

File No. 241135

Committee Item No. 12

Board Item No. 14

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date January 22, 2025

Board of Supervisors Meeting Date January 28, 2025

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
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- Draft Amendment No. 1 to Loan Agreement
  - Draft Amendment No. 1 to Deed of Trust
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- |                                     |                                     |                              |
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#### OTHER (Use back side if additional space is needed)

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|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Notice of Funding Availability 4/25/2022</u>                      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Citywide Affordable Housing Loan Committee Approval 8/18/2023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Original Loan Agreement 10/3/2023</u>                             |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Executed Promissory Note 10/3/2023</u>                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Recorded Deed of Trust 10/18/2023</u>                             |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Recorded Declaration of Restrictions 10/18/2023</u>               |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Executed Predevelopment Loan Agreement 12/1/2023</u>              |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Executed Predevelopment Promissory Note 12/1/2023</u>             |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CAHLC Loan Evaluation Approval 11/15/2024</u>                     |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PLN General Plan Referral 11/14/2024</u>                          |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MOHCD Presentation 1/22/2025</u>                                  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>Presidential Action Memo – Temp Assignment – BFC 1/22/2025</u>    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <u> </u>   |

Completed by: Brent Jalipa Date January 16, 2025

Completed by: Brent Jalipa Date January 23, 2025

1 [Loan Amendment - 2530 18th, LLC - 100% Affordable Housing - 2530-18th Street - Not to  
2 Exceed Aggregate Amount of \$11,846,900]

3 **Resolution approving and authorizing the Mayor and the Director of the Mayor’s Office**  
4 **of Housing and Community Development to execute a First Amendment to the Loan**  
5 **Agreement with 2530 18th, LLC, a California limited liability company relating to a loan**  
6 **for the acquisition of real property located at 2530-18th Street intended for the**  
7 **development of a 100% affordable multifamily rental building for families (the**  
8 **“Project”), for a new total loan amount not to exceed \$6,900,000 and an aggregate**  
9 **funding amount not to exceed \$11,846,900 for the Project; approving the form of the**  
10 **loan agreement and ancillary documents; ratifying and approving any action heretofore**  
11 **taken in connection with the Project; granting general authority to City officials to take**  
12 **actions necessary to implement this Resolution, as defined herein; and finding that the**  
13 **loan is consistent with the General Plan, and the eight priority policies of Planning**  
14 **Code, Section 101.1.**

15  
16 WHEREAS, The City and County of San Francisco, acting through the Mayor’s Office  
17 of Housing and Community Development (“MOHCD”), administers a variety of housing  
18 programs financing the development of new affordable housing and rehabilitation of single-  
19 and multifamily housing for low- and moderate-income households and resources for  
20 homeowners in San Francisco; and

21 WHEREAS, MOHCD enters into loan agreements with affordable housing developers  
22 for the purpose of acquiring and developing 100% affordable housing within the City, including  
23 permanent supportive housing for families experiencing homelessness; and

24 WHEREAS, MOHCD and the Department of Homelessness and Supportive Housing  
25 (“HSH”) published a Notice of Funding Availability for acquisition and development financing

1 for Affordable Rental Housing for Families, Including Families Experiencing Homelessness,  
2 on April 25, 2022 (“NOFA”); and

3 WHEREAS, Mercy Housing California, a California nonprofit public benefit corporation  
4 (“MHC”), and Homeless Prenatal Program, a California nonprofit public benefit corporation  
5 (“HPP”), were selected as joint developers for a predevelopment loan and an acquisition loan,  
6 respectively, under the NOFA; and

7 WHEREAS, HPP established 2530 18th, LLC, a California limited liability company  
8 (“Acquisition Borrower”) as an affiliate to acquire real property located at 2530-18th Street,  
9 San Francisco (the “Property”), and MHC established Mercy Housing California 104, L.P., a  
10 California limited partnership (the “Predevelopment Borrower”) as an affiliate to conduct  
11 predevelopment activities in furtherance of the development and construction of a 100%  
12 affordable, multifamily rental housing project for extremely-low, very-low, low-, and moderate-  
13 income households with 1-bedroom, 2-bedroom and 3-bedroom units, and ancillary space for  
14 residential property staff offices and social services support, on the Property (the “Project”);  
15 and

16 WHEREAS, On August 18, 2023, the Citywide Affordable Housing Loan Committee,  
17 consisting of MOHCD, HSH, Office of Community Investment and Infrastructure, and the  
18 Controller’s Office of Public Finance, recommended approval to the Mayor of an acquisition  
19 loan to Acquisition Borrower in the amount of \$4,900,000 and a predevelopment loan to the  
20 Predevelopment Borrower in the amount of \$4,946,900 for an aggregate funding amount of  
21 \$9,846,900 to finance the Project; and

22 WHEREAS, MOHCD provided a loan in the amount of \$4,900,000 (the “Loan”) to the  
23 Acquisition Borrower under that certain Loan Agreement dated October 3, 2023, to finance  
24 Acquisition Borrower’s purchase of the Property, and Acquisition Borrower executed that  
25 certain Secured Promissory Note dated October 3, 2023, Deed of Trust, Assignment of Rents,

1 Security Agreement and Fixture Filing dated October 18, 2023, and Declaration of  
2 Restrictions and Affordable Housing Covenants dated October 18, 2023, copies of which are  
3 on file with the Clerk of the Board of Supervisors in File No. 241135 (all of the foregoing,  
4 collectively, the “Original Loan Documents”); and

5 WHEREAS, MOHCD provided a loan in the amount of \$4,946,900 to the  
6 Predevelopment Borrower under that certain Loan Agreement dated December 1, 2023, to  
7 finance the predevelopment activities of the Project; and

8 WHEREAS, In conjunction with Acquisition Borrower’s purchase of the Property,  
9 Acquisition Borrower obtained a loan in the principal amount of \$2,000,000 from  
10 CommonSpirit Health Operating Investment Pool, LLC (“Bridge Loan”); and

11 WHEREAS, The Acquisition Borrower desires to repay the Bridge Loan in order to  
12 reduce holding costs of the Property while it partners with Predevelopment Borrower to further  
13 design the Project and until the Project can be financed and start construction, and Acquisition  
14 Borrower has requested an increase to the Loan in the amount of \$2,000,000 for such  
15 purpose; and

16 WHEREAS, On November 15, 2024, the Citywide Affordable Housing Loan Committee  
17 recommended approval to the Mayor of an additional loan to Acquisition Borrower in amount  
18 not to exceed \$2,000,000 (“Additional Loan”), for a total loan amount not to exceed  
19 \$6,900,000, and an aggregate funding amount equal to \$11,846,900 to finance the Project;  
20 and

21 WHEREAS, MOHCD desires to provide the Additional Loan to the Acquisition Borrower  
22 pursuant to a First Amendment to Loan Agreement, an Amended and Restated Secured  
23 Promissory Note, and a First Amendment to Deed of Trust (collectively, “Loan Amendment  
24 Documents”), in substantially the forms on file with the Clerk of the Board in File No. 241135,  
25 and in such final form as approved by the Director of MOHCD and the City Attorney; and



1           WHEREAS, The terms and conditions of the Original Loan Documents, as amended by  
2 the Loan Amendment Documents, will continue in full force and effect; and

3           WHEREAS, The Planning Department, through the General Plan Referral letter dated  
4 November 14, 2024, found that the Project would be eligible for ministerial approval under  
5 California Government Code, Section 65913.4 (Senate Bills 35 and 765), California Public  
6 Resources Code, Section 21080, and the CEQA Guidelines, Sections 15002(i)(1), 15268 and  
7 15369, would therefore not be subject to the California Environmental Quality Act (“CEQA”,  
8 Pub. Resources Code, Section 21000 et seq.), and is consistent with the General Plan, and  
9 the eight priority policies of Planning Code, Section 101.1; which letter is on file with the Clerk  
10 of the Board of Supervisors in File No. 241135, and incorporated herein by this reference;  
11 now, therefore, be it

12           RESOLVED, This Board affirms the Planning Department’s determination that the  
13 proposed Project and Loan is not subject to CEQA and is consistent, on balance, with the  
14 General Plan, and with Planning Code, Section 101.1, for the reasons set forth in the Director  
15 of Planning’s letter; and, be it

16           FURTHER RESOLVED, That the Board of Supervisors hereby approves the Original  
17 Loan Documents, as amended by the Loan Amendment Documents, and authorizes the  
18 Mayor and the Director of MOHCD or the Director’s designee to enter into the Loan  
19 Amendment Documents, including, without limitation, modifications of the Original Loan  
20 Document and/or the Loan Amendment Documents, and preparation and attachment of, or  
21 changes to, any of all of the exhibits and ancillary agreements, and any other documents or  
22 instruments necessary in connection therewith, that the Director determines, in consultation  
23 with the City Attorney, are in the best interest of the City, do not materially increase the  
24 obligations or liabilities for the City or materially diminish the benefits of the City, or are  
25

1 necessary or advisable to effectuate the purposes and intent of this Resolution and are in  
2 compliance with all applicable laws, including the City Charter; and, be it

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

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

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

1 RECOMMENDED:

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/s/

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

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<p><b>Item 12</b> <b>File 24-1135</b></p>	<p><b>Department:</b> Mayor’s Office of Housing and Community Development</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed resolution would approve the first amendment to the loan agreement and related documents between the Mayor’s Office of Housing and Community Development (MOHCD) and 2530 18<sup>th</sup>, LLC, an affiliate of the non-profit, Homeless Prenatal Project (HPP). This loan would fund a 100 percent affordable housing building being developed with Mercy Housing California. The amendment increases MOHCD’s loan to HPP from \$4,900,000 to \$6,900,000 and increases total City funding to the 2530 18<sup>th</sup> Street project from \$9,846,900 to \$11,846,900.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>The Homeless Prenatal Project and Mercy Housing (the project sponsors) are developing 2530 18<sup>th</sup> Street into affordable housing. HPP acquired the site using non-City funding, however the development timeline is taking longer than expected. To reduce holding costs, MOHCD is proposing to replace HPP’s acquisition debt with a City loan that has no interest.</li> <li>The project was awarded City funding following a competitive solicitation in 2022. The original included space for HPP on the ground and a total of 74 units, with half of the units to be built as permanent supportive housing. However, in order to increase the likelihood that the project will be eligible for state and tax credit financing, the project sponsor is eliminating the HPP space and increasing the number of units from 74 to approximately 96 (with half of the units still being for formerly homeless households). As a result, total project costs have increased from \$88.5 million to \$106 million, or, a slight decrease in the per unit cost from approximately \$1.19 million to \$1.13 million.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>The proposed \$2,000,000 loan increase is funded by Homelessness Gross Receipts tax revenue. This loan is to refinance acquisition debt held by 2530 18<sup>th</sup>, LLC, an affiliate of the Homeless Prenatal Project.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>The project has high per unit construction costs that are impacting its competitiveness for state financing. Despite value-engineering, the construction budget is still approximately 17 percent more per bedroom than similar projects. According to MOHCD, these high costs are due to ongoing volatility in the construction market combined with the relatively small size of the original project as well as a complex ground floor design. The project’s high costs may render its completion infeasible without additional City funding beyond the \$16 million that is already earmarked for the project.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Approve the proposed resolution.</li> </ul>	

**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**

**Project Sponsor**

In June 2020, the non-profit Homeless Prenatal Program (HPP)<sup>1</sup> acquired the 2530 18<sup>th</sup> Street site, situated on a 0.3-acre lot at the corner of 18<sup>th</sup> and Hampshire Streets in the Mission District adjacent to the HPP main building. HPP’s acquisition cost totaled \$7,037,000, financed by a \$4.9 million loan from First Republic Bank, a short-term loan from the seller<sup>2</sup> of \$1.25 million, and Homeless Prenatal Program funds of \$887,000. Subsequently, in January 2022, HPP obtained a \$2 million bridge loan from Common Spirit Health Operating Investment Pool, LLC to pay off the seller financing as well as expand the HPP facility. HPP’s outstanding acquisition loans total \$6.9 million.

HPP established 2530 18<sup>th</sup>, LLC for the purposes of acquiring the property to build affordable housing and expand their services. HPP’s development partner, Mercy Housing California, established Mercy Housing California 104, L.P. (a California limited partnership) as an affiliate to conduct predevelopment activities for the construction of a 100 percent affordable housing building on the property. Mercy’s initial predevelopment work was funded by a \$3 million loan from the San Francisco Housing Accelerator Fund.

**City Funding Award**

In April 2022, the Department of Homelessness and Supportive Housing (HSH) and the Mayor’s Office of Housing and Community Development (MOHCD) jointly released a Notice of Funding Availability (NOFA) for \$16 million for acquisition and predevelopment financing of new permanent affordable housing for families, with a requirement to provide at least 50 percent of units to families experiencing homelessness, according to the NOFA. The \$16 million is funded by Homelessness Gross Receipts tax revenue and from the San Francisco Housing Trust Fund. According to MOHCD, the proposal from 2530 18<sup>th</sup>, LLC was the only qualifying proposal submitted, and received a score of 93 out of 100 points.

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<sup>1</sup> The Homeless Prenatal Program non-profit based in San Francisco provides services to low-income and homeless families.

<sup>2</sup> This is a situation in which the property seller acts as a lender, providing financing to the buyer for a portion or the entire purchase price.

In October 2023, MOHCD provided a \$4,900,000 loan to the Homeless Prenatal Program to pay down the First Republic acquisition loan, leaving approximately \$2,000,000 in outstanding acquisition loans held by HPP as of this writing.

In December 2023, MOHCD provided a \$4,946,900 loan to Mercy Housing to pay off the Housing Accelerator Fund loan and continue to fund predevelopment activities, such as design, permit applications, and securing financing.

In total, the 2530 18<sup>th</sup> Street project has \$9,846,900 in City loans (\$4,900,000 for HPP and \$4,946,900 for Mercy Housing).

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve the first amendment to the loan agreement and related documents between MOHCD and 2530 18<sup>th</sup>, LLC, an affiliate of the Homeless Prenatal Project. The amendment increases MOHCD’s loan to HPP from \$4,900,000 to \$6,900,000 and increases total City funding to the 2530 18<sup>th</sup> Street project from \$9,846,900 to \$11,846,900.

The proposed resolution would also find that the loan is consistent with the City’s General Plan and priority policies of the Planning Code and would authorize the Director of MOHCD to amend the loan agreements provided the amendments do not increase the obligations or liabilities to the City.

The purpose of the additional \$2,000,000 in City funding is to refinance HPP’s acquisition debt by replacing it with a City loan that carries no interest. The project is being redesigned and HPP is no longer planning to expand its business operations at the 2530 18<sup>th</sup> site and so the City is paying off HPP’s Common Spirit loan which was originally intended for site acquisition interim financing takeout (\$1.25 million) and on expansion (\$0.75 million). This will lower monthly holding costs while the project sponsor updates the project design and seeks state financing.

**Loan Agreement**

The proposed loan carries no interest and must be repaid at the earlier of construction loan closing or by December 2028. Upon construction start, the land will transfer to MOHCD, and the \$6.9 million MOHCD acquisition loan would be considered paid in kind, up to the appraised value of the land.

**Project Design**

Restrictions to preserve the affordability of the housing units in the proposed development are included in the loan agreement between the City and 2530 18<sup>th</sup>, LLC. The unit mix includes one-, two-, and three-bedrooms for households earning up to 70 percent of the area median income.

The 2022 NOFA used to award funding for this project required that half of the units be set aside for formerly homeless households. The project design originally included a total of 74 units, with half of the units to be built as permanent supportive housing and set aside for families who have experienced homelessness. However, in order to increase the likelihood that the project will be eligible for state and tax credit financing, the project sponsor is increasing the number of units

from 74 to approximately 96 (with half still being for formerly homeless households). Due to this redesign, estimated final completion and lease up of the housing units has been delayed from December 2026 to March 2029 and is dependent on securing additional financing.

The permanent supportive housing units will be leased up through HSH's Coordinated Entry prioritization system. The remaining units will be leased through MOHCD's DAHLIA system.

### Land Use

The site underwent a zoning map change approved by the Board of Supervisors in August 2021, which changed the zoning designation from Production, Distribution and Repair<sup>3</sup> to Urban Mixed-Use (File 21-0182).<sup>4</sup>

The project received notice of final approval for permit streamlining in June 2022 under a state law known as SB 35—Chapter 366, Statutes of 2017 (SB 35, Wiener), which requires streamlined, ministerial approval for jurisdictions that have not met their state-mandated Regional Housing Needs Allocation targets; the project is therefore exempt from environmental review under the California Environmental Quality Act.

The project sponsor merged two lots and subdivided the vertical lot into three air rights parcels for residential units, all of which will be transferred to the City at the end of construction.

### FISCAL IMPACT

The proposed \$2,000,000 loan increase is funded by Homelessness Gross Receipts tax revenue. As noted above, this loan is to refinance acquisition debt held by 2530 18<sup>th</sup>, LLC, an affiliate of the Homeless Prenatal Project. Exhibit 1 below shows the current and proposed City loans for the project.

