09 Preservation of Leasehold Benefits. Until such time as a Lender notifies the City in writing that the obligations of Tenant under its loan documents have been satisfied:

26.09(a) subject to Section 19.03(b), the City will not voluntarily cancel or surrender this Ground Lease, or accept a voluntary cancellation or surrender of this Ground Lease by Tenant, or amend this Ground Lease to materially increase the obligations of the Tenant or the rights of the City under this Ground Lease, without the prior written consent of the Lender (which may not be unreasonably withheld or delayed);

26.09(b) the City will not enforce against a Lender any waiver or election made by the Tenant under this Ground Lease that has a material adverse effect on the value of the Leasehold Estate without the prior written consent of the Lender (which will not be unreasonably withheld or delayed);

26.09(c) if a Lender makes written request to the City for a new ground lease within fifteen (15) days after Lender receives written notice of termination of this Ground Lease, then the City will enter a new ground lease with the Lender commencing on the date of termination of this Ground Lease and ending on the normal expiration date of this Ground Lease, on substantially the same terms and conditions as this Ground Lease and subject to the rent provisions set forth in

Section 26.07; so long as the Lender cures all unpaid monetary defaults under this Ground Lease, through the date of such termination;

26.09(d) the City will provide reasonable prior notice to each Lender of any proceedings for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit each Lender to participate the proceedings as an interested party.

26.10 No Merger. The Leasehold Estate will not merge with the fee interest in the Land, notwithstanding ownership of the leasehold and the fee by the same person, without the prior written consent of each Lender.

26.11 City Bankruptcy.

26.11(a) If a bankruptcy proceeding is filed by or against the City, the City will immediately notify each Lender of the filing and will deliver a copy of all notices, pleadings, schedules, and similar materials regarding the bankruptcy proceedings to each Lender.

26.11(b) The City acknowledges that (i) the Tenant seeks to construct the Improvements on the Premises Land using proceeds of the loans provided by the Lenders, and (ii) it would be unfair to both the Tenant and the Lenders to sell the Premises free and clear of the Leasehold Estate. Therefore, the City waives its right to sell the City's fee interest in the Land under section 363(f) of the Bankruptcy Code, free and clear of the Leasehold Estate.

26.11(c) If a bankruptcy proceeding is filed by or on behalf of the City:

(i) Tenant will be presumed to have objected to any attempt by the City to sell the fee interest free and clear of the Leasehold Estate;

(ii) if Tenant does not so object, each Lender will have the right to so object on its own behalf or on behalf of the Tenant; and

(iii) in connection with any such sale, Tenant will not be deemed to have received adequate protection under section 363(e) of the Bankruptcy Code, unless it has received and paid to each Lender the outstanding balance under its respective loan.

26.11(d) City recognizes that the Lenders are authorized on behalf of Tenant to vote, participate in, or consent to any bankruptcy, insolvency, receivership, or court proceeding concerning the Leasehold Estate.

26.12 Amendment. From the Effective Date through the 15-year tax credit compliance period, neither ARTICLE 19, nor ARTICLE 20, nor Sections 26.02, 26.03, or 26.06 may be amended without the written consent of Permitted Limited Partner.

ARTICLE 27 CONDEMNATION AND TAKINGS

27.01 Parties' Rights and Obligations to be Governed by Agreement. If, during the term of this Ground Lease, there is any condemnation of all or any part of the Premises or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties will be determined under this ARTICLE 27, subject to the rights of any Lender. Accordingly, Tenant waives any right to terminate this Ground Lease upon the occurrence of a partial condemnation under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure, as those sections may from time to time be amended, replaced, or restated.

27.02 Notice. In case of the commencement of any proceedings or negotiations that might result in a condemnation of all or any portion of the Premises during the Term, the party learning of such proceedings will promptly give written notice of the proceedings or negotiations to the other party. The notice will describe with as much specificity as is reasonable, the nature and extent of such condemnation or the nature of such proceedings or negotiations and of the condemnation that might result, as the case may be.

27.03 Total Taking. If the Land is totally taken by condemnation, this Ground Lease will terminate on the date the condemnor has the right to possession of the Land.

27.04 Partial Taking. If any portion of the Premises is taken by condemnation, this Ground Lease will remain in effect, except that Tenant may, with Lender's written consent, elect to terminate this Ground Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises is rendered unsuitable for Tenant's continued use. If Tenant elects to terminate this Ground Lease, Tenant must exercise its right to terminate under this paragraph by giving notice to the City within thirty (30) days after the City notifies Tenant of the nature and the extent of the taking. Tenant's termination notice must include the date of termination, which date may not be earlier than thirty (30) days or later than six (6) months after the date of Tenant's notice; except that this Ground Lease will terminate on the date the condemnor has the right to possession of the Premises if that date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Ground Lease within the thirty (30) day notice period, this Ground Lease will continue in full force and effect.

27.05 Effect on Rent. If any portion of the Premises is taken by condemnation and this Ground Lease remains in full force and effect, then on the date of taking the rent will be reduced by an amount that is in the same ratio to the rent as the value of the area of the portion of the Premises taken bears to the total value of the Premises immediately before the date of the taking.

27.06 Restoration of Improvements. If there is a partial taking of the Premises and this Ground Lease remains in full force and effect under Section 27.04, then Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Premises.

27.07 Award and Distribution. Any compensation awarded, paid, or received on a total or partial condemnation of the Premises or threat of condemnation of the Premises will belong to and be distributed in the following order:

27.07(a)First, to pay the balance due on any outstanding Leasehold Mortgages and other outstanding or unpaid obligations and/or liabilities, including but not limited to, trade accounts, taxes, payroll accruals, and lease residuals, to the extent provided therein; and

27.07(b)Second, to the Tenant in an amount equal to the then fair market value of Tenant's interest in the Improvements and its leasehold interest in the Land (including, but not limited to, the value of Tenant's interest in all subleases to occupants of the Premises), such value to be determined as it existed immediately preceding the earliest taking or threat of taking of the Premises; and;

27.07(c)Third, to the Landlord.

27.07(d)Notwithstanding anything to the contrary set forth in this Section, any portion of the compensation awarded that has been specifically designated by the condemning authority or in the judgment of any court to be payable to the City or Tenant on account of any interest in the Premises separate and apart from the condemned land value, the value of the City's reversionary interest in the Improvements, Tenant's Leasehold Estate, or the value of the Improvements for the remaining unexpired portion of the Term, will be paid to the City or Tenant, as applicable, as so designated by the condemning authority or judgment.

27.08 Payment to Lenders. In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Tenant, the award will be disposed of as provided in the Leasehold Mortgages.

27.09 Temporary Condemnation. If there is a condemnation of all or any portion of the Premises for a temporary period lasting less than the remaining Term, this Ground Lease will remain in full force and effect, there will be no abatement of Rent, and the entire award will be payable to Tenant.

27.10 Personal Property; Goodwill. Notwithstanding Section 27.07, the City will not be entitled to any portion of any award payable in connection with the condemnation of the Personal Property of Tenant or any of its subtenants, or any moving expenses, loss of goodwill or business loss or interruption of Tenant, severance damages with respect to any portion of the Premises remaining under this Ground Lease, or other damages suffered by Tenant.

ARTICLE 28 ESTOPPEL CERTIFICATE

The City or Tenant, as the case may be, will execute, acknowledge, and deliver to the other and/or any Lender or a Permitted Limited Partner, promptly upon request, its certificate certifying (a) that this Ground Lease is unmodified and in full force and effect (or, if there have been modifications, that this Ground Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which rent has been paid, (c) whether there are then existing any charges, offsets, or defenses against the enforcement by the City or Tenant to be performed or observed and, if so, specifying them, and (d) whether there are then existing any

defaults by Tenant or the City in the performance or observance by Tenant or the City of any agreement, covenant, or condition on the part of Tenant or the City to be performed or observed under this Ground Lease, and whether any notice has been given to Tenant or the City of any default that has not been cured and, if so, specifying the uncured default. Tenant will use commercially reasonable efforts (by inserting a provision similar to this one into the leases of its Non-residential Occupants) to cause the Non-residential Occupants to execute and deliver to the City a certificate as described above with respect to its sublease within thirty (30) days after request.

ARTICLE 29 SURRENDER AND QUITCLAIM

29.01 Surrender.

29.01(a) Upon expiration or earlier termination of this Ground Lease, Tenant will surrender to the City the Premises in good order, condition, and repair (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant and except for Casualty or Condemnation as described in ARTICLE 20 and ARTICLE 27). Ordinary wear and tear will not include any damage or deterioration that would have been prevented by proper maintenance by Tenant, or Tenant otherwise performing all of its obligations under this Ground Lease. The Premises must be surrendered clean, free of debris, waste, and Hazardous Substances, and free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Ground Lease and any other encumbrances created or approved in writing by the City. On or before the expiration or earlier termination of this Ground Lease, Tenant at its sole cost will remove from the Premises, and repair any damage caused by removal of, Personal Property, including any signage. Improvements and Changes will remain in the Premises as City property and title to the Improvements and any Changes will be conveyed to the City as provided in ARTICLE 13 above.

29.01(b) If the Premises are not surrendered at the end of the Term or sooner termination of this Ground Lease, and in accordance with the provisions of this ARTICLE 29, Tenant will continue to be responsible for the payment of Annual Rent until the Premises are surrendered in accordance with this ARTICLE 29, and Tenant will indemnify, defend, and hold harmless the Indemnified Parties from and against any and all Claims resulting from delay by Tenant in surrendering the Premises including, without limitation, any costs of the City to obtain possession of the Premises; any loss or liability resulting from any Claim against the City made by any succeeding tenant or prospective tenant founded on or resulting from such delay; and losses to the City due to lost opportunities to lease any portion of the Premises to any such succeeding tenant or prospective tenant, together with, in each instance, reasonable attorneys' fees and costs.

29.01(c) No act or conduct of the City or MOHCD, including, but not limited to, the acceptance of the keys to the Premises, will constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a

written notice from the City to Tenant confirming termination of this Ground Lease and surrender of the Premises by Tenant will constitute acceptance of the surrender of the Premises and accomplish a termination of this Ground Lease.

29.02 Quitclaim. On the expiration or earlier termination of this Ground Lease, the Improvements will automatically, and without further act or conveyance on the part of Tenant or the City, become the property of the City, free and clear of all liens and without payment therefore by the City, as provided in ARTICLE 13. On expiration or sooner termination of this Ground Lease, Tenant must surrender the Premises to the City and, at the City's request, will execute, acknowledge, and deliver to the City a good and sufficient quitclaim deed with respect to any interest of Tenant in the Premises.

29.03 Abandoned Property. Any items, including Personal Property, not removed by Tenant on the expiration or termination of this Ground Lease will be deemed abandoned. The City may retain, store, remove, and sell or otherwise dispose of abandoned Personal Property, and Tenant waives all Claims against the City for any damages resulting from the City's retention, removal, and disposition of abandoned Personal Property; provided, however, that Tenant will be liable to the City for all costs incurred in storing, removing, and disposing of abandoned Personal Property and repairing any damage to the Premises resulting from its removal. The City may elect to sell abandoned Personal Property and offset against the sales proceeds the City's storage, removal, and disposition costs without notice to Tenant or otherwise according to the procedures set forth in California Civil Code Section 1993, the benefits of which Tenant waives.

29.04 Survival. Tenant's obligation under this ARTICLE 29 will survive the expiration or earlier termination of this Ground Lease.

ARTICLE 30 EQUAL OPPORTUNITY

In the selection of all contractors and professional consultants for the Project, Tenant will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code Chapter 14B ("LBE Ordinance") and will incorporate such requirements in contracts with any Contractors and Subcontractors.

ARTICLE 31 CITY PREFERENCE PROGRAMS

To the extent permitted by applicable Law, Tenant will comply with the requirements of the City's current housing preference programs, as amended from time to time; provided, however, that such requirements will apply only to the extent permitted by the requirements of non-City funding approved by the City for the Project and if any residential unit is not subsidized and reserved for Homeless Households.