#### Exhibit 1: Current and Proposed City Loans for 2530 18<sup>th</sup> Street

	HPP (2530 18th LLC)	Mercy (104 LP)	Total City Loans
Current Loan	\$4,900,000	\$4,946,900	\$9,846,900
Proposed Loan	2,000,000	0	2,000,000
<b>New Total</b>	<b>\$6,900,000</b>	<b>\$4,946,900</b>	<b>\$11,846,900</b>

Source: Loan Agreements

<sup>3</sup> Production, Distribution and Repair refers to land zoned for business activities that share a need for flexible operating space that includes large open interior spaces, high ceilings, freight loading docks and elevators, floors capable of bearing heavy loads, and large (often uncovered exterior) storage areas, according to the San Francisco Planning Code.

<sup>4</sup> Urban Mixed Use is intended to promote a vibrant mix of uses while maintaining the characteristics of formerly industrially-zoned areas and serve as a buffer between residential districts and Production, Distribution and Repair districts in the Eastern neighborhoods, according to the San Francisco Planning Code.

**Project Costs**

As noted above, the project sponsor is seeking to increase the number of residential units to enhance the cost effectiveness of the project, which in turn may help to ensure a state funding award in 2025 after attempts to seek state funding in 2022 and 2023 were unsuccessful. As a result, according to MOHCD’s November 2024 staff memo to the Citywide Affordable Housing Loan Committee, total project costs have increased from \$88.5 million to \$106 million . This also results in a slight decrease in the per unit cost from approximately \$1.19 million to \$1.13 million. Any additional modifications to the proposed loan greater than \$500,000 would require Board of Supervisors approval.

The project sponsor is still identifying sources of funding for construction and to permanently finance the development. The project’s pro forma at 74 units does not assume any additional City funding beyond the \$16 million that has already been allocated to the project, and MOHCD has not revised the financing assumptions in light of the planned increase to 96 units.

The City is planning to incur ongoing costs to subsidize the homeless units (through the City’s Local Operating Subsidy Program) and provide services to those households (contractors funded by the Department of Homelessness and Supportive Housing). At 74 units, MOHCD’s pro forma for this project shows LOSP costs starting at \$574,195 in year one, which would increase to \$729,383 with the addition of ten more LOSP units. The support services will likely cost \$400,000 to \$500,000 per year.

**POLICY CONSIDERATION**

**High Construction Costs and Competition for State Financing**

The project has high per unit construction costs that are impacting its competitiveness for state financing. Despite value-engineering that reduced construction costs by \$900,000, the construction budget is still approximately 19 percent more per unit and 17 percent more per bedroom than similar projects. According to MOHCD, these high costs are due to ongoing volatility in the construction market combined with the relatively small size of the original project (at 74 units) as well as the complex ground floor design. As the redesign progresses, MOHCD says it intends to review the updated design with the goal of reducing costs.

The total development cost is approximately 36 percent above average costs per unit and 23 percent above average costs per square foot, primarily driven by acquisition costs and soft costs to prepare additional permit materials, conduct value engineering, and design additional units.

Despite the \$2 million proposed new funding, the project’s high costs may render its completion infeasible without additional City funding beyond the \$16 million that is already earmarked for the project.

The state’s Department of Housing and Community Development’s Multi-family Housing Program for funding affordable housing projects has become increasingly competitive, according to MOHCD. The project applied for funding from the Multi-family Housing Program and the state’s Infill Infrastructure Grant, but did not receive funding in 2022. The project then reapplied



for funding from these two state programs in July 2023, and again did not receive an award. MOHCD notes that a tax credit allocation will also be competitive, since the project has high per unit construction costs and is in a so-called “moderate resource” area, per the California Tax Credit Allocation Committee/Department of Housing and Community Development Opportunity Map. Relative to projects with lower per unit construction costs and in “high- and highest-resource” areas, the project is less competitive for tax credits and an allocation of bonds. The project sponsor also applied for a Community Care Expansion program grant from the California Department of Social Services for \$13 million, and did not receive the funding award.

**RECOMMENDATION**

Approve the proposed resolution.

**FIRST AMENDMENT TO LOAN AGREEMENT  
(CITY AND COUNTY OF SAN FRANCISCO HOUSING TRUST FUND,  
OUR CITY OUR HOME FUND)**

**THIS FIRST AMENDMENT TO LOAN AGREEMENT** (this “First Amendment”) is entered into as of \_\_\_\_\_, 2024 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the “City”), represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development (“MOHCD”), and **2530 18<sup>th</sup>, LLC, a California limited liability company** (“Borrower”).

**RECITALS**

A. In November 2018, the voters of the City approved Proposition C, which created the Homelessness Gross Receipts Tax Ordinance under Business and Tax Regulations Code Article 28 with all collected monies to be deposited into the Our City, Our Home Fund under Administrative Code Section 10.100-64 (“OCOH Fund”). The City is authorized to use a portion of the OCOH Fund for the construction, acquisition, rehabilitation, lease, preservation, and operation of permanent supportive housing units, which include a rental subsidy and onsite supportive services for formerly homeless adults, families, and youth, or the acquisition, rehabilitation, master lease, and operation of SRO Buildings (as defined in Business & Tax Regulations Code Section 2810(h)(2)), or portions thereof, newly acquired or master leased on or after January 1, 2019. The funds provided from the OCOH Fund to the Borrower under this Agreement will be referred to herein as the “OCOH Funds.”

B. The City previously made a loan of Housing Trust Funds in the principal amount of Four Million Nine Hundred Thousand Dollars (\$4,900,000) (the “Loan”) to Borrower related to the acquisition of property located at 2530 18<sup>th</sup> Street, San Francisco (the “Site”), for the purpose of developing new, permanent affordable housing for families, with at least 50% of units provided for families experiencing homelessness. The Loan is evidenced by the following documents dated as of October 3, 2023: (1) Loan Agreement (Housing Trust Funds) (“the Loan Agreement”); (2) Secured Promissory Note made by Borrower in an amount of the Loan to the order of the City (the “Original Note”); (3) a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, recorded on October 18, 2023, as Instrument No. 2023076815 (“Deed of Trust”); and (4) Declaration of Restrictions and Affordable Housing Covenants. Capitalized terms use herein and not otherwise define shall have the meanings set forth in the Loan Agreement.

C. In conjunction with Borrower’s acquisition of the Site, Borrower obtained a loan in the principal amount of \$2,000,000 from CommonSpirit Health Operating Investment Pool, LLC (“Acquisition Loan”). Borrower desires to repay the Acquisition Loan to decrease the holding costs of the Site until it can be financed and start construction.

D. The Borrower has requested the City to increase the Loan in an amount not to exceed Two Million Dollars (\$2,000,000) to (the “Additional Loan Amount”) to repay the Acquisition Loan. 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 an additional loan of OCOH Funds to Borrower (the "Additional Loan") in the amount of the Additional Loan Amount, for a total loan of Funds ("Loan") in an amount not to exceed Six Million Nine Hundred Thousand and No/100 Dollars (\$6,900,000.00) (the "Funding Amount") subject to the terms and conditions of the Agreement, as amended by this First Amendment.

E. City and Borrower desire to amend the Loan Agreement, Original Note, and the Deed of Trust for the purposes of providing the Additional Loan to Borrower.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, City and Borrower agree as follows:

### **AGREEMENT**

1. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

(a) **Recital D** is hereby deleted in its entirety and replaced with the following:

D. In November 2018, the voters of the City approved Proposition C, which created the Homelessness Gross Receipts Tax Ordinance under Business and Tax Regulations Code Article 28 with all collected monies to be deposited into the Our City, Our Home Fund under Administrative Code Section 10.100-64 ("OCOH Fund"). The City is authorized to use a portion of the OCOH Fund for the construction, acquisition, rehabilitation, lease, preservation, and operation of permanent supportive housing units, which include a rental subsidy and onsite supportive services for formerly homeless adults, families, and youth, or the acquisition, rehabilitation, master lease, and operation of SRO Buildings (as defined in Business & Tax Regulations Code Section 2810(h)(2)), or portions thereof, newly acquired or master leased on or after January 1, 2019. The funds provided from the OCOH Fund to the Borrower under this Agreement will be referred to herein as the "OCOH Funds."

(b) **Recital E** is hereby deleted in its entirety and replaced with the following:

On August 18, 2023, the Citywide Affordable Housing Loan Committee reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, recommended to the Mayor that the City make an initial loan of Funds to Borrower (the "Original Loan") in the amount of Four Million Nine Hundred Thousand and No/100 Dollars (\$4,900,000.00) (the "Original Loan Amount") under this Agreement to fund certain costs related to the Project. 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 an additional loan of OCOH Funds to Borrower (the "Additional Loan") in the amount of the Two Million and No/100 Dollars (\$2,000,000), for a total loan of Funds (the "Loan") in an amount not to exceed Six Million Nine Hundred Thousand and No/100 Dollars (\$6,900,000.00) (the "Funding Amount")

subject to the terms and conditions of this Agreement, as amended by the First Amendment to the Loan Agreement.

(c) The definitions under **Section 1.1 (Defined Terms)** are hereby deleted in their entirety and replaced as follows:

“Agreement” means this Loan Agreement, including any written amendments executed by the parties.

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

“Funds” means, collectively, the funds provided from the Housing Trust Fund and the OCOH Fund, and supersedes the definition under Recital A.

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

2. Amendments to the Note and Deed of Trust. Concurrently herewith, Borrower will execute, in form and substance acceptable to the City, the following: (a) an Amended and Restated Promissory Note in favor of the City (the “Note”) to evidence the Loan Agreement as amended by this First Amendment, and (b) a First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“Deed Amendment”). Accordingly, the City hereby acknowledges and agrees that the Note will supersede and replace the Original Note upon delivery to the City, the Original Note will be canceled, returned to Borrower and of no further force or effect. Borrower will record, or will cause to record, the Deed Amendment in the Official Records..

3. Miscellaneous.

(a) References. No reference to this First Amendment is necessary in any instrument or document at any time referring to the Loan Agreement, Note, or any other City Document. Any reference to such documents shall be deemed a reference to such documents as amended by this First Amendment.

(b) No Other Amendments. Except as amended by this First Amendment, the Loan Agreement shall remain unmodified and in full force and effect.

(c) Counterparts. This First Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

- (d) Successors and Assigns. The terms, covenants and conditions contained in this First Amendment shall bind and inure to the benefit of Borrower and the City and, except as otherwise provided herein, their personal representatives and successors and assigns.
- (e) Further Instruments. City and Borrower hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.
- (f) No Thirty Party Beneficiaries. Nothing contained in this Amendment, 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.

**SIGNATURES FOLLOW ON THE NEXT PAGE**

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

**CITY:**

**CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation

By: \_\_\_\_\_  
London N. Breed  
Mayor

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

**BORROWER:**

**2530 18<sup>th</sup>, LLC**, a California limited liability company

By: Homeless Prenatal Program, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: \_\_\_\_\_  
Shellena Eskridge, Executive Director

By: \_\_\_\_\_  
Joshua Arce, Board Chair

APPROVED AS TO FORM:

DAVID CHIU  
City Attorney

By: \_\_\_\_\_  
Keith Nagayama  
Deputy City Attorney

**Free Recording Requested Pursuant to  
Government Code Section 27383 and 27388.1**

When recorded, mail to:  
Mayor’s Office of Housing and Community Development  
City and County of San Francisco  
1 South Van Ness Ave., 5<sup>th</sup> Floor  
San Francisco, California 94103  
Attn: Housing Loan Administrator

Lot 002A, Block 4014  
Address: 2530 18<sup>th</sup> Street, San Francisco, CA

-----Space Above This Line for Recorder’s Use-----

**FIRST AMENDMENT TO DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING  
(Property Address: 2530 18<sup>th</sup> Street)**

This First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“First Amendment to Deed of Trust”) dated as of \_\_\_\_\_, 2024, is attached to and made a part of that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated October 18, 2023, and recorded October 18, 2023, as Document Number 2023076815 (the “Deed of Trust”) in the Official Records of the City and County of San Francisco. The Deed of Trust secures a loan in the amount of Four Million Nine Hundred Thousand Dollars (\$4,900,000) (the “Loan”) made by the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation represented by the Mayor and acting through the Mayor’s Office of Housing and Community Development (“City” or “Beneficiary”), to 2530 18<sup>th</sup>, LLC a California limited liability company (“Borrower” or “Trustor”), whose address is 2500 18<sup>th</sup> Street, San Francisco, CA 94110, for certain expenses associated with the real property described in the attached **Exhibit A**.

The Loan is evidenced by that certain 1) Loan Agreement dated October 3, 2023, by and between Trustor and Beneficiary (the “Loan Agreement”); 2) Secured Promissory Note dated October 3, 2023 (the “Note”); 3) a Declaration of Restrictions and Affordable Housing Covenant dated as of October 18, 2023 (the “Declaration”); and 4) the Deed of Trust.

Pursuant to that certain First Amendment to Loan Agreement, Beneficiary agreed to increase the Loan by Two Million Dollars (\$2,000,000) (the “First Amendment to Loan Agreement”), as evidenced by that certain Amended and Restated Secured Promissory Note (the “Amended and Restated Note”) executed by Borrower to the order of Beneficiary, each dated as of the date set forth above. The new amount of the Loan is Six Million Nine Hundred Thousand Dollars (\$6,900,000).

The Trustor agrees that the following covenants, terms, and conditions shall be part of and shall modify or supplement the Deed of Trust and that in the event of any inconsistency or

conflict between the covenants, terms, and conditions of the Deed of Trust, as amended by this First Amendment to Deed of Trust, the following covenants, terms, and conditions shall control and prevail:

1. Obligations Secured. The parties agree that the Deed of Trust is hereby amended as follows:

1.1 Section 2 is hereby deleted in its entirety and replaced with the following:

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 Loan Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, the Amended and Restated Note made by Trustor to the order of Beneficiary, and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Loan Agreement, as amended by the First Amendment to Loan Agreement;

(b) payment of the indebtedness evidenced by the Loan Agreement as amended by the First Amendment to Loan Agreement and the Amended and Restated Note in the increased amount of Six Million Nine Hundred Thousand Dollars (\$6,900,000), with interest, if any, according to the terms of the Loan Agreement, as amended by the First Amendment to Loan Agreement and the Amended and Restated Note;

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

2. No Other Change. Except as specifically modified or amended by this Amendment, all other terms and conditions of the Deed of Trust remain the same.

*Remainder of Page Intentionally Left Blank; Signatures Appear on Following Pages*



**BENEFICIARY:**

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

By: \_\_\_\_\_

Daniel Adams

Director, Mayor's Office of Housing and Community Development

SIGNATURE ABOVE MUST BE NOTARIZED

APPROVED AS TO FORM:

DAVID CHIU

City Attorney

By: \_\_\_\_\_

Keith Nagayama, Deputy City Attorney

**TRUSTOR:**

2530 18<sup>th</sup>, LLC, a California limited liability company

By: Homeless Prenatal Program, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: \_\_\_\_\_  
Shellena Eskridge, Executive Director

[SIGNATURE ABOVE MUST BE NOTARIZED]

EXHIBIT A  
Legal Description of the Land

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Commencing at the point of intersection of the Northerly line of 18th Street and the Easterly line of Hampshire Street; running thence Northerly and along said line of Hampshire Street 137 feet, 6 inches; thence at a right angle Easterly 84 feet; thence Southeasterly 40.77 feet to a point distant Westerly 100 feet from the Westerly line of Potrero Avenue along a line drawn at a right angle to said Westerly line of Potrero Avenue and also distant Northerly 100 feet from the Northerly line of 18th Street along a line drawn at a right angle to the Northerly line of 18th street; thence Southerly and parallel with the Easterly line of Hampshire Street 100 feet to the Northerly line of 18th Street; thence at a right angle Westerly along said line of 18th Street 100 feet to the point of commencement.

Being part of Potrero Nuevo Block 63.

Assessor's Lot 002A; Block 4014

Street Address:

2530 18th Street, San Francisco, CA

**AMENDED AND RESTATED SECURED PROMISSORY NOTE**  
(Housing Trust Fund; OCOH Fund)

Principal Amount: \$ 6,900,000

San Francisco, CA

Date:

FOR VALUE RECEIVED, the undersigned, **2530 18<sup>th</sup>, LLC**, a California limited liability company ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of Six Million Nine Hundred Thousand and No/100 Dollars (\$6,900,000.00) (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, as provided in this Note.

1. Agreement.

(a) Pursuant to a Loan Agreement dated October 3, 2023, by and between Holder and Maker ("Original Agreement"), Holder previously made a loan of Four Million Nine Hundred Thousand Dollars (\$4,900,000) (the "Original Loan") to Maker related to the acquisition of certain real property for the purpose of developing affordable housing. As evidence of the Original Loan, Maker executed that certain Secured Promissory Note dated October 3, 2023, made to the order of Holder ("Original Note"). Maker hereby acknowledges and agrees that the Original Loan was fully disbursed by Holder. Holder is making an additional loan of Two Million Dollars (\$2,000,000) (the "Additional Loan") to Maker for the purpose of repaying a loan related to Maker's acquisition of such real property, such that the Original Loan is increased to a total loan amount equal to the Funding Amount.