ARTICLE 32 RESERVED

ARTICLE 33 CONFLICT OF INTEREST

No commissioner, official, or employee of the City may have any personal or financial interest, direct or indirect, in this Ground Lease, and any such commissioner, official, or employee may not participate in any decision relating to this Ground Lease that affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested.

ARTICLE 34 NO PERSONAL LIABILITY

No commissioner, official, or employee of the City will be personally liable to Tenant or any successor in interest in the event of any default or breach by the City or for any amount that may become due to Tenant or its successors or on any obligations under the terms of this Ground Lease.

ARTICLE 35 ENERGY CONSERVATION

Tenant will use its best efforts to maximize provision of, and incorporation of, both energy conservation techniques and systems and improved waste-handling methodology in the construction of the Improvements.

ARTICLE 36 WAIVER

The waiver by the City or Tenant of any term, covenant, agreement or condition in this Ground Lease will not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement, or condition in this Ground Lease, and no custom or practice that may grow up between the parties in the administration of this Ground Lease may be construed to waive or to lessen the right of the City or Tenant to insist upon the performance by the other in strict accordance with the its terms. The subsequent acceptance of rent or any other sum by the City will not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, agreement, or condition of this Ground Lease, other than the failure of Tenant to pay the particular rent or other sum accepted, regardless of the City's knowledge of the preceding breach at the time of acceptance of such rent or other sum. Any waiver by the City of any term or provision of this Ground Lease must be in writing.

ARTICLE 37 TENANT RECORDS

Upon reasonable notice during normal business hours, and as often as the City may deem necessary, Tenant will make available to the City and its authorized representatives for examination all records, reports, data, and information made or kept by Tenant regarding its activities or operations on the Premises. Nothing contained in this Ground Lease will entitle the City to inspect personal histories of residents or lists of donors or supporters. To the extent that it is permitted by Law to do so, the City will respect the confidentiality requirements of Tenant in regard to the lists above of the names of Residential Occupants of the Premises furnished by Tenant under to ARTICLE 7 above.

ARTICLE 38 NOTICES AND CONSENTS

All notices, demands, consents, or approvals that may be given or are required to be given by either party to the other under this Ground Lease must be in writing and will be deemed to have been fully given when delivered in person to such representatives of the Tenant and the City, or when deposited in the United States mail, certified, postage prepaid, or by express delivery service with a delivery receipt and addressed

if to Tenant at: 1979 Mission Street PSH Associates, L.P.
c/o Mission Housing Development Corporation
474 Valencia St # 280
San Francisco, CA 94103
Attn: Executive Director

With Copy to: Mission Economic Development Agency
2301 Mission St #301
San Francisco, CA 94110
Attn: Chief Executive Officer

if to Permitted Limited Partner at:

MCC Housing LLC
c/o Merritt Community Capital Corporation
1901 Harrison Street, Suite 1650
Oakland, California 94612
Attention: President & CEO

Arndt LLP with a copy to: Bocarsly Emden Esmail Cowan &
633 W. Fifth Street, Suite 5880
Los Angeles, CA 90017
Attention: Rachel Rosner

if to the City at: San Francisco Mayor's Office of Housing and Community
Development
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn.: Director

or to such other address with respect to either party as that party may from time to time designate by notice to the other given under the provisions of this ARTICLE 38. Any notice given under this ARTICLE 38 will be effective on the date of delivery or the date delivery is refused as shown on the delivery receipt. Courtesy copies of notices may be delivered by email.

ARTICLE 39 HEADINGS

Any titles of the paragraphs, articles, and sections of this Ground Lease are inserted for convenience only and will be disregarded in construing or interpreting any of its provisions. “Paragraph,” “article,” and “section” may be used interchangeably.

ARTICLE 40 SUCCESSORS AND ASSIGNS

This Ground Lease will be binding upon and inure to the benefit of the successors and assigns of the City and Tenant and where the term “Tenant” or “City” is used in this Ground Lease, it means and includes their respective successors and assigns; provided, however, that the City will have no obligation under this Ground Lease to, and no benefit of this Ground Lease will accrue to, any unapproved successor or assign of Tenant where City approval of a successor or assign is required by this Ground Lease. If and when the City sells the Land to any third party, City will require such third party to assume all of the City’s obligations under this Ground Lease arising on and after the transfer in writing for the benefit Tenant and its successors and assigns.

ARTICLE 41 TIME

Time is of the essence in the enforcement of the terms and conditions of this Ground Lease.

ARTICLE 42 PARTIAL INVALIDITY

If any provisions of this Ground Lease are determined to be illegal or unenforceable, that determination will not affect any other provision of this Ground Lease and all the other provisions of this Ground Lease will remain in full force and effect.

ARTICLE 43 APPLICABLE LAW; NO THIRD PARTY BENEFICIARY

This Ground Lease is governed by and construed under the laws of the State of California. This Ground Lease is entered into solely among, between, and for the benefit of, and may be enforced only by, the parties hereto and does not create rights in any other third party.

ARTICLE 44 RESERVED

ARTICLE 45 EXECUTION IN COUNTERPARTS

This Ground Lease and any memorandum hereof may be executed in counterparts, each of which will be considered an original, and all of which will constitute one and the same instrument.

ARTICLE 46 BROKERS

Neither party has had any contact or dealings regarding the leasing of the Land, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder’s fee in connection with the ground lease

contemplated herein .If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the party through whom the broker or finder makes a claim will be responsible for such commission or fee and will indemnify, defend and hold harmless the other party from any and all Claims. The provisions of this Section will survive any termination of this Ground Lease.

ARTICLE 47 RECORDATION OF MEMORANDUM OF GROUND LEASE

This Ground Lease may not be recorded, but a memorandum of this Ground Lease will be recorded in the form attached hereto as Attachment 4 (“**Memorandum of Ground Lease**”). The parties will execute the memorandum in form and substance as required by a title insurance company insuring Tenant's leasehold estate or the interest of any Leasehold Mortgagee, and sufficient to give constructive notice of the Ground Lease to subsequent purchasers and mortgagees.

ARTICLE 48 SURVIVAL

Termination or expiration of this Ground Lease will not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Ground Lease, the ability to collect any damages or sums due, and it will not affect any provision of this Ground Lease that expressly states it will survive termination or expiration of this Ground Lease.

ARTICLE 49 RESERVED

ARTICLE 50 CITY PROVISIONS

50.01 Non-Discrimination.

50.01(a)Covenant Not to Discriminate. In the performance of this Ground Lease, Tenant covenants and agrees not to discriminate 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, disability, weight, height, or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Tenant, in any of Tenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant.

50.01(b)Subleases and Other Subcontracts. Tenant must include in all subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the subtenant or other subcontractor in substantially the form of Section 50.01(a) above. In addition, Tenant must incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)–(k), and 12C.3 of the San Francisco Administrative Code and must require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply

with the obligations in this subsection will constitute a material breach of this Ground Lease.

50.01(c) Non-Discrimination in Benefits. Tenant does not as of the date of this Ground Lease and will not during the Term, in any of its operations in San Francisco or with respect to its operations under this Ground Lease 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 (collectively “**Core Benefits**”), as well as any benefits other than Core Benefits, 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 under state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

50.01(d) Condition to Lease. As a condition to this Ground Lease, Tenant must execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Commission.

50.01(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by Parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Ground Lease as though fully set forth herein. Tenant must comply fully with and be bound by all of the provisions that apply to this Ground Lease under those Chapters of the Administrative Code, including, but not limited to, the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that under Section 12B.2(h) 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 Ground Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

50.02 MacBride Principles—Northern Ireland. The City and County of San Francisco 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.* The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Tenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

50.03 Conflicts of Interest. Tenant states that it is familiar with the provisions of Section 15.103 of the San Francisco 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, certifies that it knows of no facts that would constitute a violation of

those provisions and agrees that if Tenant becomes aware of any such fact during the term of this Ground Lease Tenant will immediately notify the City. Tenant further certifies that it has made a complete disclosure to the City of all facts bearing on any possible interests, direct or indirect, that Tenant believes any officer or employee of the City presently has or will have in this Ground Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, will constitute grounds for City's termination and cancellation of this Ground Lease.

50.04 Charter Provisions. This Ground Lease is governed by and subject to the provisions of the Charter of the City and County of San Francisco. Accordingly, Tenant acknowledges and agrees that no officer or employee of the City has authority to commit the City to this Ground Lease unless and until a resolution of the City's Board of Supervisors has been duly enacted approving this Ground Lease. Therefore, any obligations or liabilities of the City under this Ground Lease are contingent upon enactment of a resolution, and this Ground Lease will be null and void unless the City's Mayor and the Board of Supervisors approve this Ground Lease, in their respective sole and absolute discretion, and in accordance with all applicable Laws. Approval of this Ground Lease by any City department, commission, or agency may not be deemed to imply that a resolution will be enacted or create any binding obligations on the City.

50.05 Tropical Hardwood/Virgin Redwood Ban. Under Section 804(b) of the San Francisco Environment Code, the City and County of San Francisco urges companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product. Except as permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant will not use any items in the rehabilitation, development, or operation of the Premises or otherwise in the performance of this Ground Lease that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

50.06 Tobacco Product Advertising Ban. Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products are allowed on the Premises. The foregoing prohibition includes the placement of the name of a company producing, selling, or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition will not apply to any advertisement sponsored by a state, local, or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

50.07 Pesticide Ordinance. Tenant must comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**Pesticide Ordinance**"), which (a) prohibit the use of certain pesticides on City property, (b) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (c) require Tenant to submit to the City's Department of the Environment an integrated pest management ("**IPM**") plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term of this Ground Lease, (ii) describes the steps Tenant will take to meet the City's IPM Policy described in Section 39.1 of the Pesticide Ordinance, and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Tenant's primary IPM contact person with City. In addition, Tenant must comply with the

requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing in this Ground Lease will prevent Tenant, acting through the City, from seeking a determination from the City's Commission on the Environment that Tenant is exempt from complying with certain portions of the Pesticide Ordinance as provided in Section 307 thereof.

50.08 Compliance with City's Sunshine Ordinance. Tenant understands and agrees that under the City's Sunshine Ordinance (S.F. Admin. Code, Chapter 67) and the State Public Records Law (Cal. Gov. Code §§ 6250 *et seq.*), this Ground Lease and any and all records, information and materials submitted to the City hereunder are public records subject to public disclosure. Tenant hereby authorizes the City to disclose any records, information, and materials submitted to the City in connection with this Ground Lease as required by Law. Further, Tenant specifically agrees to conduct any meeting of its governing board that addresses any matter relating to the Project or to Tenant's performance under this Ground Lease as a passive meeting.

50.09 Notification of Limitations on Contributions. Through its execution of this Ground Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.

50.10 Requiring Health Benefits for Covered Employees. Unless exempt, Tenant will comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (the "HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated in this Ground Lease by reference and made a part of this Ground Lease as though fully set forth. The text of the HCAO is available on the web at www.sfgov.org/oca/lwlh.htm. Capitalized terms used in this Section and not defined in this Ground Lease have the meanings assigned to them in Chapter 12Q. Notwithstanding this requirement, City recognizes that the residential housing component of the Improvements is not subject to the HCAO.

50.10(a) For each Covered Employee, Tenant must provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Tenant chooses to offer the health plan option, the health plan must meet the minimum standards set forth by the San Francisco Health Commission.

50.10(b) If Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, Tenant will have no obligation to comply with Section 50.10(a) above.

50.10(c) Tenant's failure to comply with the HCAO will constitute a material breach of this Ground Lease. If Tenant fails to cure its breach within thirty (30) days after receiving the City's written notice of a breach of this Ground Lease for violating

the HCAO or, if the breach cannot reasonably be cured within the 30-day period and Tenant fails to commence efforts to cure within the 30-day period, or thereafter fails diligently to pursue the cure to completion, then the City will have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to the City.

50.10(d) Tenant may not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to Tenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

50.10(e) Tenant 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 HCAO.

50.10(f) Tenant must keep itself informed of the current requirements of the HCAO.

50.10(g) Tenant must provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, as applicable.

50.10(h) Tenant must provide City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

50.10(i) The City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant will cooperate with the City when it conducts audits.