(b) This Amended and Restated Secured Promissory Note ("Note") is given under the terms of the Original Agreement, as amended by that certain First Amendment to Loan Agreement by and between Maker and Holder dated as of the date set forth above (collectively, 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 October 3, 2023, made by Maker for the benefit of Holder, and recorded in the Official Records on October 18, 2023, as Instrument No. 2023076815, as amended by that certain First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of this Note executed by Maker and Holder (collectively, the "Deed of Trust"). 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 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. The entire principal balance of the Loan, together with all accrued and unpaid default 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 earlier of (a) closing date of a construction loan for the Project and transfer the Site to the City for the purpose of the Project or (b) fifth (5th) anniversary of October 18, 2023 (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, 5<sup>th</sup> 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.

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.

**"MAKER"**

2530 18<sup>th</sup>, LLC, a California limited liability company

By: Homeless Prenatal Program, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: \_\_\_\_\_  
Shellena Eskridge, Executive Director

**NOTICE OF FUNDING AVAILABILITY**

**Acquisition and Predevelopment Financing for  
AFFORDABLE RENTAL HOUSING FOR FAMILIES INCLUDING FAMILIES  
EXPERIENCING HOMELESSNESS**

**Issue Date: April 25, 2022**  
**Application Due Date: May 23, 2022**

*Issued by the Mayor's Office of Housing and Community Development  
and the Department of Homelessness and Supportive Housing of the City and County  
of San Francisco (City)*

**Available Funds:** up to **\$16,000,000** for a new construction project serving low and moderate-income families, including at least 50% families experiencing homelessness

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## I. INTRODUCTION

In order to promote the development of permanent affordable housing for low-income families, including homeless households, the Mayor's Office of Housing and Community Development ("MOHCD") and the Department of Homelessness and Supportive Housing ("HSH") announce the availability of acquisition and predevelopment funding for the development of new, permanent affordable housing for families, with at least 50% of units provided for families experiencing homelessness. Funding for these activities comes from the Our City Our Home Fund (OCOH) and from The San Francisco Housing Trust Fund (HTF) whose goals include:

- House at least 4,000 homeless people and expand shelter beds by 1,000 within five years, fund legal assistance and rent subsidies to keep San Franciscans housed (OCOH)
- Provide a permanent source of revenue to fund the creation of affordable housing for low and middle income households over the next 30 years (HTF)

**This NOFA specifically addresses MOHCD and HSH's common mandate to create new affordable, low-income units for families experiencing homelessness.** MOHCD and HSH will select proposals that show a clear ability to meet these goals:

1. Efficiently and quickly produce high-quality and community-serving affordable housing, efficiently and quickly, through demonstrated **Project Readiness**.
2. Maximize the benefit of the City's subsidy dollars through demonstrated **Cost-Effectiveness**, whether via low-to-no land costs, use of efficient construction techniques and/or materials, or other identified cost-saving measures.
3. **Serve at least 50% Families Experiencing Homelessness referred through the City's Coordinated Entry System.**
4. Align with the implementation of **City policies** on anti-displacement, racially inclusive communities, and creating stable housing for vulnerable populations;
5. Ensure that development teams are working within a **culturally competent approach** throughout the development process;
6. Create opportunities for growth of smaller and Black, Brown, Indigenous and other people of color, **(BIPOC)-led organizations** in development role or as members of the development team;
7. Select 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.**

Funds issued under this NOFA will be available in the Summer of 2022. MOHCD and HSH reserve the right to select any number of Projects they determine appropriate, given available resources for housing development and in order to fulfill the express goals of the NOFA.

## II. IMPORTANT DATES AND SUBMISSION PROCESS

### A. IMPORTANT DATES

NOFA Issued	APRIL 25, 2022
Pre-submission conference via Zoom or MS Teams	MAY 3, 2022
Deadline for questions and requests for additional information	MAY 13, 2022
Proposal Submissions Due	MAY 23, 2022
Notification to Project teams who met submission requirements	MAY 27, 2022
Project team interviews, if necessary	EARLY JUNE 2022
Announcement of selection of projects	MID-JUNE 2022
Deadline for Objections	LATE JUNE 2022

### B. PRE-SUBMISSION MEETING

MOHCD will hold a pre-submission conference via ZOOM or Microsoft Teams on May 3, 2022 at 2:00 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 NOFA (in the form of a Question and Answers document) with this information to all parties that have registered for the NOFA. No questions or requests for interpretation will be accepted after May 13, 2022. Attendance at the pre-submission conference is highly recommended but not mandatory. Please see below regarding **Attachment C – NOFA Registration Form**.

### C. REGISTRATION FOR NOFA REQUIRED

To receive MOHCD's responses to requests for additional information and to questions about this NOFA, and to submit a proposal, all interested parties must submit a completed NOFA Registration Form to MOHCD by May 3, 2022. All addenda, responses and instructions for electronic submission 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 identified in Section IIE below.

#### **D. QUESTIONS AND REQUESTS FOR INFORMATION**

All questions and requests for additional information regarding this NOFA must be submitted by e-mail to **omar.masry@sfgov.org**. Questions received after the deadline may not be answered. All addenda, responses, and additional information will be distributed to all parties who have submitted a registration form in accordance with Section IIB.

#### **E. CONTACT PERSON, SUBMISSION DEADLINE AND PLACE**

All communications about this NOFA should be directed to Omar Masry, at SF MOHCD, at **omar.masry@sfgov.org**.

Respondents to this NOFA must submit one (1) electronic copy of each of their proposals to MOHCD via **SFSecureShare**, no later than 4:00 PM, May 23, 2022. **Proposals are to be delivered by email at omar.masry@sfgov.org by providing a DropBox link. 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 NOFA if necessary to fully fund a selected project.

### **III. PROJECT EXPECTATIONS**

#### **A. 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 developers who have direct experience working with COP holders, or populations who share characteristics with the COP population.

The Department of Homelessness and Supportive Housing (HSH) seeks to become an institution that represents the diversity of the communities we serve and fosters a more diverse, equitable, and inclusive (DEI) culture that recognizes and creates belonging for everyone in our Homeless Response Systems across all work functions, levels, and services. Diversity, Equity, and Inclusion is the foundation upon which HSH engages and assists those we serve, builds relations with those who provide services on our behalf, and infuses the values and beliefs that enable our colleagues and contractors to develop their potential and bring their full selves to the work we do to end homelessness in the City and County of San Francisco.

HSH seeks to partner with organizations who demonstrate a deep understanding of and focus on racial equity to achieve different outcomes in the communities HSH serves and pay close attention to those who are often excluded.

Additional expectations for any proposed Project related to Racial Equity include:

- Maximize the number of priority placements (COP holders, etc.)
- Maximize (meet or exceed) the City's requirements for promotion of SBE/LBE organizations with contracts and local hiring with construction labor
- Create opportunities for growth of smaller and Black, Brown, Indigenous and other people of color, (BIPOC)-led organizations in development role or member of development team
- 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 and promotion of positive outcomes for African American San Franciscans.
- MOHCD will be requesting 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.
- Developer fee will be split per MOHCD guidelines.

## **B. ALIGNMENT WITH MOHCD AND HSH GOALS**

1. **MOHCD.** Respondents should align their development approach with the key findings articulated in MOHCD's Theories of Change as discussed in the 2020-2024 Consolidated Plan at [this link](#). MOHCD has determined that the optimum way to address the City's priority needs is to work towards a set of five interconnected, multidisciplinary objectives that cross program areas and utilize leveraged 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: 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. HSH.

HSH strives to make homelessness in San Francisco a rare, brief, and one-time occurrence through the provision of coordinated, compassionate, and high-quality services. The strong partnership with stakeholders allows for this to be a reality for households experiencing homelessness.

All households will be referred by 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 should be committed to the following:

- Filling at least 50% of project units with families experiencing homelessness, a population in which Black, Brown, Indigenous and other people of color are disproportionately represented.
- An ability 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; and
- 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.”

Additionally, in 2021 HSH published a [Documentation Policy](#) which addresses HSH’s goals to reduce barriers to housing that might be created with the application process, and this policy is in congruence with Housing First principles. Funded projects will be expected to adhere to this policy when placing homeless families.

**C. DEVELOPMENT GOALS:**

- Commence construction on the Project as soon as possible, using streamlined ministerial approval processes. For example, SB35 may be used in conjunction with the Affordable Housing Density Program or the State Density Bonus Program.
- Maximization of the number of units and density within a mid-rise construction type (75’ occupied space) and/or limit of per unit City contribution to at or below average of similar, while balancing community input on unit configuration and size. Units for families experiencing homelessness should not be studios or junior one bedrooms;
- Where applicable, provision of ground floor commercial spaces that serve the neighborhood (including the residents of the Project), with specific programming determined through a comprehensive community outreach process where ground floor commercial uses are appropriate and feasible;
- Set aside a minimum of 50% of units for families experiencing homelessness, in units subsidized by the City’s Local Operating Subsidy Program (“LOSP”) and a City services contract. The LOSP will be administered through a 15-year contract with MOHCD, to cover the difference between tenant-paid rents for 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 HSH.
- Maximum rents for the non-LOSP units will be restricted to an unsubsidized average income of 60% Unadjusted San Francisco Area Median Income (“AMI”), as defined by MOHCD. At least 50% of the units must be set aside for homeless households at very low income levels (30%-50% AMI).
- Maximize the number of target population placements into the Project (COP holders, etc.).
- Conduct community outreach to engender support for the Project;
- Secure construction and permanent financing that minimizes City resources to the greatest extent possible, e.g. a State of California, Housing & Community Development (HCD) loan and/or philanthropic contribution;

- Achieve a feasible project within the funding constraints, namely, \$250,000 of City subsidy per unit.
- Provide on-site housing stabilization and case management services to formerly homeless residents referred from Coordinated Entry at a cost-effective case management ratio (approximately 1:20), established in consultation with HSH.
- Deed land in fee simple to the City (subject to final approval by the Board of Supervisors) which will enter into long-term ground leases with the developers.

#### **D. ELIGIBLE USES OF FUNDS**

Funding awarded through this NOFA 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:

1. Property acquisition and holding costs;
2. Architectural and engineering expenses;
3. Environmental assessments;
4. Appraisals;
5. Legal costs; and/or
6. Project management.

Costs associated with the acquisition or 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 of such spaces are not eligible for support with these funds.

Projects currently under development that have existing funding commitments from MOHCD, HSH or the Mayor's Office of Community Infrastructure and Investment (OCII) are not eligible for funding under this NOFA.

### **IV. SELECTION PROCESS, MINIMUM CAPACITY AND EXPERIENCE 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 finance, affordable housing construction management, community development, commercial space development, housing access/marketing, housing and services for homeless households, and public design/arts commission, as well as community representatives.

The Selection Panel will review all qualified responses (see Section C below) and may 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 any 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 Project(s) for this funding pool and advise the Mayor of these selections. MOHCD and the selected teams will enter into acquisition and predevelopment loan agreements with specific milestone achievement requirements established in accordance with the terms of this NOFA. If MOHCD staff cannot enter into a loan agreement with a selected development team that is in the best interest of the City, the MOHCD Director may terminate negotiations in his sole discretion. If the MOHCD Director terminates negotiations with a selected development team, the MOHCD Director reserves the right, in his 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 (3) may re-advertise the NOFA for the full or partial funding amount under such terms the MOHCD Director deems to be in the City's best interest. MOHCD reserves the right to appoint additional parties to the selected development team should it be determined that the team lacks representation necessary to the achievement of the goals of the NOFA.

## **B. MINIMUM QUALIFICATIONS**

### **1. MINIMUM DEVELOPMENT TEAM CHARACTERISTICS**

The proposed Development Team must include:

- A non-profit developer (or developers) with experience developing permanent supportive housing for formerly homeless families in San Francisco or a for-profit developer working in partnership with a nonprofit developer, of which one of the joint venture partners must have experience developing permanent supportive housing for homeless families in San Francisco (the "Developer"); the development team must have demonstrated experience conducting effective community outreach and engagement.
- A property owner entity with experience owning housing for low-income communities, including formerly homeless families;
- A property management entity with experience managing housing for formerly homeless families with Housing First principles, preferably in San Francisco;
- A community-based, service-providing entity with experience providing culturally competent, and trauma-informed services appropriate for formerly homeless families in a supportive housing context.



*Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the developer must be submitted with the application.*

## **2. 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 **Form 5 - 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, but 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 of the following characteristics:

- 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)
- a supportive affordable housing development for families experiencing homelessness
- financed by use of Low-Income Housing Tax Credits.

## **3. MINIMUM DEVELOPER AND OWNER CAPACITY REQUIREMENTS**

### **a. Minimum Developer 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 NOFA. For joint-venture Development partners, the experience of either entity may suffice for the joint-venture partnership. A Memorandum of Understanding between joint-venture Development partners must be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process.

The contract for development services must be submitted with the RFQ response and must be acceptable to MOHCD.

- b. **Minimum Ownership Experience** - The proposed Owner of the Project must have owned at least **one** Qualifying project housing formerly homeless families in San Francisco for at least 5 years prior to the Submittal Deadline of this NOFA. 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".

In addition, each proposed Owner must provide evidence of experience with owning housing financed with Low Income Housing Tax credits. This experience does not have to be on the same project that satisfies the 5-year ownership requirement. 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 Manager Experience** - The proposed property manager for the Project must have managed at least two Qualifying Projects for formerly homeless households, including at least one project in San Francisco, each for at least 36 months. In addition, the Property Manager must provide evidence of experience with managing housing financed with Low Income Housing Tax credits and operating projects with a Housing First approach. The Property Manager must demonstrate effective strategies for working with service providers to collaborate on housing stability of residents.
- d. **Minimum Service Provision Requirements** - The proposed service provider(s) must have at least 36 months' experience providing supportive services to formerly homeless families 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 with working with property management to collaborate on housing stability of residents. The proposed service provider(s) must have the infrastructure to supervise and train the onsite staff and their supervisors.
- e. **Other Consultants** – For any Respondent 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.

**Note Regarding Experience:** For any Respondent team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members' experience in other firms was substantive and involved responsibilities similar to 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.

4. **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 F – Financing Terms for Developer’s Qualifying Project** documenting the equity pricing and debt terms for the Qualifying Project submitted under Minimum Developer Experience.
5. **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 G – 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.
6. **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. Minimum Proposal Requirements.**

#### **Eligible Proposals:**

1. Must demonstrate *site control* as evidenced by appropriate documentation. The proposed purchase price must be reasonable in comparison to other sites in the neighborhood, and in comparison to other affordable housing sites in the City. Prior to any disbursement of funds for acquisition, an appraisal supporting the acquisition cost will be required.

2. Must include the opportunity for the City to eventually own the land as ground lessor under a long-term ground lease structure or some other land dedication/ subdivision mechanism that will insure long-term affordable housing as the primary use of the land.
3. Must demonstrate financial feasibility. The project must be financially feasible, including realistic development and operating budget projections that conform to industry standards, including TCAC minimum standards. Each proposed financing source must be realistic, compatible with MOHCD and all other committed or proposed funding sources, and appropriate for the proposed housing. Applicant must demonstrate that there is a reasonable likelihood that all identified development sources will be secured in a timely manner.
4. Must demonstrate – through provision of specific examples of inputs used for estimating - that the project's total development budget, as well as its specific line items, are comparable to recent and similar projects, to industry standards and are compliant with funding source regulations, MOHCD policy and most recent underwriting guidelines. Cost per unit, per square foot (land area and building space), per bed or bedroom will be examined relative to total development cost, City subsidy and construction cost.

**Note:** The MOHCD underwriting guidelines may be found here:

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

5. Must propose the maximum use of available, non-local funds to achieve the highest reasonable financial leveraging of capital resources for the predevelopment, construction and permanent phase. The amount of City funds requested per unit and the actual or proposed level of funds to be leveraged from other sources will be examined.
6. Displacement or relocation that is required as a condition of site control is highly discouraged, though in some cases may be justified. Proposals that include any displacement/relocation (including any relocation of commercial uses) must include a full relocation plan and budget.
7. Must budget for a supportive services and housing stabilization component that is appropriate for the needs of the anticipated tenant population, and within HSH's funding guidelines for the services contract, assuming at least 50% families experiencing homelessness.
8. Must include a community engagement plan that demonstrates the capacity to generate necessary neighborhood support for the proposed development. Include any evidence of support expressed to date for the project, as well as plans for community engagement going forward.
9. Must express a commitment to pursue racial equity consistent with HSH's (See Section IIIA 0MOHCD's racial equity goals, as follows: through its policies, programs, resource allocation, and practices, MOHCD is committed to working in

partnership with communities, organizations and those that have been most harmed by racial inequity especially Black, Brown, Indigenous and other San Franciscans of Color to: protect against displacement; shape where they live and work; create thriving neighborhoods; and celebrate diverse cultures and unlock economic prosperity.