50.10(j) If Tenant is exempt from the HCAO when this Ground Lease is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with the City to reach \$75,000, all the agreements will be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Tenant and MOHCD to be equal to or greater than \$75,000 in the fiscal year.

50.11 Public Access to Meetings and Records. If Tenant 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, Tenant must comply with and will be bound by all the applicable provisions of that Chapter. By executing this Ground Lease, Tenant will open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the Administrative Code. Further, Tenant will 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. Tenant acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Ground Lease. Tenant further acknowledges that such material breach of this Ground Lease will be grounds for City to terminate and/or not renew this Ground Lease, partially or in its entirety.

50.12 Resource-Efficient Building Ordinance. Tenant 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. Tenant will comply with the applicable provisions of such code sections as those sections may apply to the Premises.

50.13 Drug Free Work Place. Tenant acknowledges that under the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession, or use of a controlled substance is prohibited on City premises. Any violation of this prohibition by Tenant, its agents, or assigns will be deemed a material breach of this Ground Lease.

50.14 Preservative Treated Wood Containing Arsenic. Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Ground Lease 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” means 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. Tenant 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 Tenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term “saltwater immersion” means a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

50.15 Nondisclosure of Private Information. Tenant will comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the “**Nondisclosure of Private Information Ordinance**”), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated and made a part of this Ground Lease as though fully set forth. Capitalized terms used in this section and not defined in this Ground Lease have the meanings assigned to those terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Tenant agrees to all of the following:

50.15(a) Neither Tenant nor any of its subcontractors will disclose Private Information, unless one of the following is true:

- (i) The disclosure is authorized by this Ground Lease;
- (ii) Tenant received advance written approval from the Contracting Department to disclose the information; or
- (iii) The disclosure is required by law or judicial order.

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

50.15(c) Private Information means 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.

50.15(d) Any failure of Tenant to comply with the Nondisclosure of Private Information Ordinance will be a material breach of this Ground Lease. In such an event, in addition to any other remedies available to it under equity or law, City may terminate this Ground Lease, debar Tenant, or bring a false claim action against Tenant.

50.16 Graffiti. 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 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.

Tenant will remove all graffiti from the Premises and any real property owned or leased by Tenant in the City and County of San Francisco within forty-eight (48) hours of the earlier of Tenant'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 Tenant 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 Premises, 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" does 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 section 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.*). Any failure of Tenant to comply with this section of this Ground Lease will constitute an event of default of this Ground Lease.

50.17 Incorporation. Each and every provision of the San Francisco Administrative Code described or referenced in this Ground Lease is hereby incorporated by reference as though fully set forth herein. Failure of Tenant to comply with any provision of this Ground Lease relating to any such code provision will be governed by ARTICLE 19 of this Ground Lease, unless (i) such failure is otherwise specifically addressed in this Ground Lease or (ii) such failure is specifically addressed by the applicable code section.

50.18 Food Service Waste Reduction. Tenant will comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Ground Lease as though fully set forth herein. Accordingly, Tenant acknowledges that City contractors and lessees may not use Disposable Food Service Ware that contains Polystyrene Foam in City Facilities and while performing under a City contract or lease, and will instead use suitable Biodegradable/ Compostable or Recyclable Disposable Food Service Ware. This provision is a material term of this Ground Lease. By entering into this Ground Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Ground Lease was made. Those amounts will not be considered a penalty, but rather agreed upon monetary damages sustained by the City because of Tenant's failure to comply with this provision.

50.19 Local Hire Requirements. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.62 (the “**Local Hiring Requirements**”). Improvements and Changes (as defined in this Ground Lease) are subject to the Local Hiring Requirements unless the cost for such work is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements. Tenant will comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant will contact City’s Office of Economic Workforce and Development (“**OEWD**”) to verify if the Local Hiring Requirements apply to the work (*i.e.*, whether the work is a “**Covered Project**”).

Tenant will include, and will require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each contract must name the City and County of San Francisco as a third-party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant will cooperate, and require its subtenants to cooperate, with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Tenant’s failure to comply with its obligations under this Section will constitute a material breach of this Ground Lease. A contractor’s or subcontractor’s failure to comply with

this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party.

50.20 Criminal History in Hiring and Employment Decisions.

50.20(a) Unless exempt, Tenant will comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; “**Chapter 12T**”), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Tenant who would be or are performing work at the Premises.

50.20(b) Tenant will incorporate by reference the provisions of Chapter 12T in all subleases of a portion or all of the Premises, if any, and will require all subtenants to comply with its provisions. Tenant’s failure to comply with the obligations in this subsection will constitute a material breach of this Ground Lease.

50.20(c) Tenant and subtenants (if any) may not inquire about, require disclosure of, or if such information is received base an Adverse Action (as defined in Chapter 12T) on an applicant’s or potential applicant for employment, or employee’s: (1) Arrest (as defined in Chapter 12T) not leading to a Conviction (as defined in Chapter 12T), 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.

50.20(d) Tenant and subtenants (if any) may 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 Section 50.20(c) above. Tenant and subtenants (if any) may 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.

50.20(e) Tenant and subtenants (if any) will state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Premises, that the Tenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

50.20(f) Tenant and subtenants (if any) will post the notice prepared by the Office of Labor Standards Enforcement (“**OLSE**”), available on OLSE’s website, in a conspicuous place at the Premises and at other workplaces within San Francisco where interviews for job opportunities at the Premises occur. The notice will be

posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Premises or other workplace at which it is posted.

50.20(g) Tenant and subtenants (if any) understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City will have the right to pursue any rights or remedies available under Chapter 12T or this Ground Lease, 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 Ground Lease.

50.20(h) If Tenant has any questions about the applicability of Chapter 12T, it may contact the City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

50.21 Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.61. Tenant will require its Contractors and Subcontractors performing (i) labor in connection with a "public work" as defined under California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (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 San Francisco Administrative Code Section 23.61 (collectively, "**Prevailing Wage Requirements**"). Tenant will cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

Tenant will include, and will require its subtenants, and 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 Section 23.61. Each such Construction Contract must name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant's failure to comply with its obligations under this Section will constitute a material breach of this Ground Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party. For the current Prevailing Rate of Wages, contact the City's Office of Labor Standards Enforcement.

50.22 Consideration of Salary History Tenant will comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." For each

employment application to Tenant for work that relates to this Agreement or for work to be performed in the City or on City property, Tenant is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant. Tenant will not (1) ask such applicants about their current or past salary or (2) disclose a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Tenant is subject to the enforcement and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

50.23 Sugar-Sweetened Beverage Prohibition. Tenant will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Ground Lease.

50.24 Possessory Interest Reporting.

50.24(a) Tenant recognizes and understands that this Ground Lease may create a possessory interest subject to property taxation and that Tenant may be subject to the payment of property taxes levied on such interest.

50.24(b) San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Ground Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Ground Lease to the County Assessor not later than sixty (60) days after the Effective Date, and any failure of Tenant to timely provide a copy of this Ground Lease to the County Assessor will be a default under this Ground Lease. Tenant will also timely provide any information that City may request to ensure compliance with this or any other reporting requirement.

50.25 Vending Machines; Nutritional Standards. Tenant may not install or permit any vending machine on the Premises without the prior written consent of Landlord. Any permitted vending machine must comply with the food nutritional and calorie labeling requirements set forth in San Francisco Administrative Code section 4.9-1(c), as may be amended from time to time (the “**Nutritional Standards Requirements**”). Tenant will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 50.24 will be deemed a material breach of this Ground Lease. Without limiting Landlord’s other rights and remedies under this Ground Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

50.26 San Francisco Packaged Water Ordinance. Tenant will comply with San Francisco Environment Code Chapter 24 (“**Chapter 24**”). Tenant will not sell, provide or otherwise distribute Packaged Water, as defined in Chapter 24 (including bottled water), in the performance of this Agreement or on City property unless Tenant obtains a waiver from the

City's Department of the Environment. If Tenant violates this requirement, the City may exercise all remedies in this Agreement and the Director of the City's Department of the Environment may impose administrative fines as set forth in Chapter 24.

ARTICLE 51 COMPLETE AGREEMENT

There are no oral agreements between Tenant and the City affecting this Ground Lease, and this Ground Lease supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings between Tenant and the City with respect to the lease of the Premises.

ARTICLE 52 AMENDMENTS

Neither this Ground Lease nor any terms or provisions hereof may be changed, waived, discharged, or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought. No waiver of any breach will affect or alter this Ground Lease, but each and every term, covenant, and condition of this Ground Lease will continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Any amendments or modifications to this Ground Lease, including, without limitation, amendments to or modifications to the exhibits to this Ground Lease, will be subject to the mutual written agreement of City and Tenant, and City's agreement may be made upon the sole approval of the City's Director of Property, or his or her designee; provided, however, material amendments, or modifications to this Ground Lease (a) changing the legal description of the Land, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Premises from the use authorized under this Ground Lease, and (e) any other amendment or modification which materially increases the City's liabilities or financial obligations under this Ground Lease will additionally require the approval of the City's Board of Supervisors.

ARTICLE 53 ATTACHMENTS

The following are attached to this Ground Lease and by this reference made a part hereof:

1. Legal Description of Land
2. Schedule of Performance
3. City Consent of Leasehold Mortgage
4. Memorandum of Ground Lease
5. Form of Income Certification Form
6. NPLH Funds Restrictions

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS GROUND LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS GROUND LEASE

UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS HAS DULY ADOPTED A RESOLUTION APPROVING THIS GROUND LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY UNDER THIS GROUND LEASE ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION , AND THIS GROUND LEASE WILL BE NULL AND VOID IF CITY'S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS GROUND LEASE, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS GROUND LEASE BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY WILL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, AND NO SUCH APPROVAL WILL CREATE ANY BINDING OBLIGATIONS ON CITY.

IN WITNESS WHEREOF, the Tenant and the City have executed this Ground Lease as of the day and year first above written.

TENANT:

1979 MISSION STREET PSH ASSOCIATES, L.P.

a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

[SIGNATURES CONTINUE ON THE NEXT PAGE]

CITY AS LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Sarah R. Oerth,
Director of Property

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

ATTACHMENT 1

LEGAL DESCRIPTION OF THE LAND

[Attached]

[INCLUDE AFTER PARCEL MAP IS RECORDED]

ATTACHMENT 2

SCHEDULE OF PERFORMANCE

- a. Commence demolition, rehabilitation or construction by a date no later than December 15, 2025.
- b. Complete construction by a date no later than February 1, 2028.
- c. Achieve occupancy of ninety-five percent (95%) of the Units by June 1, 2028.

ATTACHMENT 3

CITY CONSENT OF LEASEHOLD MORTGAGE

Date:

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

RE: 2970 16th Street, San Francisco (LEASEHOLD MORTGAGE)

Dear Sir or Madam:

Under Section 25.01 of the _____ Ground Lease, dated _____, 20__, between the City and County of San Francisco ("City") and 1979 Mission Street PSH Associates, L.P., a California limited partnership, we are formally requesting the City's consent to our placing a leasehold mortgage upon the leasehold estate of the above referenced development. The following information is provided in order for the City to provide its consent:

Lender:

Principal Amount:

Interest:

Term:

Attached hereto are unexecuted draft loan documents, including the loan agreement, promissory note, and all associated security agreements which we understand are subject to the review and approval by the City. Furthermore, we are willing to supply any additional documentation related to the leasehold mortgage which the City deems necessary.

[SIGNATURES FOLLOW ON NEXT PAGE]

Sincerely,

1979 MISSION STREET PSH ASSOCIATES, L.P., a
California limited partnership

By: 1979 Mission PSH Housing Associates LLC, a
California limited liability company, its managing general partner

By: Mission Housing Development Corporation, a California
nonprofit public benefit corporation, its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC, a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency, a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

enc.

By signing this letter, the City consents to the leasehold mortgage, under the terms and
conditions of Section 25.01 of the _____ Ground Lease, dated _____,
2025.