10. Ability for the project to make use of streamlined entitlements through SB 35 is highly desired.

#### **D. FINANCING PLAN AND AFFORDABILITY RESTRICTIONS**

##### **Applicants should incorporate the following terms into their financing plans and submit a detailed sources and uses budget that reflects:**

- a. Primary capital funding sources that include 4% low income housing tax credit equity with tax exempt bonds, City subsidy, and Federal Home Loan Bank Affordable Housing Program funds, and that may include any other funding sources developers deem applicable, such as State of California Department of Housing and Community Development (HCD) (for example, MHP and IIG) or CalHFA funds. Do not assume use of No Place Like Home funds.
- b. Rents set at affordability levels appropriate for the target population.
  - a. For the LOSP units serving formerly homeless families, developers should include a projected rent subsidy amount necessary to ensure affordability and to meet the building's operations and maintenance needs, including adequate reserve deposits, asset management and partnership management fees, mandatory hard debt payments to HCD, if any, and a minimum of 5 years of deferred developer fee, as applicable. For purposes of this projection, developers should assume that the actual tenant-paid portion of rental income is **\$250** per unit per month for formerly homeless households. *Future projections may differ given the proposed tenant population and subsidy program available.*

While a commitment of capital funding does not guarantee an award of local operating subsidies, the City will work with the selected developer to leverage the most appropriate subsidies to serve the target population. An application submitted under this NOFA is also considered an application for local operating subsidies should those subsidies be made available and are necessary.

- b. For the non LOSP units serving low income families, sponsors may propose rents up to the maximum tax credit eligible rent under the HUD Unadjusted Metro Fair Market Rent Area that contains San Francisco, as published annually by MOHCD ("MOHCD AMI"). For the LOSP units, sponsors should assume an ongoing rental subsidy sufficient to cover difference between \$250/month tenant payment and 60% MOHCD AMI rent levels.

- c. An operating budget that includes all expenses necessary to properly operate and maintain the building. This budget should include a service coordinator/connector staff position(s), at 1:100, to assist the non-homeless households. A separate budget should be attached for services that will support the 50% of households who were formerly homeless, for which the City will provide funding.
- d. A construction cost estimate that reflects current construction costs and show escalation assumptions as a separate line item.

All proposed financing will be subject to underwriting using the most current version of the Mayor's Office of Housing and Community Development's Underwriting Guidelines, available on the MOHCD website (see <https://sfmohcd.org/housing-development-forms-documents>).

## **E. DESIGN REQUIREMENTS**

Applicants should provide concept-level drawings and/or diagrams that indicate the Project approximate height, bulk, site layout, unit count, and commercial/common space use, which can be printed on 8.5" x 11" paper, no more than 5 pages. The purpose of these diagrams will be to confirm the anticipated unit yield at the site, and its conformance to existing zoning restrictions including any available density bonuses. This information does not constitute a formal design submission. There is no reimbursement for costs related to this requirement.

## **F. SUPPORTIVE SERVICES REQUIREMENTS**

### 1. Services Funding

This NOFA is part of the City's effort to facilitate the development of affordable permanent housing for low-income and homeless households by coordinating the review and approval of applications for capital resources from MOHCD with the review of funding requests for supportive services and operating subsidies from the Department of Homelessness and Supportive Housing (HSH). Generally, HSH will make direct referrals for any units targeting families that are homeless.

The winning developers will apply for services funding separately at the appropriate time. However, HSH, MOHCD and OCII, where applicable, collaborate closely on funding decisions in order to maximize the use of City resources. Capital funding decisions under this NOFA will include review and approval by representatives of all of these agencies. Successful applicants under this particular NOFA will receive priority for funding from HSH for services and operating subsidies.

### 2. Services Budget

As stated previously, operating budgets should include 1:100 staffing for the non-homeless residents.

For the 50% of units occupied by formerly homeless residents: assume that services for homeless families will be funded separately by HSH through direct contracts with the Projects' social services providers.

For the purposes of this NOFA only, respondents should budget \$1,000 per unit per month in services funding for the formerly homeless units. This amount may change during underwriting and services negotiations. Assume 1:20 case management staffing ratios for these units.

Services funding will be conditioned on continuous compliance with the terms of the Respondent's Local Operating Subsidies Program ("LOSP") agreements with MOHCD as well as the support services agreement held by HSH.

**G. SELECTION CRITERIA AND SCORING**

MOHCD's expectations for responsive submittals include a thorough discussion of Respondents' background in developing and managing permanently affordable housing for families and homeless families. Responses should include both a background and a vision statement articulating the application of best practices for the successful development of affordable housing and the achievement of desired outcomes and goals.

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

	<b>Category</b>	<b>Points</b>
<b>A.</b>	<b>EXPERIENCE:</b>	<b>40</b>
i.	<b>Developer (12 pts)</b> <ul style="list-style-type: none"> <li>➤ Experience with the following: <ul style="list-style-type: none"> <li>○ Completing projects on time and on budget</li> <li>○ Obtaining competitive financing terms</li> <li>○ Developing Type V/I or III/I construction</li> <li>○ Developing housing for low-income families and those experiencing homelessness</li> </ul> </li> <li>➤ Building community support through outreach</li> <li>➤ Current staff capacity and experience to take on this project type</li> </ul>	
ii.	<b>Owner (4 pts)</b> <ul style="list-style-type: none"> <li>➤ Track record successfully owning housing financed with Low-Income Housing Tax Credits <ul style="list-style-type: none"> <li>○ Experience owning affordable housing for low-income families and those experiencing homelessness</li> </ul> </li> </ul>	

	<ul style="list-style-type: none"> <li>➤ Effectiveness of current asset management structure and staffing, given portfolio size</li> <li>➤ Capacity for assuming asset management of an expanded portfolio once the development is complete</li> </ul>	
iii.	<p><b>Property Manager (8 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Experience managing property for low-income families and those experiencing homelessness</li> <li>➤ Experience achieving high rates of housing retention</li> <li>➤ Implements low barrier tenant selection policies consistent with Housing First principles and the HSH Documentation Policy</li> <li>➤ Contributes to long-term sustainability of the development</li> <li>➤ Achieves cost efficiencies in operations</li> </ul>	
iv.	<p><b>Service Providers (8 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Experience delivering services to low-income families and those experiencing homelessness</li> <li>➤ Experience linking residents to the City’s safety net of services</li> <li>➤ Works with property management to achieve high rates of housing retention</li> <li>➤ Supports positive outcomes for residents around health and economic mobility</li> <li>➤ If applicable, provides explanation for service contracts terminated prematurely within the last 5 years</li> <li>➤ Capacity to attract and retain adequate staffing to take on this project</li> </ul>	
v.	<p><b>Racial Equity (8 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes level of racial equity awareness</li> <li>➤ Experience providing housing to COP and neighborhood preference holders</li> <li>➤ Uses innovative approaches to engagement with COP and neighborhood preference holders</li> <li>➤ Demonstrates commitment to racially diverse project development teams</li> <li>➤ Demonstrates experience with serving historically excluded communities of color, including formerly homeless households</li> </ul>	



	<ul style="list-style-type: none"> <li>➤ Describes approaches to overcoming historical obstacles to communities of color obtaining high quality affordable housing</li> <li>➤ Describes experience providing access and implementing effective service delivery strategies to historically excluded communities of color, including formerly homeless households</li> </ul>	
<b>B.</b>	<b>VISION:</b>	<b>60</b>
i.	<p><b>Program Concept (20 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Proposes site whose location, size, configuration, and zoning support the development of affordable and permanent supportive housing, including ability to maximize unit yield in a cost-effective construction type and make use of entitlement expediting such as SB 35.</li> <li>➤ Describes vision for a development program at this site, while best achieving the project goals, and includes: <ul style="list-style-type: none"> <li>○ A residential program and other envisioned uses;</li> <li>○ Indicates how the proposed uses and amenities will enhance the lives of the proposed target population and the surrounding neighborhood.</li> </ul> </li> <li>➤ Indicates particular groups served by the programs and spaces (families, families experiencing homelessness, young adults, children etc.).</li> <li>➤ Describes how the program will contribute to lowering barriers to persons of color seeking and retaining quality housing.</li> </ul>	
ii.	<p><b>Community Engagement Strategy (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes community engagement strategy and includes: <ul style="list-style-type: none"> <li>○ The team’s philosophy on community engagement;</li> <li>○ Process for establishing and/or building positive relationships with surrounding neighbors and the larger community;</li> <li>○ Efforts designed to engage all interested community members - particularly BIPOC members of the target populations - and</li> </ul> </li> </ul>	

	<p>including monolingual non-English speaking members of the community;</p> <ul style="list-style-type: none"> <li>○ How the Development Team intends to comply with the City’s Language Access Ordinance.</li> </ul> <ul style="list-style-type: none"> <li>➤ Describes the Team’s approach to achieving entitlements for the project expeditiously and the approach to maintaining and building community relationships after entitlements have been achieved and the development is in operations.</li> <li>➤ 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.</li> </ul>	
iii.	<p><b>Services Delivery Strategy (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes the Development Team’s services delivery strategy and includes: <ul style="list-style-type: none"> <li>○ The overall service philosophy;</li> <li>○ Model for providing services to formerly homeless residents (including case management ratio and provision of amenities such as front desk clerks, if applicable);</li> <li>○ The services goals of the proposed vision.</li> </ul> </li> <li>➤ 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.</li> <li>➤ Describes how services for residents will be coordinated with the existing network of services in the neighborhood and community.</li> </ul>	
iv.	<p><b>Finance &amp; Cost Containment Approach (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes the Development Team’s financing approach to the project.</li> <li>➤ Includes the Team’s process for structuring the project and controlling development costs.</li> <li>➤ Includes innovative strategies intended to minimize MOHCD’s projected capital gap financing.</li> <li>➤ Describes any innovative (i.e. non-standard, routine or commonly used) direct or indirect cost-cutting</li> </ul>	

	<p>strategies relevant to overall development, construction or operating expenses.</p> <ul style="list-style-type: none"> <li>➤ Does not include proforma financials.</li> </ul>	
v.	<p><b>Racial Equity Strategy (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Explains how vision aligns with the primary goals of this NOFA set forth in the Introduction and Project Expectations.</li> <li>➤ Proposes a substantive partnership that increases opportunity/capacity for growth of smaller and Black, Indigenous and people of color, (BIPOC)-led organizations</li> <li>➤ Explains 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.</li> <li>➤ 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 self-sufficiency.</li> </ul>	
<b>TOTAL POSSIBLE POINTS</b>		<b>100</b>

Projects must receive at least 70 points in order to proceed through the selection and award system.

**1. Experience**

In **no more than five 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).

**a. 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.

- b. 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”.
- c. 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.
- d. 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.
- e. Racial Equity Strategy:** MOHCD recognizes the oppressive history of racial injustice, especially in housing and community services, the structural inequities that remain today, and the trauma those inequities perpetuate. 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 NOFA
- 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

## 2. Vision

In **no more than seven 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:** Describe how the Development Team's proposed Project will maximize unit yield in a cost-effective construction type and make use of SB35's expedited permitting. Describe the Development Team's vision for a development program while best achieving MOHCD's project expectations and goals. Indicate how the proposed uses and amenities will enhance the lives of the future residents and the surrounding neighborhood. Indicate particular groups served by the programs and spaces (tots, children, teens, young adults, adults, formerly homeless, etc.). Describe how the program will contribute to lowering barriers to persons of color seeking and retaining housing. Applicants should provide concept-level drawings and/or diagrams that indicate the Project approximate height, bulk, site layout, unit count, and commercial/common space use to print on 8.5" x 11" paper, no more than 5 pages. The purpose of these diagrams will be to confirm the anticipated unit yield at the site, and its conformance to existing zoning restrictions including any available density bonuses. This information does not constitute a formal design submission.
- b. 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, particularly BIPOC members of the target population, and including monolingual non-English speaking members of the community. The strategy should also make clear how the Development Team intends to comply with the City's Language Access Ordinance. Finally, address how the community engagement strategy will address the historical exclusion of communities of color from quality housing.

- c. Services delivery strategy:** Describe the Development Team’s services delivery strategy, including the overall philosophy and model for providing services to targeted low-income and formerly homeless populations (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.
- d. 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. Describe 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.
- 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 NOFA set forth in the Introduction and Project Expectations. Describe any substantive partnership that is part of the NOFA response that increases opportunity/capacity for growth of smaller and Black, Indigenous and people of color, (BIPOC)-led 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.

## **H. SUBMITTAL REQUIREMENTS OVERVIEW**

Using **Attachment B – Submittal Checklist**, check boxes of all items that will be submitted. Complete and submit **Attachment C - NOFA 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.

### **1. Minimum Development Team Characteristics**

Submit **Attachment D - 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)
- Development Consultant (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:

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

## 2. Minimum Development Team Experience

Submit **Attachment E - Qualifying Project Form**, to document how the Qualifying Project characteristics meet each of the experience categories below (developer, owner, property manager, service provider.) The Development Team may submit more than one (1) Qualifying Project for each of the experience categories:

- Minimum Development Experience**
- Minimum Ownership Experience**
- Minimum Property Management Experience**
- Minimum Service Provision Experience**
- 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).
  - **Attachment F – Financing Terms for Developer’s Qualifying Project** to document the equity pricing and debt terms for the Qualifying Project submitted under Minimum Developer Experience.
- 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 G – Projected Staffing Workload Form**, documenting the work assignments (existing or contemplated) associated with each staff person expected to work on the Project for Developer.
- c. **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**.
- d. **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

- a. **Experience** – Provide written narrative of **no more than five pages** (in Times New Roman font, 12 font size, and 1-inch margins).
- b. **Vision** - Provide written narrative of **no more than seven pages** (in Times New Roman font, 12 font size, and 1-inch margins).

Additional documents submitted in this section will not be allowed. The two written narratives above will only be the only documents reviewed and scored by the panel.

#### 5. 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 NOFA and, if selected by the City, to enter into negotiations with the City for the acquisition of the site.

#### 6. Disclosure Form

Submit a completed and signed copy of **Attachment H – Disclosures**, which requires any respondent to this NOFA 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.

**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.



## **V. TERMS AND CONDITIONS OF NOFA**

### **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 Project.
- Marketing the development to intended target audiences consistent with the goals of this NOFA, most notably outreach to Black communities historically excluded from quality housing or displaced from their neighborhoods.
- Conducting all appropriate due diligence, investigating and determining conditions of the site and the suitability of the site for the proposed Development.
- 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 NOFA, 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.
- i. Minimum Insurance Requirements – see Appendix A – Minimum Insurance Requirements.

**B. ERRORS AND OMISSIONS IN NOFA**

Respondents are responsible for reviewing all portions of this NOFA. Respondents are to promptly notify MOHCD, in writing, if the respondent discovers any ambiguity, discrepancy, omission, or other error in the NOFA. 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 NOFA**

MOHCD may modify the NOFA, 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 NOFA for proposal purposes. MOHCD will make reasonable efforts to notify Respondents in a timely manner of modifications to the NOFA. 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. NOFA Terms. If any interested party objects to any provision or legal requirement in this NOFA, such party must provide written notice to MOHCD at **omar.masry@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 III(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 NOFA.
2. Notice of Non-Responsiveness. A Respondent may object to a determination that its submission of qualifications is non-responsive to this NOFA 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 Teams for Exclusive Negotiations. A Respondent may object to a 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 NOFA, and delivered to the MOHCD via email at **omar.masry@sfgov.org** by the dates specified above in order to be considered. Written objections must be transmitted by email and 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 NOFA, and separately by its response waives, any claim against MOHCD by reason of any or all of the following: any aspect of this NOFA, 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 NOFAs 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 NOFA and the selection of developers for funding pursuant to this NOFA 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 developers is in no way deemed to be the final approval of any development proposed by the developer.
2. The information in this NOFA 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 NOFA or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; cancel this NOFA at any time prior to

award and reissue NOFA for the full or partial funding amount; 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 NOFA; 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 NOFA; make selections 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 NOFA or will not serve in the City's best interest, MOHCD may terminate negotiations with any selected Development Team and begin negotiations with the next highest ranked Respondent; MOHCD and HSH may require substitution of members of the Respondent team; or determine that no development will be pursued.

4. The issuance of this NOFA does not obligate the City to pay any costs 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 NOFA do so at their own expense.
5. The issuance of this NOFA is only an invitation to submit qualifications and does not constitute an agreement by the City that a loan agreement will actually be entered into by the City. This NOFA 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 any sites until there has been compliance with the California Environmental Quality Act (CEQA), and, as applicable, the National Environmental Protection Act (NEPA). If any 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 NOFA 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.

**Attachment A: Minimum Insurance Requirements**

See attached document.

**Attachment B: NOFA Submittal Checklist**

See attached spreadsheet.

**Attachment C: NOFA Registration Form**

See attached. Submit one per organization.