Mayor's Office of Housing and Community Development

Director

ATTACHMENT 4

MEMORANDUM OF GROUND LEASE

Free Recording Requested under
Government Code Section 27383

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, Fifth Floor
San Francisco, California.94103
Attn: Director

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease ("Memorandum") is entered into as of _____, 20__, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "**City**"), acting by and through its Real Estate Division and the Mayor's Office of Housing and Community Development, and 1979 Mission Street PSH Associates, L.P., a California limited partnership, as tenant ("**Tenant**"), with respect to that certain Ground Lease (the "Lease") dated _____, 2025, between the City and Tenant.

Under the Lease, City hereby leases to Tenant and Tenant leases from City the real property more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "**Property**"). The Lease will commence on the date set forth above and will end on the date that is seventy-five (75) years from the date set forth above, subject to a (twenty-four (24) year option to extend, unless terminated earlier or extended pursuant to the terms of the Lease.

It is the intent of the parties to the Lease that the Lease creates a constructive notice of severance of the Improvements (as defined in the Lease), without the necessity of a deed from Lessor to Lessee, which Improvements are and will remain real property.

The Lease contains the following restrictions under the No Place Like Home Program: The Project will comply with the NPLH Funds Restrictions (as defined in the Lease) on forty (40) Residential Units (as defined in the Lease) whereby occupancy will be restricted to households with at least one member who has a serious mental illness and who is homeless, chronically homeless, or at risk of chronic homelessness, as incorporated into the MOHCD Declaration of Restrictions (as defined in the Lease) and the MOHCD Loan Agreement (as defined in the Lease), for 55 years.

This Memorandum incorporates herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and will not be construed to alter, modify, amend, or supplement the Lease, of which this is a memorandum.

This Memorandum may be signed by the parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts will be deemed an original of this Memorandum.

Notwithstanding any statement on the face of this Memorandum or on any attachment to the Memorandum of the amount of documentary transfer tax due in connection with the Lease, City's signature on this Memorandum does not constitute the City Assessor Recorder's agreement that the real property transfer tax due is that amount.

Executed as of _____, 2025 in San Francisco, California.

TENANT:

1979 MISSION STREET PSH ASSOCIATES, L.P., a
California limited partnership

By: 1979 Mission PSH Housing Associates LLC, a
California limited liability company, its managing general partner

By: Mission Housing Development Corporation, a California
nonprofit public benefit corporation, its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC, a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency, a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Sarah R. Oerth,

Director of Property

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

ATTACHMENT 5
FORM OF TENANT INCOME CERTIFICATION

[Attached]

ATTACHMENT 6
NPLH FUNDS RESTRICTIONS

[Attached]

ATTACHMENT 7
HUD Requirements and Restrictions

Landlord and Tenant agree that the following HUD requirements and restrictions are material terms of the Ground Lease and incorporated by reference under Section 9.01(c). Landlord and Tenant agree as follows:

a. Compliance with Mixed Finance Requirements.

Beginning on the Mixed Finance Closing and continuing only for so long as the DORC remains an encumbrance on Lessor's fee interest in Property and Lessee's Estate, the following shall apply, notwithstanding any other clause or provision in this Lease:

i. Definitions. The following terms apply to this Section (a):

(1) ACC: The Consolidated Annual Contributions Contract No. _____ HUD and Authority dated as of _____, [as amended by CFP Amendment dated _____, as further] amended by the Mixed Finance ACC Amendment, dated _____, 2025, as the same may be further amended from time to time.

(2) Applicable Public Housing Requirements: All requirements applicable to public housing, including, but not limited to, the Act, HUD regulations thereunder (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, the Mixed Finance ACC Amendment, the HUD notices, the HUD-approved DORC in favor of HUD, the Authority's admissions and occupancy policies applicable to the Development as set forth in the Authority's approved PHA Plan under 24 CFR part 903, and all applicable federal statutory, regulatory and executive order requirements, as those requirements may be amended from time to time.

(3) Public Housing Units: One Hundred Twenty-Two (122) units in the Development.

(4) HUD Term: The period that commences on the Effective Date, and unless otherwise provided by law, terminates on the latest to occur of: (A) expiration of the minimum period during which the Public Housing Units are required by law to be operated as public housing in accordance with the Act; and (B) the expiration of forty (40) years from the date the Development becomes available for occupancy.

ii. Use of Development. Lessee shall throughout the HUD Term continuously use and operate the Development only for the following uses, and such other uses as are reasonably and customarily attendant to such uses: construction, development, marketing for lease and leasing of (i) the Public Housing Units in a manner which strictly satisfies the requirements of this Lease and the Applicable Public Housing Requirements and (ii) the remaining Dwelling Units in accordance with Section 9.01.

iii. Covenants Applicable to Public Housing Units.

(1) The Public Housing Units are subjected to, and benefitted by, the terms and conditions of the Applicable Public Housing Requirements. The provisions of the Applicable Public Housing Requirements and this Section are intended to create a covenant running with the land and, subject to the terms and benefits of the Applicable Public Housing Requirements, to encumber and benefit the Development for the entire Term of this Lease (as that term is defined in Article 4 herein). The Applicable Public Housing Requirements and this Section shall be binding upon Lessor and Lessee and each of their respective successors and assigns, including, without limitation, any entity which succeeds to Lessee's interest in the Leased Premises by foreclosure or an instrument in lieu of foreclosure, and expressly include, but are not limited to, the following obligations:

(A) Except as otherwise provided in the Act, the Public Housing Units shall be operated under the terms and conditions applicable to public housing, as set forth in the Applicable Public Housing Requirements, during the forty (40)-year period that begins on the date on which the Development becomes available for occupancy, as required by section 9(d)(3)(A) of the Act (or any successor provision).

(B) Except as otherwise provided in the Act, the Development shall be maintained and operated under the terms and conditions applicable to public housing, as set forth in the Applicable Public Housing Requirements, during the twenty (20)-year period that begins on the latest date on which modernization with public housing capital funds is completed, as required by section 9(d)(3)(B) of the Act (or any successor provision).

(C) Except as otherwise provided in the Act, no portion of the Development may be disposed of before the expiration of the ten (10) year period beginning upon the conclusion of the fiscal year for which such amounts were provided, as required by section 9(e)(3) of the Act (or any successor provision).

(D) Neither the Public Housing Units, nor any part thereof, may be demolished other than in accordance with the Applicable Public Housing Requirements.

(2) Lessee agrees that, with the exception of: (A) any mortgage(s) held by the Lessor that have been approved by HUD, and any other encumbrances existing at Mixed Finance Closing; (B) dwelling leases with eligible families for the Public Housing Units; and (C) normal uses associated with the operation of the Project, neither the Development nor any portion thereof shall be encumbered in any way, nor the assets of the Development pledged as collateral for a loan, without the prior written approval of Lessor and HUD.

iv. Restoration. If any portion of this Section conflicts with Section 11 of the ACC, the provisions of Section 11 of the ACC shall control.

v. Assignment and Subletting.

(1) Consent. This Lease shall be binding upon and inure to the benefit of the successors and assigns of the Lessor and the Lessee, except that Lessee may not assign or sublet its interest in this Lease without the prior written consent of the Lessor and HUD. Any attempted transfer without such consents shall be null and void.

(2) Prohibited Transfers. Lessee agrees for itself and its successors and assigns in interest hereunder that it will not, other any other encumbrances existing at Mixed Finance Closing: (1) assign this Lease or any of its rights under this Lease as to all or any portion of the Development including the Public Housing Units, or (2) make or permit any voluntary or involuntary total or partial sale, lease, assignment, conveyance, mortgage, pledge, encumbrance or other transfer of any or all of the Development including any Public Housing Unit, other than in accordance with the Applicable Public Housing Requirements and this Lease (including but not limited to (i) any sale at foreclosure or by the execution of any judgment of any or all of Lessee's rights hereunder, or (ii) any Mixed Finance Transfer (as defined below) by operation of law), without first obtaining Lessor's and HUD's express written consent thereto.

(3) HUD Restrictions on Transfers. In addition to the transfers described in paragraph (e)(ii) of this Section, no transfer, conveyance, or assignment shall be made, without the prior written approval of HUD, of: (1) any interest of a managing member, general partner, or controlling stockholder (any such interest being referred to as a "Controlling Interest") of the Lessee; or (2) a Controlling Interest in any entity that has a Controlling Interest in the Lessee; or (3) prior to the payment of full of all equity contributions required under the Mixed Finance Amendment to the ACC, any other interest in the Lessee, or in any partner or member thereof (each of such transfers, conveyances and assignments, together with the transfers described in paragraph (b) of this Section, is hereafter referred to as a "Mixed Finance Transfer"). Notwithstanding the foregoing, HUD consent is not required where a business organization that has a limited interest (i.e., non-Controlling Interest and non-managing) in the Lessee transfers a non-Controlling Interest and non-managing interest in the business organization, provided that the Lessee: (1) provides HUD with written notice of such transfer; and (2) certifies to HUD that the new owner of the limited interest remains obligated to fund its equity contribution in accordance with the HUD-approved organizational documents of the Lessee. If Lessee requests HUD's consent to an internal reorganization of the Lessee, or of any of the partners, members, or stockholders of Lessee, HUD will not unreasonably withhold or delay such consent.

Any person to whom any Mixed Finance Transfer is attempted without such consent shall have no claim, right or remedy whatsoever hereunder against Lessor, and Lessor shall have no duty to recognize any person claiming under or through the same.

vi. HUD's Rights on Event of Default.

(1) Upon the occurrence of an Event of Default (as defined in Section 26.01 herein) that also constitutes a substantial default under the ACC, continues beyond any applicable notice and cure periods (including those granted to Investor pursuant to Section 26.08 herein), HUD may:

(A) Require Lessor to convey to HUD the Lessor's interest in the Development and ensure the Lessee's conveyance to HUD of its Lessee's estate if, in HUD's determination (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of the Act; or

(B) Require Lessee to deliver possession and control of the Development to HUD; or

(C) Exercise any other right or remedy existing under applicable law, or available at equity. HUD's exercise or non-exercise of any right or remedy under the ACC shall not be construed as a waiver of HUD's right to exercise that or any other right or remedy at any time.

(2) If HUD acquires title to, or possession of, the Development, HUD shall reconvey, or redeliver possession of, the Development to the Lessor and Lessee in accordance with their respective interests in the Development: (i) upon a determination by HUD that the substantial default under the ACC has been cured and that the Development will thereafter be operated in accordance with the terms of the ACC; or (ii) after the termination of HUD's obligation to make annual contributions available, unless there are any obligations or covenants of the Lessor to HUD that are then in default.

(3) Reserved.

vii. Access. Lessor and Lessee agrees to use its best efforts to provide access to Authority, HUD, the Comptroller General of the United State, or any of their authorized representatives, with respect to any books, documents, papers, or other records related to this Lease in order to make audits, examinations, excerpts, and transcripts.

viii. Amendment. This Lease may be amended by mutual agreement of the Lessor and Lessee, subject to the prior written approval of HUD and the Authority, and provided that all amendments must be in writing and signed by both parties and that no amendment shall impair the obligations of the Lessee to develop and operate the Development in accordance with the Applicable Public Housing Requirements.

ix. Disclaimer of Partnership Status. Reserved.

x. Conflicts. In the event of a conflict or inconsistency between any requirement contained in this Lease (or between any requirement contained in any document referred to in this Lease, including any mortgage securing Senior Loan), and the Applicable Public Housing Requirements, the Applicable Public Housing Requirements shall in all instances be controlling.

b. Compliance with RAD Requirements.

Beginning on the RAD Closing and continuing only for so long as the RAD Use Agreement remains an encumbrance on the Property, the following shall apply, notwithstanding any other clause or provision in this Lease:

i. This Lease shall in all respects be subordinate to the RAD Use Agreement. Subordination continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement or the Lease.

ii. If any of the provisions of this Lease conflict with the terms of the RAD Use Agreement, the terms of the RAD Use Agreement shall control.

iii. The provisions of this Section (b) are required to be inserted into this Lease by HUD and may not be amended without HUD's prior written approval.

iv. Any violation of the RAD Use Agreement that remains uncured after any applicable notice and cure periods (including those granted to Investor pursuant to Section 26.08 herein) constitutes an Event of Default under this Lease.

v. Notwithstanding any other contract, document or other arrangement, upon the date of termination of this Lease, title to the Development shall remain vested in the Lessor and, provided that the Lessor and Lessee have not previously entered into or are not currently engaged in good faith negotiations to enter into a new agreement concerning the Development, title to the buildings, fixtures, improvements, trade fixtures and equipment that belong to Lessee shall vest in the Lessor.

vi. Neither Lessor, Lessee nor any of its partners shall have the authority to: (i) Take any action in violation of the RAD Use Agreement that remains uncured beyond any applicable notice and cure periods or (ii) fail to renew the RAD HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Authority or HUD.

vii. Lessee and Lessor acknowledge that the RAD Requirements require the improvements in the Development to be constructed in compliance with the laws, regulations and administrative requirements governing the RAD Program including (but not limited to) the following:

(1) The prevailing wage requirements of the Davis-Bacon Act and implementing rules and regulations (40 U.S.C. 3141-3148); the Copeland "Anti-Kickback" Act (40 U.S.C. 276(c)) which requires that workers be paid at least once a week without any deductions or rebates except permissible deductions; the Contract Work Hours and Safety Standards Act – CWHSSA (40 U.S.C. 3701-3708) which requires that workers receive "overtime" compensation at a rate of 1-1/2 times their regular hourly wage after they have worked forty (40) hours in one (1) week; and Title 29, Code of Federal Regulations, Subtitle A, Parts 1, 3 and 5 are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

(2) The requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u.

(3) The requirement of the Lead-Based Paint Poisoning Prevention Act, as amended (42 U.S.C. 4821 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act (42 U.S.C. 4851 et seq.) and implementing regulations at 24 C.F.R. Part 75.

(4) The requirements of the Drug Free Workplace Act of 1988 (P.L. 100-690).

(5) The prohibition on the use of debarred, suspended, or ineligible contractors set forth in 24 C.F.R. Part 24.

(6) If Lessee or Lessor rehabilitates the Affordable Housing Project (not including any routine maintenance Lessee or the Management Agent undertakes in the fulfillment of each of their respective duties to operate and manage the Affordable Housing Project) then Lessee or Lessor, as applicable, shall provide Authority notice upon substantial completion of rehabilitation of the Improvements so that Authority may inspect the Improvements for compliance with the terms of this Lease and 24 C.F.R. Section 982.401 (the HUD Housing Quality Standards as amended by 88 FR 30503 on May 11, 2023, effective October 1, 2023, implementing the NSPIRE standards).

(7) Except to the extent permitted by the RAD HAP Contract, or RAD Use Agreement, and the normal operation of the Development, neither the Lessor or Lessee (nor any of its partners) shall have any authority without the consent of the Authority to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Development or any part thereof.

SECURED PROMISSORY NOTE

Low and Moderate Income Housing Asset Fund/Citywide Affordable Housing Fund (Inclusionary)/Citywide Affordable Housing Fund (Jobs-Housing Linkage)/Housing Trust Fund/Citywide Affordable Housing Fund (Condo Conversion)/Citywide Affordable Housing Fund (Eastern Neighborhoods Urban Mixed Use)

(Construction Loan)

Principal Amount: \$42,163,787

San Francisco, CA

Date: [____], 2025

FOR VALUE RECEIVED, the undersigned, **1979 MISSION STREET PSB ASSOCIATES, 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-Two Million One Hundred Sixty-Three Thousand Seven Hundred Eighty-Seven and No/100 Dollars (\$42,163,787.00) (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 that certain Amended and Restated Loan Agreement by and between Maker and Holder (the "**Agreement**") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed of Trust, Assignment Of Rents, Security Agreement And Fixture Filing dated as of the date of this Note, 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 City Loan 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 June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "**Payment Date**"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the City Loan. The unpaid principal balance of the City Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later of (a) the Fifty-Seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty-Fifth (55th) anniversary of the Conversion Date (the "**Maturity Date**"). Any Payment Date, including any Excess Proceeds Payment Date, AHP 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 and unless Holder has elected to waive payment of Excess Proceeds, 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 the later of: (i) five (5) business days after receipt of such Excess Proceeds [and its 8609 Form], or (ii) the Conversion Date (the "**Excess Proceeds Payment Date**"). If Excess Proceeds will be disbursed to Holder through escrow on the Conversion Date, Maker will evidence the Excess Proceeds Payment in the escrow settlement statement approved by Holder and will instruct the escrow officer to disburse Excess Proceeds to Holder at closing of the Project's permanent financing. 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 under this Note. The Director of MOHCD may elect to waive all or a portion of repayment of Excess Proceeds upon receipt from Maker of adequate documentation supporting the need for such waiver in order to make the Project financially feasible.

4.3 If Maker is awarded AHP funding for the Project, Maker will make a payment of principal and interest (an "**AHP Payment**") in an amount equal to the AHP Bridge Loan within one hundred twenty (120) days of the later of (i) the date the Deed of Trust is recorded in the Official Records, or (ii) the date Maker closes the loan for AHP funding and the AHP funds are disbursed to Maker ("**AHP Payment Date**"); provided, however, that if Maker is not awarded AHP funding for the Project or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan will be due and payable on the Maturity Date. The AHP Payment 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 City 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 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this 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.

SIGNATURES ON FOLLOWING PAGE

"MAKER"
1979 MISSION STREET PSH ASSOCIATES, L.P.
a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

SECURED PROMISSORY NOTE
(No Place Like Home Funds)

(NPLH Loan)

Principal Amount: \$16,000,000.00

San Francisco, CA

Date: [_____, 2025]

FOR VALUE RECEIVED, the undersigned, **1979 MISSION STREET PSB ASSOCIATES, 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 Sixteen Million and No/100 Dollars (\$16,000,000.00) (the "**NPLH Loan Amount**"), or so much of the NPLH Loan Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below.

1. Agreement. This Secured Promissory Note ("**Note**") is given under the terms of that certain Amended and Restated Loan Agreement by and between Maker and Holder dated as of [_____, 2025 (the "**Agreement**"), 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 the date of this Note, 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. Except as provided in **Section 3**, no interest will accrue on the Funding Amount.

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 NPLH 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 NPLH Loan Amount. The entire principal balance of the NPLH Loan, together with all accrued and unpaid interest (if any) and other unpaid fees and costs incurred (all together, the "**Payment**"), will be due and payable on the date that is the later of (a) the Fifty-Seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty-Fifth (55th) anniversary of the Conversion Date (the "**Maturity Date**"). If the Maturity Date falls on a weekend or holiday, it will be deemed to fall on the next succeeding business day.

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 NPLH 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 Subject to this Section, Holder will not seek or obtain judgment against Maker or its Permitted Limited Partner for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the NPLH 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 NPLH 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.

SIGNATURES FOLLOW ON NEXT PAGE

"MAKER"

1979 MISSION STREET PSH ASSOCIATES, L.P.
a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

SECURED PROMISSORY NOTE
(\$2,500,000 Low and Moderate Income Housing Asset Fund
\$500,000 Affordable Housing Fund)

Principal Amount: \$3,000,000

San Francisco, CA

Date: October 7, 2024

FOR VALUE RECEIVED, the undersigned, **1979 MISSION STREET PSH ASSOCIATES, 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 Three Million Dollars (\$3,000,000.00) (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 the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by the pledge of Work Product contained in the Agreement and, if Maker (or its affiliate) acquires Control of the Site, by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing to be recorded pursuant to the Agreement, 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. Except as set forth in Section 3, interest will accrue on the principal balance outstanding under this Note from time to time at the rate of three percent (3%) per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the City Documents, provided, however, that prior to the date Borrower acquires Control of the Site, the Director of MOHCD shall have the right, in his or her reasonable discretion, to reduce the interest rate to as low as zero percent (0%) upon receipt of adequate documentation supporting the need for such reduction in order to make the Project financially feasible. 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 June 30th after the

end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later of (a) the Fifty-Seventh(57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty-Fifth (55th) anniversary of the Conversion Date (the "Maturity Date"), provided however that if Maker fails to acquire Control of the Site on or before August 1, 2027(the "Outside Acquisition Date"), the Maturity Date will be the Outside Acquisition Date. The City may agree to extend the Outside Acquisition Date in its sole and absolute discretion. Notwithstanding the foregoing, if Maker's failure to acquire Control of the Site by the Outside Acquisition Date is not caused by Maker's acts or omissions, whether direct or indirect, and if Maker has acted in good faith and no event has occurred and is continuing that constitutes an Event of Default or, with the passage of time would become an Event of Default under any of the City Documents, then in such an event, Maker will deliver to City all of the Work Product, the Note will be deemed satisfied in full and Maker will be deemed to be released from all obligation or liability with respect to this Agreement and the Loan. 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 pledge of Work Product and, if Maker (or its affiliate) acquires Control of the Site, 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 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this 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.

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SIGNATURES FOLLOW ON NEXT PAGE

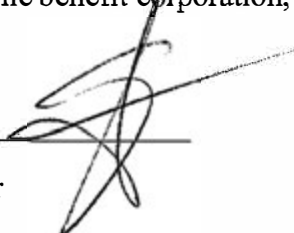
"MAKER"

1979 MISSION STREET PSH ASSOCIATES, L.P.

a California limited partnership,

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: 

Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: 

Luis Granados,
Chief Executive Officer

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: Loan Administrator
APN: [Block 3553/Lot 052]

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

(Property Address: 2970 16th Street, San Francisco, CA 94103)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of [_____], 2025, by **1979 MISSION STREET PSH ASSOCIATES, L.P.**, a California limited partnership ("Trustor"), whose address is 474 Valencia St., # 280, San Francisco, CA 94103, to **OLD REPUBLIC TITLE COMPANY**, a California corporation ("Trustee"), whose address is 275 Battery Street, Suite 750, San Francisco, California, 94111, for the benefit of 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 ("Beneficiary"). This Deed of Trust is executed pursuant to that certain Amended and Restated Loan Agreement dated as of [_____], 2025, by and between Trustor and Beneficiary, 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 the Project (as such term is defined under the Agreement); 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) all of Trustor's interest in and under that certain Ground Lease dated as of [_____], 2025, by and between the City and County of San Francisco, as lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

(e) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(f) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(g) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(h) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(i) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(j) all rents, revenues, issues, royalties, proceeds, 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

(k) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(l) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

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 following: (i) the Agreement, (ii) specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions and Affordable Housing Covenants 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, (iii) Secured Promissory Note dated October 7, 2024, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Predevelopment Note"), (iv) Secured Promissory Note (Construction Loan) dated as of the date of this Deed of Trust, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Construction Note"), (v) the Secured Promissory Note (NPLH Loan) dated as of the date of this Deed of Trust, made by Trust to the order of Beneficiary (as it may be amended from time to time, the "NPLH Note," and together with the Predevelopment Note and the Construction Note, collectively, the "Notes"), and (vi) performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement; and

(b) payment of the indebtedness evidenced by the Agreement and the Predevelopment Note in the original principal amount of Three Million and No/100 (\$3,000,000.00), with interest, according to the terms of the Agreement and the Predevelopment Note; and

(c) payment of the indebtedness evidenced by the Agreement and the Construction Note in the original principal amount of Forty-Two Million One Hundred Sixty-

Three Thousand Seven Hundred Eighty-Seven and No/100 Dollars (\$42,163,787.00), with interest, according to the terms of the Agreement and the Construction Note; and

(d) payment of the indebtedness evidenced by the Agreement and the NPLH Note in the original principal amount of Sixteen Million and No/100 Dollars (\$16,000,000.00), with no interest, according to the terms of the Agreement and the NPLH Note; and

(e) 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 99-3258003. 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 Notes 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 Notes 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 Notes 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 Notes, 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 Notes 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.