**Attachment D : Respondent Description**

See attached document.

**Attachment E: Qualifying Project Form**

See attached document.

**Attachment F: Financing Terms for Developer's Qualifying Project**

See attached document.

**Attachment G: Projected Staffing Workload Form**

See attached spreadsheet.

**Attachment H: Disclosures**

See attached document

**LOAN AGREEMENT  
(CITY AND COUNTY OF SAN FRANCISCO  
HOUSING TRUST FUND)**

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

**2530 18<sup>th</sup>, LLC,**  
a California limited liability company,

for

**2530 18<sup>th</sup> Street**

**\$4,900,000**

Housing Trust Fund: \$4,900,000

Dated as of October 3, 2023

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## EXHIBITS

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- D First Source Hiring Requirements and Numerical Goals
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- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
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- L Insurance Requirements

**LOAN AGREEMENT**  
(City and County of San Francisco  
(Housing Trust Fund)  
(2530 18<sup>th</sup> Street)

**THIS LOAN AGREEMENT** ("Agreement") is entered into as of October 3, 2023, 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 **2530 18<sup>th</sup> STREET, LLC**, a California limited liability company ("Borrower").

**RECITALS**

A. 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 "Funds"). 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 "Funds."

B. MOHCD and the Department of Homelessness and Supportive Housing ("HSH") issued a Notice of Funding Availability ("NOFA") for Affordable Rental Housing for Families Including Families Experiencing Homelessness on April 25, 2022, to solicit qualified affordable housing developers for the development of new, permanent affordable housing for families, with at least 50% of units provided for families experiencing homelessness. In response to the NOFA, MOHCD selected Homeless Prenatal Program ("HPP") and Mercy Housing California to jointly develop a proposed multifamily residential building consisting of 74 units of permanently affordable rental housing for families including at least 50% of rental units for families experiencing homelessness (the "Project") and expand HPP's adjacent office and services space which will be known as "HPP Campus Expansion." The Homeless Prenatal Program formed the Borrower for the purpose of undertaking the activities described in the NOFA.

C. Borrower owns a fee interest in the real property located at 2530 18<sup>th</sup> Street, San Francisco, California (the "Site"). Borrower acquired the Site on June 29, 2020 for \$7,000,000, with a loan from First Republic Bank in the amount of \$4,900,000 ("Acquisition Loan") with the intent to develop the Site for affordable housing. Borrower intends to subdivide the Site to allow the Developer to construct the Project on a portion of the Site in conjunction with the HPP Campus Expansion. Borrower desires to use the Funds to refinance its acquisition loan to lower the acquisition costs associated with both the Project and HPP Campus Expansion.

D. Borrower secured prior loans or grants from the City and outstanding loans from other sources in connection with the Site as described below.

1. Loan Agreement between CommonSpirit Health Operating Investment Pool, LLC, in the amount of Two Million and No/100 Dollars (\$2,000,000.00) under a loan agreement dated as of January 13, 2022 in support of the HHP Expansion Project.

E. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make a loan of Funds to Borrower (the "Loan") in the amount of Four Million Nine Hundred Thousand and No/100 Dollars (\$4,900,000.00) (the "Funding Amount") under this Agreement to fund certain costs related to 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**.

"Acquisition Loan" has the meaning set forth in **Recital C**.

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

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

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

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

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

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

"Borrower" means 2530 18<sup>th</sup>, LLC, a California limited liability company whose sole member/manager is Homeless Prenatal Program, Inc., a California nonprofit public benefit corporation ("Manager"), and its authorized successors and assigns.

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

"CFR" means the Code of Federal Regulations.

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

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

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

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

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

"Control of the Site" means the acquisition by the Developer for development and construction of the Project of either (1) a leasehold interest in all or a portion of the Site under a ground lease with the City, or (2) a fee interest in all or a portion of the Site.

"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 Site to comply with the use restrictions in this Agreement for the Compliance Term.

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

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

"Developer" means Mercy Housing California and/or its affiliate Mercy Housing California 104, L.P., a California limited partnership.

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

"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**.

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

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

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

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

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

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

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

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



“Homeless Household” means a household that meets the referring agency’s definition of Homeless Household for initial occupancy and upon available vacancies thereafter, as per the Local Operating Subsidy contract.

“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.

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

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

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

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

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

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

"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.

"Manager" means Homeless Prenatal Program, Inc., a California nonprofit public benefit corporation.

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

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

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

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

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

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

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

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

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing California limited liability company 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.

"Option" means that certain Real Estate Option Agreement dated December 1, 2021, by and between Borrower and Mercy Housing California 104, L.P., a California limited partnership.

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

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

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

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

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

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

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

"Replacement 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.

"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 San Francisco Housing Authority.

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

"TCAC" means the California Tax Credit Allocation Committee.

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

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

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

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

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

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

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

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

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

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

## ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to refinance the principal amount of Borrower's Acquisition Loan and partially finance 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, other than the refinancing of the principal amount of Borrower's Acquisition Loan.

2.3 Reserved.

2.4 Reserved.

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower or Developer for additional financing for the Project in its sole discretion. Holding costs associated with the Site are not included in the residential predevelopment budget for the Project and are currently covered by Borrower, for reimbursement at construction loan closing for the residential housing portion. Any approval of holding costs as an eligible cost for additional financing for the Project from MOHCD will require MOHCD review and approval.

2.6 Additional Covenants. Borrower will provide to the City quarterly fundraising updates on the HPP Campus Expansion.

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 earlier of (a) closing date of a construction loan for the Project and transfer of a portion of the Site to the City for the purpose of the Project, or (b) fifth (5th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of the City and County of San Francisco.

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 until Borrower has repaid the Loan or transferred all or a portion of the Site designated for the Project to the City (the "Compliance Term"). During the Compliance Term, Borrower may delegate to the Developer any obligations under this Agreement related to development, construction, and/or operation of the Project.

3.3 Interest. Except as provided in **Section 3.4**, no interest will be charged on the Loan.

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

3.5 Repayment of Principal and Interest. The outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note. Notwithstanding the foregoing, Borrower's conveyance of the Site designated for the Project to the Developer under the Option (or to the City if the Option is assigned to the City) will constitute full repayment of the Loan, and the City will in such event fully release Borrower from any obligations under this Agreement, the Note, the Deed of Trust, and the Declaration of Restrictions. Borrower may

prepay the Loan in full at any time, provided that Borrower will not remit to the City any partial prepayment of the Loan.

3.6 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 Site. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Site in accordance with all local laws. Borrower understands that any development of the Site will require approvals, authorizations and permits from governmental agencies with jurisdiction over the Site, 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.

3.7 Land Banking Provisions.

(a) Borrower acknowledges that the City's willingness to provide financing is contingent upon the City's approval of the proposed Project, including Developer's identification of sources of funding acceptable to the City sufficient to complete the Project. In the event the City determines in its sole discretion by six (6) months prior to the Maturity Date that the Project is unlikely to be developed within a reasonable time period for any reason, including Developer's inability to obtain necessary financing for the Project, upon thirty (30) days' prior written notice to Borrower, Borrower may elect to (i) pay off the Loan in full, in which event the City will release the Deed of Trust and the Declaration, or (ii) transfer the fee title to the Site designated for the Project under an assignment of the Option to either: (A) another nonprofit corporation, limited partnership or limited liability company designated by the City with the intention that the transferee develop the Site as affordable housing under a new loan agreement acceptable to the City; or (B) to the City, subject to prior approval by resolution of the City's Board of Supervisors. If fee title is transferred to another nonprofit corporation, limited partnership or limited liability company designated by the City, the City will cancel and return the Note to the Borrower upon conveyance, and release any portion of the Site not conveyed to the City from the Deed of Trust and the Declaration of Restrictions. If the fee title is transferred to the City under the Option, as partial payment of the purchase price, the City will cancel and return the Note to the Borrower upon conveyance, and release any portion of the Site not conveyed to the City from the Deed of Trust and the Declaration of Restrictions.

(b) In the event Borrower realizes income from the use of the Site before the initiation of the construction or sale, the income will be used solely for costs associated with maintenance and holding costs of the Site, with any excess placed in an interest-bearing account to be applied towards HPP Campus Expansion costs or HPP's charitable purposes. Borrower will obtain the City's prior written approval to use the Site for any purpose other than for its current use as storage for HPP or the Project at any time during the Compliance Term.

#### 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.

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 Note; (ii) this Agreement (in duplicate); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) the Authorizing Resolutions; and (vi) any other City Documents reasonably requested by the City.

(b) Borrower will have delivered to the City the Charter Documents. The Charter Documents will be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

(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 a preliminary report on title for the Site dated no earlier than thirty (30) days before the Agreement Date.

(e) 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.

(f) 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.

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

(h) 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.

(i) 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 Loan closing.

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.

4.5 Reserved

ARTICLE 5 RESERVED.

ARTICLE 6 MARKETING.

This Article will only apply if the Developer or its affiliate acquires Control of the Site, in which event Borrower may assign all of Borrower's obligations under this Agreement to the Developer.

6.1 Marketing and Tenant Selection Plan. No later than six (6) months before the Completion Date, Developer or Borrower, as applicable, 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. Developer or Borrower, as applicable, will obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Developer or Borrower, as applicable, 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. Developer's or Borrower's, as applicable, Marketing and Tenant Selection Plan will address how Developer or Borrower, as applicable, intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan will include as many of the following elements as are appropriate to the Project, as determined by the City:

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

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

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

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

(e) Notices to SFHA.

(f) Notices to MOHCD

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

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

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

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

(a) Developer's or Borrower's, as applicable, 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) Developer's or Borrower's, as applicable, tenant screening criteria will comply with the Tenant Screening Criteria Policy set forth in the attached Exhibit I.

6.4 Marketing Records. Developer or Borrower, as applicable, 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. Developer's or Borrower's, as applicable, 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. Developer or Borrower, as applicable, will at all times maintain the Waiting List. Upon the vacancy of any Unit, Developer or Borrower, as applicable, 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.

This Article will apply to the Site, or a portion thereof, upon which the Project is to be constructed and only if the Developer or its affiliate acquires Control of the Site, in which event Borrower may assign all of Borrower's obligations under this Agreement to the Developer.

7.1 Term of Leasing Restrictions. Developer or Borrower, as applicable, acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article will remain in full force and effect if Developer acquires Control of the Site: (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) Developer or Borrower, as applicable, covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified

Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, one half or thirty seven (37) Units will be rented to families experiencing homelessness during the period in which the City's Local Operating Subsidy Program is in operation and the City provides the Local Operating Subsidy to the Project.

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

### 7.3 Rent Restrictions.

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

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

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

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

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

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Developer or Borrower, as applicable, 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 Developer or Borrower, as applicable, 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) Developer or Borrower, as applicable, will require each Qualified Tenant in the Project to recertify to Developer or Borrower, as applicable, on an annual basis the Qualified Tenant's household income in accordance with applicable tax credit requirements.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year will be maintained on file at Developer's or Borrower's, as applicable, principal office, and Developer or Borrower, as applicable, 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 Developer or Borrower, as applicable, an annual recertification of income. The initial term of the lease will be for a period of not less than one (1) year. Developer or Borrower, as applicable, 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. Developer or Borrower, as applicable, 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. Developer or Borrower, as applicable, agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Developer or Borrower, as applicable, will segregate any security deposits collected from all other funds of the Project in an Account

held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account will at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

## ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

### 8.1 Borrower's Responsibilities.

(a) If Developer acquires Control of the Site, subject to the rights set forth in **Section 8.2**, Developer or Borrower, as applicable, 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. Developer or Borrower, as applicable, 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.

(b) Borrower will take prudent measures to ensure the security of the Site. Measures may include erecting a fence; covering and securing all openings in any vacant building and hiring security guards, as appropriate for the circumstances.

## ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. To the extent applicable, 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 Site, but not 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 or the Developer if applicable 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. Construction-related requirements will not apply until Developer has acquired Control of the Site, in which event Borrower may assign to Developer all of Borrower's obligations under this Agreement; *provided that*, construction-related requirements will apply to the Project whether or not the City approves and provides additional financing for the Project.

## ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

### 10.1 Generally.

This Article will apply only if the Developer or its affiliate acquires Control of the Site, in which event Borrower may assign to the Developer all of Borrower's obligations under this Agreement.

(a) Developer or Borrower, as applicable, 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. Developer or Borrower, as applicable, acknowledges that the City may also conduct periodic on-site inspections of the Project. Developer or Borrower, as applicable, 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) Developer or Borrower, as applicable, 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. Developer or Borrower, as applicable, 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. If this Agreement is assigned to Developer, Developer will submit monthly reports (the "MOHCD Monthly Project Update") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update 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. If this Agreement is assigned to Developer, from and after the Completion Date, Developer 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 Developer'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. If this Agreement is assigned to Developer, in accordance with the CNA Policy, Developer will deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval.

10.5 Project Completion Report. If this Agreement is assigned to Developer, 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, Developer will provide to the City the reports listed below certified by Developer to be complete and accurate. Subsequent to the required submission of the reports listed below, Developer will provide to the City information or documents reasonably requested by the City to assist in the City's review and analysis of the submitted reports:

(a) within ninety (90) days after the Completion Date, a 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, Developer or Borrower, as applicable, will respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Site or the Project, the status of any mortgage encumbering the Site or the Project and any other requested information with respect to Developer or Borrower, as applicable, or the Site or Project.

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

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

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

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

10.8 Access to the Project and Other Project Books and Records. In addition to the 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 or the Developer, as applicable, agree 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 or the Developer as applicable 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 or Developer is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Section 10.9**.

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

ARTICLE 11 RESERVED.

ARTICLE 12 RESERVED.

ARTICLE 13 RESERVED.

ARTICLE 14 RESERVED.

ARTICLE 15 RESERVED.

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 of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Site, other than 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. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific



assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

#### ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower will procure and keep in effect, and cause its contractors and subcontractors to obtain and maintain at all times during any work or construction activities on the Property, the insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of the City and County San Francisco 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, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or 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 Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnitee and continues at all times thereafter. In the event any action or

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

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

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

## ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I Environmental Site Assessment Report dated June 30, 2023 by AES 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 materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower will: (a) comply with all applicable Environmental Laws relating to the Site, and not engage in or otherwise permit the

occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

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

#### ARTICLE 19 DEFAULT.

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

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

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

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

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

(e) 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) Borrower is in default of its obligations under any other agreement related to the Site or the HPP Expansion Campus entered into with the City and County of San Francisco, and the default remains uncured following the expiration of any applicable cure periods.

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

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

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

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

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

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

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

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

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

## 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, if applicable, has been suspended or debarred by the City, the Department of Industrial Relations, or any Governmental Agency, nor has Borrower, any of its principals or its general contractor, if applicable, been suspended, disciplined or prohibited from contracting with the City or any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

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

(g) 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, 5<sup>th</sup> Floor  
San Francisco, CA 94103  
Attn: Director

To Borrower: 2530 18<sup>th</sup>, LLC, a California limited liability company  
Care of Homeless Prenatal Program, Inc.  
2500 18th Street  
San Francisco, CA 94110  
Attn: Chief Executive Officer

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

## 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. The Declaration of Restrictions will not be subordinated to any financing secured by and used for the Project.

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

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

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

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

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



performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

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

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

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

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

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

22.12 Reserved.

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

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

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

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

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

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

22.19 Borrower's Personnel. Borrower's obligations under this Agreement 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 Not Applicable
- N Not Applicable

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

**THE CITY:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By:   
London N. Breed  
Mayor

By:   
Eric D. Shaw  
Director, Mayor's Office of Housing and Community Development

**BORROWER:**


2530 18<sup>th</sup>, LLC, a California limited liability company

By: Homeless Prenatal Program, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: \_\_\_\_\_  
Shellena Eskridge, Executive Director

**APPROVED AS TO FORM:**

DAVID CHIU  
City Attorney

By:   
7C608639D022490...  
Deputy City Attorney

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By: \_\_\_\_\_  
London N. Breed  
Mayor

By: \_\_\_\_\_  
Eric D. Shaw  
Director, Mayor's Office of Housing and Community Development

**APPROVED AS TO FORM:**

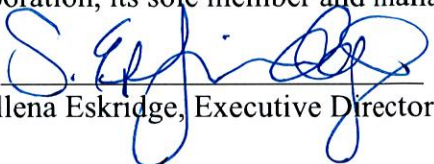
DAVID CHIU  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

**BORROWER:**

2530 18<sup>th</sup>, LLC, a California limited liability company

By: Homeless Prenatal Program, Inc., a California nonprofit public benefit corporation, its sole member and manager

By:   
Shellena Eskridge, Executive Director

**EXHIBIT A**  
**Schedules of Income and Rent Restrictions**

This schedule will apply if a portion of the Site is developed for the Project.

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:

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum Income Level</b>
1BR	28	50% of Median Income
2BR	22	50% of Median Income
3BR	4	50% of Median Income
1BR	8	60% of Median Income
2BR	7	60% of Median Income
2BR	2	70% of Median Income
3BR	2	70% of Median Income
2BR	1	Manager's Unit

Thirty Seven (37) Units will be made available to the chronically homeless or those at risk of homelessness during the period in which the City's Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP Agreement.