"TRUSTOR:"

1979 MISSION STREET PSH ASSOCIATES, L.P.

a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A
Legal Description of the Land

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF
SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

[INSERT LEGAL AFTER THE PARCEL MAP IS RECORDED]

Street Address:
2970 16TH Street, San Francisco, CA 94103

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: Loan Administrator
APN: [Block 3553/Lot 052]

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS AND
AFFORDABLE HOUSING COVENANTS**

(Property Address: 2970 16th Street, San Francisco, CA 94103)

THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING COVENANTS (this "Declaration") is made as of [_____], 2025, by **1979 MISSION STREET PSH ASSOCIATES, 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 to Borrower of No Place Like Home funds, [Other TBD] Funds (the "Loan") to finance costs associated with the development of the leasehold interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the land and the leasehold interest, the "Property") as low-income affordable housing as permanent supportive housing for formerly Homeless households (the "Project"). The Loan is evidenced by, among other documents, an Amended and Restated Loan Agreement between the City and Borrower dated as of the date of this Declaration, as it may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability 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 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	60	50% of Median Income
1BR	22	50% of Median Income
NPLH Studio	20	30% of Median Income as Determined by NPLH Regulations
NPLH 1BR	20	30% of Median Income as Determined by NPLH Regulations
Studio	9	20% of Median Income
1BR	5	20% of Median Income
TOTAL	136	

All Units will be made available to Qualified Tenants who are formerly Homeless or those at risk of homelessness during the period in which (1) if applicable, the City's Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP grant agreement, and/or (2) SFHA provides housing assistance payments to the Project under the HAP.

Forty (40) of the total Units will be concurrently No Place Like Home ("NPLH") units and targeted to Tenants who meet the Homeless Household under No Place Like Home (NPLH) Criteria for a period of 55 years. NPLH units are restricted to 30% of Median Income as determined by NPLH Regulations, however such income limit for the NPLH units may be increased to a maximum of 50% of Median Income as determined by NPLH Regulations consistent with the provisions under the NPLH Program Guidelines. On an annual basis, Borrower will convert to the Median Income as determined by NPLH Regulations and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation.

NPLH units must be operated under the requirements of NPLH as listed in Addendum 1 of MOHCD's Underwriting Guidelines updated November 4, 2022, and as also included in the Local Operating Subsidy Program Policies & Procedures Manual.

If either the HAP or LOSP grant agreement (if any) is terminated, discontinued, reduced, or otherwise insufficient to fund operations 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) Any Unit must at all times be occupied by Qualified Tenants whose household 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. Notwithstanding the foregoing sentence, the maximum rent and income for any NPLH unit may only be altered pursuant to the NPLH program during the 55 year period. 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 income restriction of sixty percent (60%) of Median Income as described in subsection (b) above, and allow Borrower to increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided any Unit must at all times be occupied by Qualified Tenants whose household income does not exceed sixty percent (60%) 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 sixty percent (60%) 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.

In such event the Project is financially infeasible, 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 the Agreement.

[Under the true debt test required by the Internal Revenue Code, MOHCD will consider increases to the maximum income levels for the sole purpose of and to the extent needed for the Project to comply with the Internal Revenue Code. Any additional increases to the maximum income for the Project will contain the same conditions as Section 1.1(c) above.]

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 terms of the Agreement as if fully set forth herein as follows: 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). The foregoing is subject to the terms any subordination agreement related to the City's loan entered into by the City for the benefit of a lender.

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, including the leasehold interest and bind successors and assigns of Borrower and any non-borrower owner and lessee 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.

SIGNATURES FOLLOW ON NEXT PAGE

Borrower has executed this Declaration as of the date first written above.

"BORROWER"

1979 MISSION STREET PSH ASSOCIATES, L.P.

a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A

Legal Description of the Property

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

[INSERT LEGAL AFTER THE PARCEL MAP IS RECORDED]

Street Address:

2970 16TH Street, San Francisco, CA 94103



2970 16th Street
BUDGET AND FINANCE
COMMITTEE

October 22, 2025

JENNY COLLINS, PROJECT MANAGER
MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

1

File #251010

Authorization to issue and deliver tax-exempt and taxable multifamily housing revenue bonds in an aggregate principal amount not to exceed **\$60M**

2

File #251011

- 1) Ground Lease for initial term of 75 yrs. plus option to extend and **\$0** Annual Base Rent + Residual Receipts
- 2) Amended and Restated City (MOHCD) Loan Agreement up to **\$61,163,787**
- 3) License Agreement

2970 16th STREET- BUDGET AND FINANCE COMMITTEE AGENDA ITEMS

PROJECT HISTORY – 2970 16th STREET

- December 2013: Plans for a market rate development at 16th and Mission Streets filed with DBI.
- 2013-2022: Community rallies against the proposed development dubbed “Monster in the Mission” in favor of deeply affordable housing.
- March 2022: Community efforts successful, MOHCD acquires property from Maximus-BP 1979 Mission Street, LLC.
- August 2023: MOHCD releases Request For Qualifications for new affordable housing and associated infrastructure.
- November 2023: Mission Housing Development Corporation (MHDC) and Mission Economic Development Agency (MEDA) selected as co-Sponsors to develop 100% permanent supportive housing project and future family projects.
- May 17, 2024: Citywide Affordable Housing Loan Committee recommended approval of a predevelopment loan for \$3M.
- May 2025: Planning Department approves project under California AB 2162.
- August 2025: Project awarded bond allocation from CDLAC and tax credits from CTCAC.
- September 26, 2025: The Citywide Affordable Housing Loan Committee recommended approval of \$61,163,787 in financing, including \$16M in State funds.





Affordable Housing

- Nine-story building with 136 units (studios and 1-bedroom units) of permanent supportive housing for formerly homeless households
- Supportive Services provided by Lutheran Social Services
- Behavioral Health Services provided by a DPH-contracted services provider
- 20% to 50% MOHCD AMI (\$21,800-\$54,500 for a single person household)
- Ground floor includes a residential lobby, property management offices, resident services offices, an outdoor courtyard, a behavioral health services clinic, and a community room



LA MARAVILLA - BLDG 1 PERMANENT SUPPORTIVE HOUSING
VIEW FROM BART PLAZA - 07.31.25

FINANCING

City MOHCD Loan	\$45M
City No Place Like Home Grant (state funds)	\$16M
Tax Credits	\$42.8M
Private Perm Loan	\$5.5M
General Partner Equity and Accrued Interest	\$1.1M
Total	\$110M

Total City subsidy per unit of \$449,733

Total development cost per unit of \$814,548

TIMELINE

- Housing Construction December 2025
- Project Completion November 2027
- 100% Lease-Up May 2028



LA MARAVILLA - BLDG 1 PERMANENT SUPPORTIVE HOUSING
VIEW FROM 16TH & CAPP - 07.31.25



MHDC PROJECT STAFF:
MEDA PROJECT STAFF:
PROJECT WEBSITE:

CARLOS MELGOZA, JOHN LOVELL
WARREN RITTER, VICTORIA VERA
[HTTPS://WWW.1979MISSIONSF.COM](https://www.1979missionsf.com)



PLANNING APPROVAL LETTER

Date: May 27, 2025
BPA No.: TBD
Planning Record No. **2025-002304PRJ**
Project Address: **2970 16th Street**
Zoning: Mission Street NCT (MISSION STREET NEIGHBORHOOD COMMERCIAL TRANSIT) District
Priority Equity Geographies, Mission Street Alcohol Restrict, and Mission Street Formula Retail
Restaurant Special Use Districts
105-E,55-X Height and Bulk District
Block/Lot: 3553 / 052
Project Sponsor: Melissa Iris Garcia
Herman Coliver Locus Architecture
423 Tehama Street, Floor 2
San Francisco, CA 94103
Staff Contact: Gabriela Pantoja, Senior Planner (628) 652-7380
Gabriela.Pantoja@sfgov.org

Project Description

The proposal is for subdivision of an existing approximately 57,325 square foot lot into three new lots, the demolition of an existing two-story commercial building, and the construction of a new nine-story residential building with 136 dwelling units with more than three percent of non-residential gross floor area for supportive services. The new lots will measure approximately 24,700, 18,737, and 13,888 square feet in size.

Project Approval

This project is approved pursuant to Government Code Section 65650 et seq., commonly known as AB 2162. AB 2162 requires the ministerial approval of eligible supportive housing projects. For additional details on AB 2162, please see Government Code section 65650 et seq., or Planning Director Bulletin 5.

The Project Sponsor will record the Notice of Special Restrictions before issuance of the building permit or site permit for the project.

Project Timeline

Action	Date
Applicant submitted a AB 2162 Development Application	March 20, 2025
Department staff deemed Application Complete (CAN)	April 2, 2025

Notice of Eligibility for AB 2162 was issued

April 8, 2025

Compliance with the State Density Bonus Law

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 five 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.

The Project Sponsor is providing 135 dwelling 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 five concessions/incentives and an additional three stories, or 33 feet of height and unlimited waivers. The project sponsor is requesting a concession/incentive from the development standards for Rear Yard (Planning Code Section 134), Permitted Obstructions (Planning Code Section 136(c)(2)), Ground Floor Commercial (Planning Code Section 145.4), and Ground Floor Ceiling Heights (145.1(c)(4)(B)). The project has requested waivers from the development standards for Usable Open Space (Planning Code Section 135), Dwelling Unit Exposure (Planning Code Section 140), Active Use (Planning Code Section 145.1(c)(3)), Bicycle Parking (Planning Code Section 155.1), Mission St. NCT First Story Non-Residential Tenant Space (Planning Code Section 754(c)(3)), and Bulk (Planning Code Section 270).

<i>Project Tenure</i>	Rental
<i>Location</i>	Mission St. NCT Zoning District
<i>Total On-Site Affordable Units</i>	135 affordable units, plus one manager’s unit (136 total units)
<i>Project Unit Mix</i>	87 Studio, 48 1BR, 1 2BR
<i>Total Residential Floor Area</i>	89,003 sf
<i>Base Residential Floor Area or Base Units</i>	93,274 sf

Planning Code Findings

Planning Code Section 206.6

The Department finds that the project is consistent with the findings set forth in 206.6 as further described below.

Before approving an application for a Density Bonus, Incentive, Concession, or waiver, for any Individually Requested Density Bonus Project, the Planning Commission or Director shall make the following findings as applicable.

- A. The Housing Project is eligible for the Individually Requested Density Bonus Program.

The Project qualifies for the State Density Bonus Program by providing all of the Project's residential units on-site as affordable to households at 50% of AMI or below, except for one dwelling unit (manager's unit).

- B. The Housing Project has demonstrated that any Concessions or Incentives reduce actual housing costs, as defined in Section 50052.5 of the California Health and Safety Code, or for rents for the targeted units, based upon the financial analysis and documentation provided.

The project has requested concessions/incentives from the development standards for Rear Yard (Planning Code Section 134), Permitted Obstructions (Planning Code Section 136(c)(2)), Ground Floor Commercial (Planning Code Section 145.4), and Ground Floor Ceiling Heights (145.1(c)(4)(B)).

Rear Yard. *The requested incentive/concession from the rear yard requirements of Planning Code Section 134 allows the Project to be designed in a manner that maximizes the buildable envelope on an irregular shaped lot without incurring additional cost. The subject property is required to provide a rear yard equal to 25 percent of the lot's depth, or approximately 3,500 square feet in area. The Project will locate the proposed residential building within the subject property's required rear yard and provide a yard area that is approximately 2,210 square feet in size. No setback is provided for at maximum 69 linear feet. Providing a rear yard that runs parallel to the irregular shaped rear property line of the subject property would result a more complex building form, and would incur additional construction cost.*

Permitted Obstructions (Bay Windows). *The requested incentive from the Planning Code Section 136(c)(2), Bay Projections, allows the Project to be designed in a manner that maximizes the buildable envelope on an irregular shaped lot without incurring additional cost. Accommodating additional building square footage above 85 feet will bump the proposed building into a high-rise development. The Project proposes a residential building measuring 84 feet in height. Reducing the proposed bay projections to meet Planning Code Section 136(c)(2) would result in the loss of overall volume of the building and additional construction cost in order to meet Building Code, Fire Code, etc. requirements of a high-rise development.*

Ground Floor Ceiling Height. *The requested incentive/concession from the ground floor ceiling height requirements of Planning Code Section 145.1(c)(4) allows the Project to construct a ground floor that is less than 14 feet floor-to-floor. Pursuant to Planning Code Section 145.1(c)(4), subject properties within*

the Mission St. NCT Zoning District are required to provide a ground floor that contains ceiling height of at minimum 14 feet in height. The Project will provide a ground floor with a ceiling height of 11 feet in height. Providing a code-complaint ground floor ceiling height would bump the classification of the building into a high-rise development and incur additional cost in order to accommodate the Building Code, Fire Code, etc. requirements of a high-rise development.