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.

**EXHIBIT B-1**  
**Intentionally Omitted**

Exhibit B-1

**EXHIBIT B-2**  
**Intentionally Omitted**

Exhibit B-2



**EXHIBIT B-3**  
**Intentionally Omitted**

Exhibit B-3

**EXHIBIT C**  
**Tenant Income Certification Form**

# TENANT INCOME CERTIFICATION

Initial Certification     Recertification     Other \_\_\_\_\_

Effective Date: \_\_\_\_\_  
 Move-In Date: \_\_\_\_\_  
 (MM-DD-YYYY)

## PART I - DEVELOPMENT DATA

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

## PART II. HOUSEHOLD COMPOSITION

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

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

## PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

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

TOTAL INCOME (E):

\$ \_\_\_\_\_

## PART IV. INCOME FROM ASSETS

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

TOTALS: \$ \_\_\_\_\_

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

Passbook Rate  
0.06%

= (J) Imputed Income

\$ \_\_\_\_\_

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

**TOTAL INCOME FROM ASSETS (K)**

\$ \_\_\_\_\_

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

\$ \_\_\_\_\_

## HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Date)

**PART V. DETERMINATION OF INCOME ELIGIBILITY**

**RECERTIFICATION ONLY:**

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

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

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

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

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

Unit Meets State Deeper Targeting Income Restriction at:  
 Other \_\_\_\_\_%

Household Size at Move-in: \_\_\_\_\_

**PART VI. RENT**

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

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

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

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

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

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

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

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

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?  
 Yes  No

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

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

Enter 1-5

**PART VIII. PROGRAM TYPE**

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

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

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

**SIGNATURE OF OWNER/REPRESENTATIVE**

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

SIGNATURE OF OWNER/REPRESENTATIVE \_\_\_\_\_

DATE \_\_\_\_\_

**PART IX. SUPPLEMENTAL INFORMATION FORM**

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

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

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

**The Following Race Codes should be used:**

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

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

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

**The Following Ethnicity Codes should be used:**

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

**Disability Status:**

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

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

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

# **INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION**

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

## **Part I - Development Data**

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

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

## **Part II - Household Composition**

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

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

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

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

### Part III - Annual Income

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

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

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

### Part IV - Income from Assets

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

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

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

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

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

### HOUSEHOLD CERTIFICATION AND SIGNATURES

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

### Part V – Determination of Income Eligibility

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

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. <b>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.</b> 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).

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. If applicable, on or before the commencement of any construction of the Project or the HPP Campus, Developer or 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. Developer or Borrower, as applicable, 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). 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 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code. Borrower's failure to comply with the obligations in this subsection will constitute a material breach of this Agreement.

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

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

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

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

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

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



used for construction purposes or facilities that are partially or totally immersed in saltwater.

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim will be liable to the City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

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

13. Sunshine Ordinance.

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

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

records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Borrower further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Borrower acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Agreement. Borrower further acknowledges that such material breach of the Agreement will be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

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

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

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

16. Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other

properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti will be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

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

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

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

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

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

(b) The requirements of Chapter 12T will only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the

performance of this Agreement, will apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, will apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and will not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

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

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

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction

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

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

21. Public Power. 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.

2530 18<sup>th</sup> LLC:

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_


  
\_\_\_\_\_  
Sheldena Eskridge  
\_\_\_\_\_  
Executive Director  
\_\_\_\_\_

Exhibit F

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

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

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

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR\_RY2020.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to [moh.amr@sfgov.org](mailto: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](mailto: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](mailto: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, 5<sup>th</sup> 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](mailto: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](mailto: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.	<b>Row Number.</b> Do not enter data in this column.
----	--

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

E.	<b>Unit Type.</b> 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

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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.

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[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](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](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**

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

<b>PROPERTY/MARKETING INFO</b>	
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.) <b><i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i></b>

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

	<b>Unit Types</b>	<b>Number Of Units</b>	<b>Occupancy Standard: Minimum HH Size for this Unit Type*</b>	<b>Occupancy Standard: Maximum HH Size for this Unit Type*</b>	*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	<b>TOTAL # Units----&gt;</b>	<b>0</b>			

34		<b>Vacancies</b> - 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	<b>Evictions</b> - 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		<b>Vacant Unit Rent-Up Time - (in DAYS)</b> 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. <b># 4</b> Please EXCLUDE any units that are being held vacant to support rehabilitation or other temporary relocation needs. <i>If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)</i>
37		<b>Waiting List</b> - How many applicants are currently on the waiting list? <i>(Please also submit a copy of the waiting list, see AMR submission instructions.)</i>
38		When was the waiting list last updated? (m/yyyy)
39		<b>Affirmative Marketing</b> - Did you conduct any marketing of the project during the reporting period? <i>If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.)</i> <b># 5</b>
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 <b>Health, Building or Housing Code Violations</b> were issued against the property in the reporting year? (If there were no violations enter "0"). <i>If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)</i> <b># 2</b>
43		<b># 2</b> How many <b>Health, Building or Housing Code Violations</b> were open from <i>prior</i> years?
44		How many <b>Health, Building or Housing Code Violations</b> were cleared in the reporting year?
45		Are there urgent <b>Major Property Repairs</b> needed on the property in the next two years? ( <b>Yes/No</b> ) <i>If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)</i> <b># 3</b>

46		# 3 If the property has <b>Immediate Capital Needs</b> 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.)
<b>Resident Services: AN ANSWER IS REQUIRED FOR</b> questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"		
47		Go To WS6 After School Program/s (y/n)
48		Go To WS6 Licensed Day Care Service ( <i>participant fees are allowable for day care ONLY</i> ) (y/n)
49		Go To WS6 Youth Program/s (y/n)
50		Go To WS6 Educational Classes (e.g. basic skills, computer training, ESL) (y/n)
51		Go To WS6 Health and Wellness Services/Programs (y/n)
52		Go To WS6 Employment Services (y/n)
53		Go To WS6 Case Management, Information and Referrals (y/n)
54		Go To WS6 Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)
55		Go To WS6 Support Groups, Social Events, Organized Tenant Activities (y/n)
56		Go To WS6 Other Service #1 - Please specify in column G.
57		Go To WS6 Other Service #2 - Please specify in column G.

**POPULATION SERVED**

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

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

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



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

Remember, **SAVE YOUR WORK!**

**Annual Monitoring Report - Transitional Programs - Reporting Year 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		<b>Total Households (Singles and Families) That Can Be Served</b>		

**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		<b>Total Households (Singles and Families) Served</b>		
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		<b>Total Households in program on the last day of the operating year</b>		
9					<b>&lt;-Capacity Utilization Rate (by Household as of last Day of Operating Year)</b>

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; <b>and</b>
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	<b>TOTAL # HH's that left the program</b>

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

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

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

Project Address:

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

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

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

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

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

		enter # below	enter # below
2	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
3	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
4	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
5	Demolition	Asian - Chinese	Other Black
6	Denial of Access to Unit	Asian - Filipino	North African
7	Development Agreement	Asian - Japanese	West Asian
8	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
9	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
10	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
11	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
12	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
13	Lead Remediation	Other Asian	White - European
14	Non-payment of Rent	Latino - Caribbean	Other White
15	Nuisance	Latino - Central American	Not Reported
16	Other	Latino - Mexican	0 Total (must match Total number in E29)
17	Owner Move In	Latino - South American	
18	Roommate Living in Same Unit	Other Latino	<b>Gender data for households that received Notices of Eviction during the reporting period:</b>
19	Substantial Rehabilitation		Female
20	Unapproved Subtenant		Male
21	0 Total number of households who received Notices of Eviction		Genderqueer/Gender Non-Binary
			Trans Female
			Trans Male
			Not Listed
			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 # below	enter # below
22	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
23	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
24	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
25	Demolition	Asian - Chinese	Other Black
26	Denial of Access to Unit	Asian - Filipino	North African
27	Development Agreement	Asian - Japanese	West Asian
28	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
29	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
30	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
31	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
32	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
33	Lead Remediation	Other Asian	White - European
34	Non-payment of Rent	Latino - Caribbean	Other White
35	Nuisance	Latino - Central American	Not Reported
36	Other	Latino - Mexican	0 Total (must match Total number in E56)
37	Owner Move In	Latino - South American	
38	Roommate Living in Same Unit	Other Latino	<b>Gender data for households for which Unlawful Detainers were filed during the report period:</b>
39	Substantial Rehabilitation		Female
40	Unapproved Subtenant		Male
41	0 Total number of unlawful detainer actions filed		Genderqueer/Gender Non-Binary
			Trans Female
			Trans Male
			Not Listed
			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 each of the following reasons:**  
(If more than one reason applies to a household, report only the primary reason.)  
*You MUST answer every question (i.e., enter zero if applicable).*

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

		enter # below	enter # below
42	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
43	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
44	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
45	Demolition	Asian - Chinese	Other Black
46	Denial of Access to Unit	Asian - Filipino	North African
47	Development Agreement	Asian - Japanese	West Asian
48	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
49	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
50	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
51	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
52	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
53	Lead Remediation	Other Asian	White - European
54	Non-payment of Rent	Latino - Caribbean	Other White
55	Nuisance	Latino - Central American	Not Reported
56	Other	Latino - Mexican	0 Total (must match Total number in E83)
57	Owner Move In	Latino - South American	
58	Roommate Living in Same Unit	Other Latino	<b>Gender data for households that were Evicted during the reporting period:</b>
59	Substantial Rehabilitation		Female
60	Unapproved Subtenant		Male
61	0 Total number of households evicted (flows to question #35 on Worksheet 1A)		Genderqueer/Gender Non-Binary
			Trans Female
			Trans Male
			Not Listed
			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	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
16	<b>INCOME &amp; EXPENSES</b>				
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	<b>Rental Income</b>				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	<b>sub-total Gross Rental Income:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
28	<b>Vacancy Loss - enter amounts as negative numbers!</b>				vacancy rate
29	Housing Units	5220		<b>Must click &amp; explain if Residential Vac Rate is &gt; 15%</b>	
30	Commercial	5240			0.00%
31	<b>sub-total Vacancies:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
32					
33	<b>NET RENTAL INCOME:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
34					
35	<b>Other Income</b>				
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	<b>sub-total Other Income Received:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
45					
46	<b>TOTAL INCOME RECEIVED:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
47					
48	<b>INCOME &amp; EXPENSES</b>				
49		Account Number			
50	Description of Expense Accounts		Residential	Non-Residential	Total
51	<b>Management</b>				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	<b>sub-total Management Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
55	<b>Salaries/Benefits</b>				
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	<b>sub-total Salary/Benefit Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
62	<b>Administration</b>				
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	<u>Miscellaneous Administrative Expenses (must click &amp; explain if &gt;\$10k)</u>	6390			
71	<b>sub-total Administrative Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
72	<b>Utilities</b>				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
76	Sewer	6453			
77	<b>sub-total Utilities Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
78	<b>Taxes and Licenses</b>				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	<b>sub-total Taxes and License Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
83	<b>Insurance</b>				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	<b>sub-total Insurance Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
89	<b>Maintenance and Repairs</b>				
90	<b>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).</b>				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	<u>Miscellaneous Operating and Maintenance Expenses (must click &amp; explain if &gt;\$10k)</u>	6590			
99	<b>sub-total Maintenance Repair Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
100	<b>Supportive Services:</b> 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	<b>SUB-TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
102	<b>Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve.</b> 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	<b>Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve.</b> 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	<b>TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
105		Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
106	<b>Ground Lease Base Rent/Bond Fees/Reserves</b>				
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	<b>Sub-total Ground Lease Base Rent/Bond Fees/Reserves</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
115					
116	<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
117		Acct Num	Residential	Non-Residential	Total
118	<b>1. TOTAL INCOME RECEIVED:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
119	<b>2. TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
120	<b>3. NET OPERATING INCOME:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
121					
122	<b>4. Debt Service (Principal and Interest)</b>	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	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
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	<b>Total Debt Service Payments</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
136					
137	<b>Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
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		<a href="#">Go to ws4 Narrative question #8</a>		
140	<b>Surplus Cash, Total</b>				<b>\$0.00</b>
141	<i>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.</i>				
142					
143	<b>USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)</b>			<b>Distribution Priority (select below)</b>	<b>Leave cells below blank if Surplus Cash is &lt;= \$0.</b>
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.	<a href="#">Go to ws4 Narrative question #1</a>			
152	11ai. Debt Pmt to other lender1: Principal Paid (note lender name to right)				
153	11aai. Debt Pmt to other lender1: Interest Paid				
154	11bi. Debt Pmt to other lender2: Principal Paid (note lender name to right)				
155	11bii. Debt Pmt to other lender2: Interest Paid				
156	<b>Total Payments preceding Residual Receipts Calculation:</b>				<b>\$0.00</b>
157					
158	<b>12. RESIDUAL RECEIPTS</b>				<b>\$0.00</b>
159				<b>Distribution Priority (select below)</b>	<b>Leave cells below blank if Surplus Cash is &lt;= \$0.</b>
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				<b>\$0.00</b>
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)				

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
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	<b>Total Residual Receipts Payments:</b>				<b>\$0.00</b>
167	<b>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.</b>				
168					
169	<b>Remaining Balance</b>				<b>\$0.00</b>
170					
171	<b>Proposed Owner Distributions</b> (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	<b>Proposed Other Distributions/Uses</b> (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	<b>Final Balance: should be ZERO except when Surplus Cash (cell J140) is negative</b>				<b>\$0.00</b>
175					
176	<b>RESERVE ACCOUNT DETAILS</b>				
177					
178	<b>OPERATING RESERVE</b> (Do not leave blanks for any questions asking for a number, enter zero instead.)				
179	<b>Minimum Required Balance:</b>				
180	<b>Beginning Balance:</b>				
181	<b>Actual Annual Deposit from Operating Budget in Current Reporting Period</b> (not editable, data entered in cash flow above, account number 1365):		\$0.00		
182	<b>Additional Deposit</b> (use ONLY to record deposits from the Op Budget attributable to a prior reporting period, or deposits made from an external source)				
183	<b>Interest Earned:</b>				
184	<b>Annual Withdrawal Amount</b> (enter as negative number):				
185	<b>Ending Balance</b> (don't edit cell -- calculated):		\$0.00		
186	<b>Required Annual Deposit:</b>				
187	<b>Total Operating Expenses plus debt service</b> (don't edit cell -- calculated)		\$0.00		
188	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell.  If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.		0.000%		
189	<b>REPLACEMENT RESERVE</b> (Do not leave blanks for any questions asking for a number, enter zero instead.)				
190	<b>Minimum Required Balance:</b>				
191	<b>Beginning Balance:</b>				
192	<b>Actual Annual Deposit:</b>				
193	<b>Interest Earned:</b>				
194	<b>Annual Withdrawal Amount</b> (enter as negative number):				
195	<b>Ending Balance</b> (don't edit cell -- calculated):		\$0.00		
196	<b>Required Annual Deposit</b> (do not edit - taken from page 1 account number 1320):		\$0.00		
197	<b>Describe how the amount of annual deposit and the minimum required balance is determined.</b>				
198					
199					
200	<b>CHANGES TO REAL ESTATE ASSETS</b>				
201	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.		<b>Balance, 1/00/1900</b>	<b>Changes</b>	<b>Balance, 1/00/1900</b>
202	Building & Improvements			\$0.00	
203	Offsite Improvements			\$0.00	
204	Site Improvements			\$0.00	
205	Land Improvements			\$0.00	
206	Furniture, Fixtures & Equipment			\$0.00	
207	Other			\$0.00	
208	<b>Replacement Reserve-Eligible Expenditures:</b> Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
209	<b>Capital Repairs and Improvements:</b> 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	<b>Capital Repairs and Improvements Funded By:</b>				
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	<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
219	Description of Capital Repairs and Improvements				
220					
221	<b>Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs):</b> 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	<b>Total</b>			<b>\$0.00</b>
227					
228	<b>TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES:</b> 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	<b>FEDERAL PROGRAM INCOME REPORT</b>				
233	<b>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:</b>				
234					
235	<a href="http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141">http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141</a>				
236	<a href="#">Overview of Federal (HOME and CDBG) Program Income</a>				
237					
238	<b>CDBG PROGRAM INCOME</b>				
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	<b>Total CDBG Program Income Calculation</b> (see instructions for guidance on how to calculate)				
246	<b>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.</b>				







**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2020 -  
Mayor's Office of Housing & Community Development**

Project Address:	Last Day of Reporting Period	1/0/1900	# Units:	0
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**Household Size**

	# Reported Households	% of Total
One Person Household	0	
Two Person Household	0	
Three Person Household	0	
Four Person Household	0	
Five Person Household	0	
Six Person Household	0	
Seven or more Person Household	0	
<b>TOTAL Households*</b>	<b>0</b>	
<b>TOTAL Residents</b>	<b>0</b>	

\*Excludes 0 unit(s) reported as manager's or vacant unit(s).