Ground Floor Commercial. *The requested incentives result in actual cost and identifiable cost reductions. The requested incentive from the Planning Code Section, 145.4, Ground Floor Commercial, allows the Project to accommodate residential supportive services on the ground floor. Without the requested incentive, the Project would be required to lease space currently slated for residential use to another commercial use and would displace the proposed ground floor residential support services. To accommodate the displaced residential support services, the Project would have to increase the building volume in other areas, increasing overall project cost to construct a larger building.*

- C. If a waiver or modification is requested, a finding that the Development Standards for which the waiver is requested would have the effect of physically precluding the construction of the Housing Project with the Density Bonus or Concessions and Incentives permitted.

The project has requested waivers from the development standards for Usable Open Space (Planning Code Section 135), Dwelling Unit Exposure (Planning Code Section 140), Active Use (Planning Code Section 145.1(c)(3)), Bicycle Parking (Planning Code Section 155.1), Mission St. NCT First Story Non-Residential Tenant Space (Planning Code Section 754(c)(3)), and Bulk (Planning Code Section 270).

Usable Open Space. *The requested waiver from the usable open space requirement of Planning Code Section 135 results in an increased residential density. Subject properties located within the Mission St. NCT Zoning District are required to provide at minimum 80 square feet of private or 100 square feet of common usable open space per dwelling unit. The Project is required to provide at minimum 13,600 square feet of common usable open space but will provide approximately 2,438 square feet of usable open space via a roof deck and yard space. Providing code-compliant usable open space within the yard would substantially decrease the buildable lot coverage and reduce the residential density of the Project, resulting in the loss of dwelling units.*

Dwelling Unit Exposure. *The requested waiver from the dwelling unit exposure requirement of Planning Code Section 140 results in an increased residential density, and would support the requested incentive from rear yard requirements. Pursuant to Planning Code Section 140, each dwelling unit shall contain a room measuring at minimum 120 square feet in area with required windows (as defined by the Section 504 of the San Francisco Housing Code) that face directly onto one of the following open areas: a public street; a public alley of at least 20 feet in width; a side yard of at least 25 feet in width; or a rear yard meeting the requirements of the Planning Code. Providing a code-compliant rear yard or open area for the purposes of exposure would substantially decrease the residential density of the Project, resulting in the loss of dwelling units.*

Active Use. *The requested waiver from the active use requirement of Planning Code Section 145.1(c)(3) results in an increased residential density. Pursuant to Planning Code Section 145.1(c)(3), an active use is required at the ground floor for the first 25 feet of the building depth. Providing an active use at the*

ground floor that measures at minimum 25 feet in depth would substantially decrease the residential density of the Project, resulting in the loss of dwelling units. Approximately 4,913 square feet of the ground floor would need to be dedicated to an active use.

Bicycle Parking. *The requested waiver from the bicycle parking requirement of Planning Code Section 155.1 results in an increased residential density. Pursuant to Planning Code Section 155.1 for Projects containing more than 100 dwelling units, 100 Class 1 bicycle parking spaces are required and thereafter one for every four dwelling units. Therefore, 109 Class 1 bicycle parking spaces are required for the Project. The Project will not provide any Class 1 bicycle parking spaces. Providing code complaint Class 1 bicycle parking spaces would substantially decrease the residential density of the Project, resulting in the loss of dwelling units. Providing code complaint Class 1 bicycle parking spaces would require at maximum 1,308 square feet of area.*

Mission St. NCT First Story Non-Residential Tenant Space. *The requested waiver from the Mission St. NCT Zoning District's first story non-residential tenant space requirement of Planning Code Section Planning Code Section 754(c)(3) results in an increased density, and would support the requested incentive from ground floor commercial. Pursuant to Planning Code Section 754(c)(3), one tenant space for non-residential uses of at minimum 10,000 square feet in size at the ground floor. The Project will not provide a tenant space for non-residential uses at the ground floor. Providing a code complaint non-residential tenant space that measures at minimum 10, 000 square feet in size would substantially decrease the residential density of the Project, resulting in the loss of dwelling units.*

Bulk. *The requested waiver from Bulk requirement of Planning Code Section 270 results in an increased density. Pursuant to Planning Code Section 270, at a height above 65 feet, the subject property is required to maintain a maximum horizontal dimension of 110 feet and a maximum diagonal dimension of 140 for a total buildable area of approximately 4,913 square feet. A loss of approximately 3,113 square feet in area at each floor above 65 feet in height. Therefore, providing a code complaint Project that meets the subject property's bulk limitations would substantially decrease the residential density of the Project, resulting in the loss of dwelling units.*

- D. If the Density Bonus is based all or in part on donation of land, a finding that all the requirements included in Government Code Section 65915(g) have been met.

The requested Density Bonus is not based on donation of land.

- E. If the Density Bonus, Concession or Incentive is based all or in part on the inclusion of a Child Care Facility, a finding that all the requirements included in Government Code Section 65915(h) have been met.

The requested Density Bonus and concessions/incentives are not based on inclusion of a Child Care facility.

- F. If the Concession or Incentive includes mixed-use development, a finding that all the requirements included in Government Code Section 65915(k)(2) have been met.

The requested concessions/incentives are for residential use only.

General Plan Compliance

As described below, the Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of 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

General Plan Findings

HOUSING ELEMENT

POLICY 15

EXPAND PERMANENTLY AFFORDABLE HOUSING INVESTMENTS IN PRIORITY EQUITY GEOGRAPHIES TO BETTER SERVE AMERICAN INDIAN, BLACK, AND OTHER PEOPLE OF COLOR WITHIN INCOME RANGES UNDERSERVED, INCLUDING EXTREMELY-, VERY LOW-, AND MODERATE-INCOME HOUSEHOLDS.

Objective 4.A

Substantially expand the amount of permanently affordable housing for extremely low- to moderate-income households.

POLICY 26

STREAMLINE AND SIMPLIFY PERMIT PROCESSES TO PROVIDE MORE EQUITABLE ACCESS TO THE APPLICATION PROCESS, IMPROVE CERTAINTY OF OUTCOMES, AND ENSURE MEETING STATE- AND LOCAL-REQUIRED TIMELINES, ESPECIALLY FOR 100% AFFORDABLE HOUSING AND SHELTER PROJECTS.

POLICY 32

PROMOTE AND FACILITATE AGING IN PLACE FOR SENIORS AND MULTI-GENERATIONAL LIVING THAT SUPPORTS EXTENDED FAMILIES AND COMMUNAL HOUSEHOLDS.

Objective 4.C

Diversify housing types for all cultures, family structures, and abilities.

URBAN DESIGN ELEMENT

Objectives and Policies

OBJECTIVE 1

EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

Policy 1.3

Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

OBJECTIVE 4

IMPROVEMENT OF THE NEIGHBORHOOD ENVIRONMENT TO INCREASE PERSONAL SAFETY, COMFORT, PRIDE AND OPPORTUNITY.

Policy 4.5

Design walkways and parking facilities to minimize danger to pedestrians.

Policy 4.13

Improve pedestrian areas by providing human scale and interest.

MISSION AREA PLAN: HOUSING

Objectives and Policies

Policy 2.3.3

Require that a significant number of units in new developments have two or more bedrooms, except Senior Housing and SRO developments unless all Below Market Rate units are two or more bedrooms.

Policy 2.3.5

Explore a range of revenue-generating tools including impact fees, public funds and grants, assessment districts, and other private funding sources, to fund community and neighborhood improvements.

Policy 2.3.6

Establish an impact fee to be allocated towards an Eastern Neighborhoods Public Benefit Fund to mitigate the impacts of new development on transit, pedestrian, bicycle, and street improvements, park and recreational facilities, and community facilities such as libraries, child care and other neighborhood services in the area.

The Project will demolish an existing two-story commercial building and construct a new nine-story residential building within a close proximity to public transportation, public open spaces, commercial corridors, and jobs. Additionally, the Project will increase the City's housing stock by providing a total of 136 new dwelling units, all of which will be on-site rental affordable dwelling units (100% of the Project's total units, except for the manager's unit). Family orientated amenities will be made available to the future residential tenants of the subject building including community spaces and usable open space. The Project site is well served by public transportation. The subject property is located adjacent to 16th St. BART station and less than a block from the 14, 14R, 49, 55, 22, and 33 bus lines.

Furthermore, the Project will provide a development that is compatible with the immediate neighborhood and embodies design principles that guide building massing and articulation. The Project will design a ground floor that enhances the existing pedestrian environment of the immediate neighborhood and provides a transition between the public and private realms. The development will respect the existing building massing and articulation of the immediate neighborhood by incorporating three-dimensional building features (i.e. bay windows, recessed windows and doors, entries) and reflect the immediate neighborhood.

Planning Code Section 101.1(b) establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project complies with said policies in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

The project site does contain a neighborhood-serving retail use. The subject property is developed with a two-story commercial building that contains a Grocery Store (DBA "Hwa Lei Market") and a Limited Restaurant (DBA "Mission Hunan"), and associated parking lot. While the Project will remove neighborhood serving retail uses, the Project will construct a new residential building with 136 dwelling units which will enhance the nearby retail uses by providing new residents and patrons to the area, and therefore, strengthen the customer base of existing retail uses and contribute to the demand for new retail uses serving the area.

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 will conserve and protect the existing housing and neighborhood character, including the cultural and economic diversity of the neighborhood. The Project will demolish an existing two-story commercial building and construct a new residential building that will contain 136 new dwelling units, all of which will be affordable units except for the manager's unit, and Supportive Service space including a community room, wellness clinic, and conference rooms.

3. That the City's supply of affordable housing be preserved and enhanced,

The Project will not negatively affect the City's supply of affordable housing as no affordable housing units will be removed. Rather, the Project will enhance the City's supply of affordable housing by constructing 135 rental affordable dwelling units.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The Project is not expected to impede public transportation, vehicle traffic patterns, or overburden the immediate neighborhood's existing on-street parking availability; the Project site is well served by public transportation. The subject property is located adjacent to 16th St. BART station and less than a block from the 14, 14R, 49, 55, 22, and 33 bus lines. Additionally, the number of available on-street parking spaces is not expected to altered. No new curb cuts are proposed.

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 will not displace any service or industry sectors due to commercial office and will not affect residents' employment and ownership opportunities of industrial and service sector.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project will be designed and constructed to conform to the structural and seismic safety requirements of the Building Code. As such, this Project will improve the property's ability to withstand an earthquake.

7. That landmarks and historic buildings be preserved.

Currently, the Project Site does not contain any City Landmarks or historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project will not impact parks and open spaces access to sunlight and vistas.

Attachments:

Conditions of Approval for 100% Affordable AB 2162 Projects
Draft Notice of Special Restriction
Approved Plans

CONDITIONS OF APPROVAL FOR A 100% AFFORDABLE AB 2162 PROJECTS

Authorization

This authorization to allow a subdivision of an existing approximately 57,325 square foot lot into three new lots, the demolition of an existing two-story commercial building, and the construction of a new nine-story residential building with 136 dwelling units with more than three percent of non-residential gross floor area for supportive services located at 2970 16th Street, Block 3553, Lot 052 within the Mission St. NCT Zoning District and 105-E and 55-X Height and Bulk Districts; in general conformance with plans, dated March 14, 2025, included in the case file for Planning Record No. 2025-002304PRJ. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

Recordation of Conditions of Approval

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Department on May 27, 2025 under Planning Record No. 2025-002304PRJ.

Severability

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

Changes and Modifications

Changes to the approved plans may be approved administratively by Planning Staff if the modifications to the Project are compliant with the objective provisions of the Planning Code in effect at the time of the original Planning approval.