**Other Household Demographics**

	# Reported
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with Mental/Devt Disability	0
Households with Tenant with Other Disability	0
Households with Tenant with More than One Disability	0
Households with Tenant with No Disability	0

**Gender**

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

**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	
<b>Total Head of Households</b>	<b>0</b>	

**Target and Actual Population Served**

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



(add additional rows as needed)

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

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

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

### 3. Major Repairs

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

### 4. Vacant Unit Rent-Up Time

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

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

**5. Affirmative Marketing**

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

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

**6. Vacancy Rate -----**

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

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

**7. Miscellaneous Expenses: Administrative/Operating & Maintenance**

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

**Misc. Admin Expenses**

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

**Misc. Operating & Maintenance Expenses**

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

**8. Negative Cash Flow**

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

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







Project Street Address:

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

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

Project Street Address:

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

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

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

**Administration**

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

**Utilities**

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

**Taxes and Licenses**

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

**Insurance**

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

Project Street Address:

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

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

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

**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		
<b>Total Financial Expenses:</b>		<b>\$0</b>

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

**Depreciation & Amortization Expenses**

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

6600 Depreciation Expense		
6610 Amortization Expense		
<b>Operating Profit (Loss) after Depreciation &amp; Amortization:</b>		<b>\$0</b>

**Net Entity Expenses**

*the right.*

7190		
7190		
7190		
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7190		
<b>Total Net Entity Expenses:</b>		<b>\$0</b>

3250	<b>Change in Total Net Assets from Operations (Net Loss)</b>	<b>\$0</b>
	<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**

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

**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.*

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

**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**

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

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

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

**Reporting Start Date:** 1/0/00  
**Reporting End Date:** 1/0/00

**Project Address:** \_\_\_\_\_

**Submission Instructions:**

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

<b>Worksheet 1A. Property &amp; Residents</b>	<b>INCOMPLETE</b>	
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
<b>Worksheet 1B. Transitional Programs</b>	<b>To Be Determined</b>	
Questions 1 thru 11		To Be Determined
Questions 12 thru 18		To Be Determined
Questions 19 thru 39		To Be Determined
<b>Worksheet 1C. Eviction Data</b>	<b>To Be Determined</b>	
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
<b>Worksheet 2. Fiscal Activity</b>	<b>INCOMPLETE</b>	
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
<b>Worksheet 3A. Occupancy &amp; Rent Info</b>	<b>INCOMPLETE</b>	
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
<b>Worksheet 3B. Demographic Information</b>	<b>To Be Determined</b>	
Is Gender and Sexual Orientation/Identity selected for each household?		To Be Determined
<b>Worksheet 4. Narrative</b>	<b>To Be Determined</b>	
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
<b>Worksheet 5. Project Financing</b>	<b>INCOMPLETE</b>	
<b>Worksheet 6. Services Funding</b>	<b>To Be Determined</b>	



## **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),<sup>1</sup> **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.

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<sup>1</sup>See 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 H

## **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 record<sup>2</sup> 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;<sup>3</sup>
  - 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;

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<sup>2</sup> 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.

<sup>3</sup> 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 I

**EXHIBIT J**

Not Applicable

Exhibit J

**EXHIBIT K**

Hold Harmless Policy

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



**London N. Breed**  
Mayor

**Kate Hartley**  
Director

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

**Background**

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

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

**Purpose**

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

This Policy establishes the following:

- Limit annual increases to income limits, maximum rents, and sale prices to a maximum of 4%<sup>i</sup>
- 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



# Mayor's Office of Housing and Community Development

## Residual Receipts Policy

### Effective April 1, 2016

#### INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

#### SUMMARY (see below for detailed requirements)

<b>I. Definition of Residual Receipts</b>	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
<b>II. Annual Residual Receipts Payments Due to MOHCD</b>	Generally, $\frac{2}{3}$ <sup>rd</sup> s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
<b>III. When more than one MOHCD contract requires residual payments</b>	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
<b>IV. When a project has other Lenders in addition to MOHCD that require residual payments</b>	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
<b>V. Conditions to Distribution of Residual Receipts to Borrower</b>	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of

# Mayor's Office of Housing and Community Development

## Residual Receipts Policy

### Effective April 1, 2016

#### INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

#### SUMMARY (see below for detailed requirements)

<b>I. Definition of Residual Receipts</b>	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
<b>II. Annual Residual Receipts Payments Due to MOHCD</b>	Generally, $\frac{2}{3}$ <sup>rd</sup> s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
<b>III. When more than one MOHCD contract requires residual payments</b>	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
<b>IV. When a project has other Lenders in addition to MOHCD that require residual payments</b>	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
<b>V. Conditions to Distribution of Residual Receipts to Borrower</b>	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of

	Distribution.
<b>VI. Use of Residual Receipts Distributed to the Borrower</b>	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
<b>VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project</b>	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
<b>MOHCD Repayment Waiver Option</b>	The repayment waiver option has been terminated.

**I. Definition of Residual Receipts**

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or “hard” debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
  - 1. Fees payable to the project, the GP, the LP or the parent entity
  - 2. Fees payable to project funders
  - 3. “Soft” debt repayments to lenders / lessors

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

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

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

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be  $\frac{2}{3}$ <sup>rd</sup>s of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative  $\frac{1}{2}$  -  $\frac{1}{2}$  split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

**III. When more than one MOHCD contract requires residual payments:**

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

**IV. When a project has other Lenders in addition to MOHCD that require residual payments**

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive  $\frac{2}{5}$ <sup>th</sup>s of the amount available to be repaid, and the other lender would receive  $\frac{3}{5}$ <sup>th</sup>s of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

**V. Conditions to Distribution of Residual Receipts to Borrower**

- A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:
1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
  2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
  2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
  3. If any operating expense, including debt service on non-City loans remains unpaid; or
  4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
  5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

**VI. Use of Residual Receipts Distributed to the Borrower**

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

**VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project**

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

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  3. If any operating expense, including debt service on non-City loans remains unpaid; or
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- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.



- 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%)<sup>i</sup>. 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
<b>HUD SF AMI</b>	100.0	108.0	8.0%	107	-0.9%	111	3.9%	109.0	-2.0%	112.5	3.2%
<b>MOHCD AMI</b>	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.

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<sup>i</sup> 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

Exhibit L

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

Exhibit L

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

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

Exhibit L

(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 L

**EXHIBIT P**  
Residual Receipts Policy

Exhibit P

# Mayor's Office of Housing and Community Development

## Residual Receipts Policy

### Effective April 1, 2016

#### INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

#### SUMMARY (see below for detailed requirements)

<b>I. Definition of Residual Receipts</b>	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
<b>II. Annual Residual Receipts Payments Due to MOHCD</b>	Generally, $\frac{2}{3}$ <sup>rd</sup> s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
<b>III. When more than one MOHCD contract requires residual payments</b>	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
<b>IV. When a project has other Lenders in addition to MOHCD that require residual payments</b>	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
<b>V. Conditions to Distribution of Residual Receipts to Borrower</b>	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of



	Distribution.
<b>VI. Use of Residual Receipts Distributed to the Borrower</b>	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
<b>VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project</b>	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
<b>MOHCD Repayment Waiver Option</b>	The repayment waiver option has been terminated.

**I. Definition of Residual Receipts**

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or “hard” debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
  - 1. Fees payable to the project, the GP, the LP or the parent entity
  - 2. Fees payable to project funders
  - 3. “Soft” debt repayments to lenders / lessors

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

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

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

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be  $\frac{2}{3}$ <sup>rd</sup>s of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative  $\frac{1}{2}$  -  $\frac{1}{2}$  split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

**III. When more than one MOHCD contract requires residual payments:**

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

**IV. When a project has other Lenders in addition to MOHCD that require residual payments**

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive  $\frac{2}{5}$ <sup>th</sup>s of the amount available to be repaid, and the other lender would receive  $\frac{3}{5}$ <sup>th</sup>s of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

**V. Conditions to Distribution of Residual Receipts to Borrower**

- A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:
1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
  2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
  2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
  3. If any operating expense, including debt service on non-City loans remains unpaid; or
  4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
  5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

**VI. Use of Residual Receipts Distributed to the Borrower**

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

**VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project**

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.



ORTC # 0227029666

City and County of San Francisco  
Joaquin Torres, Assessor-Recorder

→ Free Recording Requested Pursuant to  
Government Code Section 27383

Doc #	<b>2023076814</b>	Fees	\$0.00
10/18/2023	1:45:24 PM	Taxes	\$0.00
CM	Electronic	Other	\$0.00
Pages	6 Title 101	SB2 Fees	\$0.00
Customer	9001	Paid	\$0.00

Recording requested by and  
when recorded mail to:  
City and County of San Francisco  
Mayor's Office of Housing  
and Community Development  
1 South Van Ness Avenue, 5th Floor  
San Francisco, California 94103

Attn: Agnes Defiesta  
✓ APN#: 4014-002A  
✓ Address: 2530 18<sup>th</sup> Street

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS AND  
AFFORDABLE HOUSING COVENANTS**  
2530 18<sup>th</sup> Street

**THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING  
COVENANTS** (this "Declaration") is made as of October 18, 2023, by **2530  
18<sup>th</sup>, LLC**, a California limited liability company ("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. Borrower owns a fee interest in the real property located at 2530 18<sup>th</sup> Street, San Francisco, California (the "Property"). Borrower intends to subdivide the Property to develop a proposed multifamily residential building consisting of 74 units of permanently affordable rental housing for families including at least 50% of rental units for families experiencing homelessness (the "Project") and expand Borrower's adjacent office and services space which will be known as "HPP Campus Expansion."

B. The City is making a loan (the "Loan") to Borrower of Housing Trust Fund to refinance a loan used to acquire the Property. The Loan is evidenced by, among other documents, a 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.

**See Exhibit A**

C. Pursuant to the Agreement, Borrower has agreed the Property will be used to develop and construct the Project and the HPP Campus Expansion, and the proposed Project on the Site, or a portion thereof, will 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 until Borrower has repaid the Loan or transferred a portion of the Property to the City (the "Compliance Term").

**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. During the Compliance Term, Borrower will only use the Property for the proposed Project, the HPP Campus Expansion, and any interim uses that differ from the Borrower’s current interim use with the prior written approval of the City. Specifically, if the Site, or a portion thereof, is developed for the Project, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

1.1 With the exception of one Unit reserved for the manager of the Project, 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
1BR	28	50% of Median Income
2BR	22	50% of Median Income
3BR	4	50% of Median Income
1BR	8	60% of Median Income
2BR	7	60% of Median Income
2BR	2	70% of Median Income
3BR	2	70% of Median Income
2BR	1	Manager’s Unit

Thirty Seven (37) Units must be made available to the chronically homeless or those at risk of homelessness during the period in which the City’s Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP Agreement.

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:

- (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.

2. Borrower hereby subjects the Property to the covenants, reservations and restrictions set forth in this Declaration and the Agreement. This Declaration and the Regulatory Obligations constitute covenants running with the land and bind successors and assigns of Borrower and any non-borrower owner of the Property and will pass to and be binding upon Borrower's successors in title to the Property. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof will conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions in this Declaration, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

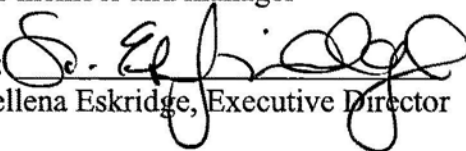
3. If Borrower fails to (i) comply with the Regulatory Obligations and this Declaration to the City's satisfaction, in its sole discretion, and (ii) cure such default as set forth in **Section 19.1(c)** of the Agreement, the City will have the right to pursue any available remedy at equity or in law, including as set forth in **Section 19.2** of the Agreement, to enforce this Declaration. During the Compliance Term, the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. Borrower will pay the City's reasonable costs in connection with the City's enforcement of the terms of this Declaration and Regulatory Obligations, including, without limitation, the City's attorneys' fees and costs.

Borrower has executed this Declaration as of the date first written above.

**"BORROWER"**

2530 18<sup>th</sup>, LLC, a California limited liability company

By: Homeless Prenatal Program, Inc.,  
a California nonprofit public benefit corporation, its  
sole member and manager

By:   
Shellena Eskridge, Executive Director

[ALL SIGNATURES MUST BE NOTARIZED.]

Declaration of Restriction &  
Affordable Housing Covenants  
7530 16<sup>th</sup> St.

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

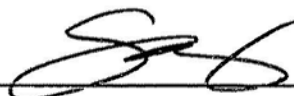
State of California  
County of ~~San Mateo~~ San Francisco

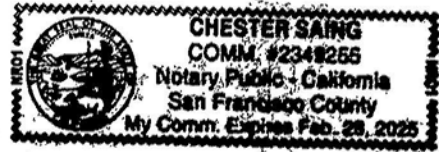
On October 3, 2023 before me, Chester Saing, Notary Public  
(insert name and title of the officer)

personally appeared Shellena Eskridge  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



ILLEGIBLE NOTARY SEAL DECLARATION  
GOV'T CODE SECTION 27361.7  
(information must be legible for scanning)

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS DECLARATION IS ATTACHED READS AS FOLLOWS:

CHESTER SAING

\_\_\_\_\_  
NAME OF NOTARY PUBLIC

2349255

\_\_\_\_\_  
COMMISSION NUMBER

SAN FRANCISCO, CA

\_\_\_\_\_  
COUNTY AND STATE OF NOTARY PUBLIC

FEBRUARY 28, 2025

\_\_\_\_\_  
DATE COMMISSION EXPIRES

  
\_\_\_\_\_  
SIGNATURE OF DECLARANT

MARTHA NAKAGAWA

\_\_\_\_\_  
PRINT NAME OF DECLARANT

SAN FRANCISCO, CA

\_\_\_\_\_  
CITY AND STATE OF EXECUTION OF THIS DECLARATION

OCTOBER 18, 2023

\_\_\_\_\_  
DATE THIS DECLARATION IS SIGNED



**EXHIBIT A**

(Legal Description of the Property)

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO,  
COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS  
FOLLOWS:

The land referred to is situated in the County of San Francisco, City of San Francisco,  
State of California, and is described as follows:

Commencing at the point of intersection of the Northerly line of 18<sup>th</sup> Street and the  
Easterly  
line of Hampshire Street; running thence Northerly and along said line of Hampshire  
Street  
137 feet, 6 inches; thence at a right angle Easterly 84 feet; thence Southeasterly 40.77  
feet to a point distant Westerly 100 feet from the Westerly line of Potrero Avenue along  
a line drawn at a right angle to said Westerly line of Potrero Avenue and also distant  
Northerly 100 feet from the Northerly line of 18<sup>th</sup> Street along a line drawn at a right  
angle to the Northerly line of 18<sup>th</sup> street; thence Southerly and parallel with the Easterly  
line of Hampshire Street 100 feet to the Northerly line of 18<sup>th</sup> Street; thence at a right  
angle Westerly along said line of 18<sup>th</sup> Street 100 feet to the point of commencement.

Being part of Potrero Nuevo Block 63.

Assessor's Lot 002A; Block 4014

Street Address: 2530 18<sup>TH</sup> Street

EXHIBIT A



ORTC # 0227029666

City and County of San Francisco  
Joaquin Torres, Assessor-Recorder

Free Recording Requested Pursuant to  
Government Code Section 27383 and 27388.1

Doc #	<b>2023076815</b>	Fees	\$0.00
10/18/2023	1:45:25 PM	Taxes	\$0.00
CM	Electronic	Other	\$0.00
Pages	13 Title 002	SB2 Fees	\$0.00
Customer	9001	Paid	\$0.00

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, 5<sup>th</sup> Floor  
San Francisco, California 94103

Attn: Agnes Defiesta

✓ Block/Lot: 4014-002A

✓ ADDRESS: 2530 18<sup>TH</sup> ST.

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**  
(Property Address: 2530 18<sup>th</sup> Street)

**THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING** ("Deed of Trust") is made as of October 18, 2023, by **2530 18<sup>th</sup>, LLC**, a California limited liability company ("Trustor"), whose address is 2500 18<sup>th</sup> Street, San Francisco, California 94110, to **OLD REPUBLIC TITLE COMPANY**, a California corporation ("Trustee"), whose address is 275 Battery Street, Suite 1500, San Francisco, California, 94111, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of the date of this Deed of Trust, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to subdivide the Property for the purpose of developing a proposed multifamily residential building consisting of 74 units of permanently affordable rental housing for families including at least 50% of rental units for families experiencing homelessness (the "Project") and expand Borrower's adjacent office and services space which will be known as HPP Campus Expansion; and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(e) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(f) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(g) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(h) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(i) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit

card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(j) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(k) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated 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 "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of Four Million Nine Hundred Thousand and No/100 Dollars (\$4,900,000.00), according to the terms of the Agreement and the Note; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without

notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest



equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "Debtor"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "Secured Party"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "Collateral" means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is 85-1588972. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all



other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and

assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall

deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

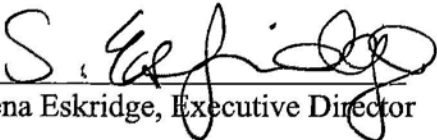
9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

*Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page*

**"TRUSTOR:"**

2530 18<sup>th</sup>, LLC, a California limited liability company

By: Homeless Prenatal Program, Inc.,  
a California nonprofit public benefit corporation,  
its sole member and manager.