Performance

1. **Expiration.** The authorization and right vested by virtue of this action does not expire.

Provisions

2. **Anti-Discriminatory Housing.** The Project shall adhere to the requirements of the Anti-Discriminatory Housing policy, pursuant to Administrative Code Section 1.61.
3. **First Source Hiring.** The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.

For information about compliance, contact the First Source Hiring Manager at 415.581.2335, www.onestopSF.org.

4. **Affordable Housing.** 100% of the units, excluding managers' units, within the development are restricted to lower income households, as defined in CA Health and Safety Code Section 50079.5, and are or will be receiving public funding to ensure affordability of the housing to lower income Californians. The rents in the development shall be set at an amount consistent with the rent limits stipulated by the public program providing financing for the development. All units within the development are subject to a recorded affordability restriction for 55 years.
5. **Regulatory Agreement.** The Project was approved ministerially in accordance with the provisions of California Government Code Section 65650, since 100% of the units, excluding managers' units, within the project are restricted to lower income households for a period of at least fifty-five years, are or will be receiving public funding to ensure affordability of the housing to lower income Californians, and provides a minimum number of Supportive Housing units. In addition, the Project was approved in accordance with the provisions of California Government Code Section 65915 ("State Density Bonus Law"). The Project is eligible for decontrolled density, three stories above the zoned height limit, up to four incentives and concessions, and unlimited waivers from development standards. The Department has granted incentives/concessions from the development standards for Rear Yard (Planning Code Section 134), Permitted Obstructions (Planning Code Section 136(c)(2)), Ground Floor Commercial (Planning Code Section 145.4), and Ground Floor Ceiling Heights (145.1(c)(4)(B)), and waivers from the development standards for Usable Open Space (Planning Code Section 135), Dwelling Unit Exposure (Planning Code Section 140), Active Use (Planning Code Section 145.1(c)(3)), Bicycle Parking (Planning Code Section 155.1), Mission St. NCT First Story Non-Residential Tenant Space (Planning Code Section 754(c)(3)), and Bulk (Planning Code Section 270). Prior to the issuance of the first construction document for the Project, the property owner must enter into a regulatory agreement with the City pursuant to the provisions of Planning Code Section 206.6(f).
6. **Inclusionary Affordable Housing Program.** As currently proposed, the Project is exempt from the Inclusionary Affordable Housing Program under Section 415.3(f)(4) because it is a 100% affordable housing project in which rents are controlled or regulated by a government unit, agency or authority, excepting those unsubsidized and/or unassisted units which are insured by the United States Department of Housing and Urban Development. Pursuant to a correspondence dated May 27, 2025 from MOHCD, the property is owned by the City, and all of the residential units (except for any manager units) in the proposed Project will be regulated by MOHCD.

In the event of foreclosure or for any other reason the Project no longer qualifies as a 100% affordable housing project meeting the requirements under Section 415.3(f)(4), the Project shall comply with the inclusionary housing requirements set forth in Planning Code Section 415 *et seq*, or any successor provision, and the requirements of the then-applicable Inclusionary Affordable Housing Program Monitoring and Procedures Manual, as amended from time to time, published by MOHCD. To comply with Planning Code Section 415 *et seq*, the owner shall execute a new notice of special restrictions or any amendment to this NSR, as well as any related regulatory agreement, in form and substance approved in writing by the Planning Department and MOHCD.

Design

7. **Amenities.** Pursuant to California Government Code Section 65651(a)(7), units within the development, excluding managers' units, shall include at least at least one bathroom and a kitchen or other cooking facilities, including, at minimum, a stovetop, a sink, and a refrigerator.
8. **Supportive Services.** Pursuant to California Government Code Section 65651(a)(5), at least 3% of the total nonresidential floor area shall be provided for on-site supportive services as defined in California Government Code Section 65582, that are limited to tenant use, including, but not limited to, community rooms, case management offices, computer rooms, and community kitchens.

Operation

9. **Supportive Housing.** Pursuant to California Government Code Section 65651(a)(3), at least 25% of the units in the development or 12 units, whichever is greater, are restricted to residents in supportive housing who meet criteria of the target population. If the development consists of fewer than 12 units, then 100% of the units, excluding managers' units, in the development shall be restricted to residents in supportive housing.

Pursuant to California Government Code Section 65651(c), the local government shall, at the request of the project owner, may reduce the number of residents required to live in supportive housing if the project-based rental assistance or operating subsidy for a supportive housing project is terminated through no fault of the project owner, but only if all of the following conditions have been met:

- (1) The owner demonstrates that it has made good faith efforts to find other sources of financial support.
- (2) Any change in the number of supportive housing units is restricted to the minimum necessary to maintain the project's financial feasibility.
- (3) Any change to the occupancy of the supportive housing units is made in a manner that minimizes tenant disruption and only upon the vacancy of any supportive housing units.

President, District 8
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Tel. No. 554-6968
Fax No. 554-5163
TDD/TTY No. 544-5227

RAFAEL MANDELMAN

PRESIDENTIAL ACTION

Date: 10/21/25

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

☐ Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____

(Primary Sponsor)

Title. _____

☐ Transferring (Board Rule No 3.3)

File No. _____

(Primary Sponsor)

Title. _____

From: _____ Committee

To: _____ Committee

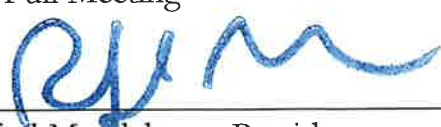
☒ Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: Chen Replacing Supervisor: _____

For: 10/22/25 Budget & Finance Meeting
(Date) (Committee)

Start Time: _____ End Time: _____

Temporary Assignment: ☐ Partial ☒ Full Meeting



Rafael Mandelman, President
Board of Supervisors



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 #: 251011

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
Legislative Clerks Division	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
Jennifer Collins	4152443243
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Housing and Community Development	jennifer.m.collins@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 1979 MISSION STREET PSH ASSOCIATES, L.P.	TELEPHONE NUMBER 415-864-6432 ext 303
STREET ADDRESS (including City, State and Zip Code) 474 Valencia St # 280, San Francisco, CA 94103	EMAIL cmelgoza@missionhousing.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) 	ORIGINAL BID/RFP NUMBER 	FILE NUMBER (If applicable) 251011
DESCRIPTION OF AMOUNT OF CONTRACT \$1 Annual Base Rent + Residual Receipts		
NATURE OF THE CONTRACT (Please describe) 75 Year Ground Lease (\$1 per year plus residual receipts) by the City and County of San Francisco, through SF MOHCD, to 1979 Mission Street PSH Associates, L.P., to allow the development of a 136-unit multifamily housing project for formerly homeless persons located in the Mission neighborhood at 2670 16th Street.		

7. COMMENTS
1979 Mission Street PSH Associates, L.P. consists of Mission Housing Development Corporation and Mission Economic Development Agency entities.

8. CONTRACT APPROVAL	
This contract was approved by:	
☐	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
☒	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
☐	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	Bautista-Ong	Marizza	CFO
2	Moss	Sam	CEO
3	Contreras	Marcia	CEO
4	Gonzalez	Irving	Board of Directors
5	So	Musetta	Board of Directors
6	Gomez-Benitez	Fernando	Board of Directors
7	Rosales	Mara	Board of Directors
8	Layman	John	Board of Directors
9	Kosheleva-Coats	Julia	Board of Directors
10	Granados	Luis	CEO
11	Ceguerra	Berlina	COO
12	Ramirez	Carlos	CFO
13	Yaquian	Rafael	Other Principal Officer
14	Garcia	Teresa M	Other Principal Officer
15	Chavarin	Marco	Other Principal Officer
16	Vasquez	Teddy	Other Principal Officer
17	Cabrera	Ed	Board of Directors
18	Duron	Ysabel	Board of Directors
19	Gross	Rich	Board of Directors

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Jones	Whitney	Board of Directors
21	Marquez	Carina	Board of Directors
22	Martinez	Carolina	Board of Directors
23	Santamaria	Manuel	Board of Directors
24	Stein	Kevin	Board of Directors
25	Lopez	Bianca	Board of Directors
26	Slen	Joyce	Board of Directors
27	Isais	Antonio	Board of Directors
28			
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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
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42			
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50			

☐ 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.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	



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:

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NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Legislative Clerks Division	415-554-5184
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NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Jennifer Collins	4152443243
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Housing and Community Development	jennifer.m.collins@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 1979 MISSION STREET PSH ASSOCIATES, L.P.	TELEPHONE NUMBER (415) 864-6432 ext.303
STREET ADDRESS (including City, State and Zip Code) 474 Valencia St # 280, San Francisco, CA 94103	EMAIL cmelgoza@missionhousing.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) 	ORIGINAL BID/RFP NUMBER 	FILE NUMBER (If applicable) 251011
DESCRIPTION OF AMOUNT OF CONTRACT \$61,163,787		
NATURE OF THE CONTRACT (Please describe) This contract is for financing a 136-unit multifamily housing project for formerly homeless persons located in the Mission neighborhood at 2670 16th Street.		

7. COMMENTS
1979 Mission Street PSH Associates, L.P. consists of Mission Housing Development Corporation and Mission Economic Development Agency entities.

8. CONTRACT APPROVAL	
This contract was approved by:	
☐	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
☒	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
☐	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	Bautista-Ong	Marizza	CFO
2	Moss	Sam	CEO
3	Contreras	Marcia	CEO
4	Gonzalez	Irving	Board of Directors
5	So	Musetta	Board of Directors
6	Gomez-Benitez	Fernando	Board of Directors
7	Rosales	Mara	Board of Directors
8	Layman	John	Board of Directors
9	Kosheleva-Coats	Julia	Board of Directors
10	Granados	Luis	CEO
11	Ceguerra	Berlina	COO
12	Ramirez	Carlos	CFO
13	Yaquian	Rafael	Other Principal Officer
14	Garcia	Teresa M	Other Principal Officer
15	Chavarin	Marco	Other Principal Officer
16	Vasquez	Teddy	Other Principal Officer
17	Cabrera	Ed	Board of Directors
18	Duron	Ysabel	Board of Directors
19	Gross	Rich	Board of Directors

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Jones	Whitney	Board of Directors
21	Marquez	Carina	Board of Directors
22	Martinez	Carolina	Board of Directors
23	Santamaria	Manuel	Board of Directors
24	Stein	Kevin	Board of Directors
25	Lopez	Bianca	Board of Directors
26	Slen	Joyce	Board of Directors
27	Isais	Antonio	Board of Directors
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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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☐ 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.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	

OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: Ground Lease, License, and Amended and Restated Loan Agreement - 2970 16th Street - 100% Affordable Housing - \$1 Annual Base Rent - Loan Not to Exceed \$61,163,787
DATE: October 7, 2025

Resolution 1) approving and authorizing the Director of Property and the Mayor's Office of Housing and Community Development ("MOHCD") to enter into a Ground Lease for real property owned by the City and located at 2970 16th Street with 1979 Mission Street PSH Associates, L.P. ("Developer") for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$1.00 ("Ground Lease") in order to construct a 100% affordable, 136-unit multifamily rental housing development as permanent supportive housing for formerly homeless households or households at risk of homelessness (the "Project"); 2) approving and authorizing an Amended and Restated Loan Agreement in an amount not to exceed \$61,163,787 for a minimum loan term of 57 years ("Loan Agreement") to finance the development and construction of the Project; 3) approving and authorizing the Director of Property and MOHCD to enter into a License Agreement for real property owned by the City with Developer for \$0 for up to 3 years to allow construction staging for the Project ("License Agreement"); 4) determining that the less than market rent payable under the Ground Lease and License Agreement will serve a public purpose by providing affordable housing for low-income households in need, in accordance with Administrative Code, Section 23.30; 5) adopting findings declaring that the Property is "exempt surplus land" pursuant to the California Surplus Lands Act; 6) 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 7) authorizing the Director of Property and/or the Director of MOHCD to execute the Ground Lease, Loan Agreement, and License Agreement, make certain modifications to such agreements, and take certain actions in furtherance of this Resolution, as defined herein.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org