By:   
Shellena Eskridge, Executive Director

ALL SIGNATURES MUST BE NOTARIZED

Deed of Trust, Assignment of Rent  
Security Agreement & Fixture Filing

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.


State of California <sup>CA</sup>  
County of ~~San Mateo~~ San Francisco

On October 3, 2023 before me, Chester Saing, Notary Public  
(insert name and title of the officer)

personally appeared Shellena Eskridge  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)

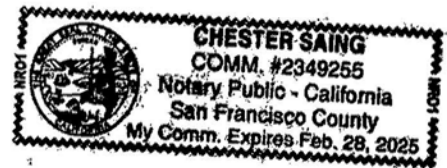


EXHIBIT A  
Legal Description of the Land

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Commencing at the point of intersection of the Northerly line of 18<sup>th</sup> Street and the Easterly line of Hampshire Street; running thence Northerly and along said line of Hampshire Street 137 feet, 6 inches; thence at a right angle Easterly 84 feet; thence Southeasterly 40.77 feet to a point distant Westerly 100 feet from the Westerly line of Potrero Avenue along a line drawn at a right angle to said Westerly line of Potrero Avenue and also distant Northerly 100 feet from the Northerly line of 18<sup>th</sup> Street along a line drawn at a right angle to the Northerly line of 18<sup>th</sup> street; thence Southerly and parallel with the Easterly line of Hampshire Street 100 feet to the Northerly line of 18<sup>th</sup> Street; thence at a right angle Westerly along said line of 18<sup>th</sup> Street 100 feet to the point of commencement.

Being part of Potrero Nuevo Block 63.

Assessor's Lot 002A; Block 4014

Street Address: 2530 18<sup>TH</sup> Street

EXHIBIT A

**LOAN AGREEMENT  
(CITY AND COUNTY OF SAN FRANCISCO  
HOUSING TRUST FUND  
OUR CITY OUR HOME FUND)**

By and Between

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

and

**MERCY HOUSING CALIFORNIA 104, L.P.,**  
A California limited partnership

for

**2530 18<sup>TH</sup> STREET**

**\$4,946,900**

HOUSING TRUST FUND: \$ 3,099,000  
OUR CITY, OUR HOME: \$1,847,900

Dated as of December 1, 2023

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**EXHIBITS**

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B-2	Annual Operating Budget
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I	MOHCD Tenant Screening Criteria Policy

J Developer Fee Policy  
K Hold Harmless Policy  
L Insurance Requirements  
M Form of Deed of Trust  
N Form of Declaration of Restrictions  
O Intentionally Omitted  
P MOHCD Residual Receipts Policy

**LOAN AGREEMENT**  
(City and County of San Francisco  
Housing Trust Fund, Our City, Our Home  
(2530 18<sup>th</sup> Street)

**THIS LOAN AGREEMENT** ("Agreement") is entered into as of December 1, 2023, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **MERCY HOUSING CALIFORNIA 104, L.P.**, A California limited partnership ("Borrower").

**RECITALS**

A. 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 "HTF Funds."

B. In November 2018, the voters of the City approved Proposition C, which created the Homelessness Gross Receipts Tax Ordinance under Business and Tax Regulations Code Article 28 with all collected monies to be deposited into the Our City, Our Home Fund under Administrative Code Section 10.100-64 ("OCOH Fund"). The City is authorized to use a portion of the OCOH Fund for the construction, acquisition, rehabilitation, lease, preservation, and operation of permanent supportive housing units, which include a rental subsidy and onsite supportive services for formerly homeless adults, families, and youth, or the acquisition, rehabilitation, master lease, and operation of SRO Buildings (as defined in Business & Tax Regulations Code Section 2810(h)(2)), or portions thereof, newly acquired or master leased on or after January 1, 2019. The funds provided from the OCOH Fund to the Borrower under this Agreement will be referred to herein as the "OCOH Funds," and together with the HTF Funds, collectively, the "Funds."

C. MOHCD and the Department of Homelessness and Supportive Housing ("HSH") issued a Notice of Funding Availability ("NOFA") for Affordable Rental Housing for Families Including Families Experiencing Homelessness on April 25, 2022, to solicit qualified affordable housing developers for the development of new, permanent affordable housing for families, with at least 50% of units provided for families experiencing homelessness. In response to the NOFA, MOHCD selected Homeless Prenatal Program ("HPP") and Mercy Housing California ("Mercy") to jointly develop a proposed multifamily residential building consisting of 74 units of permanently affordable rental housing for families including at least 50% of rental units for families experiencing homelessness (the "Project") and to invest in HPP's adjacent office and services space which will be known as "HPP Campus Expansion."

D. **2530 18<sup>th</sup> STREET, LLC**, an affiliate of HPP, owns a fee interest in the real property located at 2530 18<sup>th</sup> Street, San Francisco, California, which is subject to that certain

Declaration of Restrictions and Affordable Housing Covenants dated October 18, 2023 for the benefit of the City, and recorded in the Official Records on October 18, 2023, as Document Number 2023076814 (the "Site"). The Site will be acquired by the City prior to start of construction, and Borrower intends to acquire a leasehold interest in the Land under a future Ground Lease by and between Borrower and the City ("Ground Lessor"). Borrower desires to use the Funds to refinance an existing predevelopment loan that has funded predevelopment expenses for the Project and to conduct additional predevelopment work related to construction of the Project.

D. Borrower has an outstanding predevelopment loan in the amount of \$3,000,000 from the San Francisco Housing Accelerator Fund under a Loan Agreement dated February 15, 2022 ("HAF Loan").

E. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make a loan of Funds to Borrower (the "Loan") in the amount of Four Million Nine Hundred Forty Six Thousand Nine Hundred and No/100 Dollars (\$4,946,900.00) (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) Housing Trust Fund in the amount of Three Million Ninety Nine Thousand and No/100 Dollars (\$3,099,000.00) and of OCOH Fund in the amount of One Million Eight Hundred Forty Seven Thousand Nine Hundred and No/100 Dollars (\$1,847,900.00).

## AGREEMENT

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

### ARTICLE 1 DEFINITIONS.

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

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

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

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

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

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

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

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

"Borrower" means MERCY HOUSING CALIFORNIA 104, L.P., A California limited partnership whose general partner is Mercy Housing California 104 LLC, a California limited liability company, its general partner, and its authorized successors and assigns.

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

"CFR" means the Code of Federal Regulations.

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

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

"City Documents" means this Agreement, the Note, the Deed of Trust (if the Site is acquired by Borrower), the Declaration of Restrictions (if the Site is acquired by Borrower) and any other documents executed or, delivered in connection with this Agreement.

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

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

"Control of the Site" means Borrower's acquisition of fee ownership or a leasehold interest in the Site (or a portion thereof).

"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 substantially the form and substance attached hereto as **Exhibit N** 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 Note, in substantially the form and substance attached hereto as **Exhibit M**.

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

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

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

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

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

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

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



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

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

"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 E**.

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

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

"General Partner" means Mercy Housing California 104 LLC, a California limited liability company.

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

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

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

"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 contract.

“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 C**.

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

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

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

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

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

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

“Local Operating Subsidy” means an operating subsidy provided by the City to Borrower for the operation of the Project, the amount of which is sufficient to permit Borrower to operate

the Project in accordance with the terms of this Agreement with Qualified Tenants at income levels specified by MOHCD in writing which are below those set forth in **Exhibit A**.

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

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

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

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

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

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

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

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

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

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

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

"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.

"Outside Acquisition Date" has the meaning set forth in **Section 3.1**

"Partnership Fees" means annual partnership management fees and limited partner fees in amounts approved by the City in the Annual Operating Budget.

"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.

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

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

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

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) 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; (g) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; and (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); (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**.

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

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

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

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

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

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

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

"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 San Francisco Housing Authority.

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

"Supportive Services" means general resident services supported by the operating budget as well as intensive supportive services funded separately by the Department of Homelessness and Supportive Housing to support households within the permanent supportive housing units, including individualized intensive case management; outreach and engagement; intake and assessment; benefits advocacy and assistance; referrals and coordination of services; wellness checks; support groups and social events; housing stability support; clinical services; and exit planning; 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**.

"Work Product" has the meaning set forth in **Section 22.21**.

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 refinance the HAF Loan and finance additional predevelopment activities related to the 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 December 1, 2019.

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. Borrower will satisfy the following conditions before applying to the City for additional financing:

1. Borrower must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on: Community outreach completed, Outcomes achieved related to racial equity goals, and Commercial-use programming.
2. Borrower must provide operating and development budgets that meet MOHCD Underwriting Guidelines and MOHCD Commercial Space Underwriting Guidelines.
3. Borrower must work with MOHCD staff and Borrower's General Contractor to value engineer construction budget to lower the Project's costs.
4. Borrower must work with MOHCD staff to revise unit mix and affordability restrictions so that the Project will include a higher number of units serving households at 50% of Median Income.
5. Borrower must provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall costs of the Project and maximize efficiency of MOHCD total loan for the Project.
6. Borrower must provide a reciprocal easement agreement between the HPP Campus Expansion and residential parcel(s) to MOHCD no less than 90 days prior to the anticipated date for the Citywide Affordable Housing Loan Committee to review Borrower's construction/permanent loan.
7. Borrower to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.
8. Borrower must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected investors and lenders; and, d) provide for MOHCD review and approval of all Letters of Intent from financial partners.
9. Borrower must provide quarterly updated response to any letters requesting corrective action.
10. Borrower must apply for any other higher value rent and operating subsidies available including Continuum of Care contracts or Project Based Vouchers.
11. Borrower to provide self-scores for all third party funding requests.

13. Borrower must increase equity pay in assumptions to \$0.98 for updated financial projections, pending discussions with financial advisor on current tax credit investment climate
14. MHC will provide updated operating budget and proposed LOSP Cost Split by November 1, 2024, to review with MOHCD and HSH.

#### 2.6 Other Restrictions.

1. Borrower must submit an updated 1<sup>st</sup> year operating budget and 20-year cash flow – if any changes have occurred – by November 1<sup>st</sup> before the year the project will achieve TCO so that MOHCD may request the LOSP subsidy.
2. Borrower must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.

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 earlier of (a) construction loan closing for the Project, or 2) the fifty-fifth (55th) anniversary of the Conversion Date, provided however that if Borrower fails to acquire Control of the Site on or before December 1, 2028 (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 Borrower's failure to acquire Control of the Site by the Outside Acquisition Date is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower 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, Borrower shall deliver to City all of the Work Product, the Agreement shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Note and the Loan.

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

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Note; provided, however, that prior to the date Borrower acquires Control of the Site, the Director of MOHCD will 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.

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

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

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

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

3.7 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement will be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property will require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San

Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

3.9 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.

3.10 Recordation of the Deed of Trust and Declaration of Restrictions. Borrower will cause each of the following requirements to be fully satisfied on or before the date it acquires Control of the Site:

(a) Borrower will have delivered the Deed of Trust and the Declaration of Restrictions to City, duly executed and acknowledged by Borrower;

(b) Borrower will have recorded the Deed of Trust and the Declaration of Restrictions in the Official Records, subject only to the Permitted Exceptions; and

(c) A title company will have committed to issue the Title Policy to City, and Borrower will have delivered all documents reasonably required by such title company to issue the Title Policy. Borrower will pay all amounts charged by the title company for the issuance of the Title Policy; provided that such amounts may be included in a subsequent Expenditure Request.

#### 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 Note; (ii) this Agreement (in duplicate); (iii) the Authorizing Resolutions; and (iv) any other City Documents reasonably requested by the City.

(b) Borrower will have delivered to the City Borrower's Charter Documents. The Charter Documents will be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

(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) HAF will have delivered to the Escrow Agent and duly executed reconveyance of HAF's deed of trust recorded against the Property.

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.

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 follows:

(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.

4.6 Loan In Balance. From and after the closing date of Borrower's financing for construction or rehabilitation of the Project, 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 follows:

(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.

(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.

This Article will apply if the Borrower or its affiliate acquires Control of the Site.

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 may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower will provide adequate and complete justification for analysis of any change order request to the City. The City will provide any questions, comments or requests for additional information to Borrower within five (5) business days of receipt of a change order request. City will review and approve or disapprove of a change order request within ten (10) business days of a complete submission by Borrower. In the event the City fails to approve or disapprove the change order request within such ten (10) business day period, the change order will be deemed approved. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower 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 31, 2028; (b) complete demolition, rehabilitation or construction by a date no later than December 31, 2030, 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 October 1, 2031.

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.

This Article will apply if the Borrower or its affiliate acquires Control of the Site.

6.1 Marketing and Tenant Selection Plan. No later than six (6) 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. Borrower will obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower will market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan will address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan will include as many of the following elements as are appropriate to the Project, as determined by the City, including 50% of units being targeted to families who have experienced homelessness.

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

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

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

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

(e) Notices to SFHA.

(f) Notices to MOHCD

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

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

(i) Borrower will use access points and accept referrals from HSH or its successor agencies for 50% of the 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 if Borrower acquires Control of the Site: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; (b) for any Unit that has been subject to a regulatory agreement with TCAC, for a period ending three (3) years after the date of any transfer of the Project by foreclosure or deed-in-lieu of foreclosure; and (c) with respect to any Unit occupied by a Qualified Tenant at expiration of either the Compliance Term or the 3-year period referred to in **Subsection (b)** above, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause. The requirements to comply with the provisions of Internal Revenue Code Section 42, including Section 42(h)(6)(E)(ii), are hereby acknowledged.

### 7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, thirty seven (37) Units will be rented to the chronically homeless and those at-risk of homelessness during the period in which the City's Local Operating Subsidy Program is in operation and the City provides the Local Operating Subsidy to the Project. .

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

### 7.3 Rent Restrictions.

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

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

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-

approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses will not be unreasonably withheld.

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

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

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

#### 7.4 Certification.

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

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

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

7.5 Form of Lease. The form of lease for Tenants will provide for termination of the lease and consent to immediate eviction for failure to: (i) qualify as a Qualified Tenant if the

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

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

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

## ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

This Article will apply if the Borrower or its affiliate acquires Control of the Site.

### 8.1 Borrower's Responsibilities.

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

## 8.2 Contracting With Management Agent.

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

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

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

## 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. Construction-related requirements will not apply until Borrower has acquired Control of the Site; *provided that*, construction-related requirements will apply to the Project whether or not the City approves and provides additional financing for the Project.

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, if and after Borrower acquires Control of the Site, 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 (the "MOHCD Monthly Project Update") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update 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 review 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 writing by Borrower to be complete and accurate:

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

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

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

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



reasonable times, following reasonable notice, for the retention period required under **Section 10.9.**

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

#### ARTICLE 11 USE OF INCOME FROM OPERATIONS.

##### 11.1 Project Operating Account.

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

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

#### ARTICLE 12 REQUIRED RESERVES.

##### 12.1 Replacement Reserve Account.

(a) Commencing no later than sixty (60) days 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 15<sup>th</sup> day of each month following establishment of the Replacement Reserve Account, Borrower will make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Monthly deposits will equal the lesser of: (i) 1/12<sup>th</sup> of 0.6% of Replacement Cost; or (ii) 1/12<sup>th</sup> of the following amount: \$37,000.

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

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve

the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

## 12.2 Operating Reserve Account.

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

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

(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 from and after the closing date of Borrower's financing for construction or rehabilitation of the Project that 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 from the Loan in an amount not to exceed Five Hundred Forty Nine Thousand Five Hundred Ninety Two and No/100 Dollars (\$549,592.00) for predevelopment of the Project prior to the closing date of

Borrower’s financing for construction or rehabilitation of the Project and may be entitled to receive additional fees for developing the Project (collectively, “Developer Fees”), subject to the Developer Fee Policy. A portion, \$55,592, of this amount, has already been paid. Borrower agrees to limit the Developer’s use of Developer Fee to pay only for eligible activities including, but not limited to, the following:

(a) Developer’s organizational capacity building and maintenance programs; working capital; housing development production and related programs; physical improvements to existing housing owned or sponsored by Developer; increasing housing operations and asset management activities; improving tenant improvements or commercial space in existing housing owned or sponsored by Developer; funding community facilities associated with existing housing owned or sponsored by Developer providing supplemental tenant rental assistance for existing housing owned or sponsored by Developer; or programs supporting the welfare of residents residing in existing housing owned or sponsored by Developer; and

(b) Predevelopment, preconstruction and construction costs, including reasonable administrative expenses, of future affordable housing development sponsored by Developer in San Francisco.

15.2 Fee Payment Schedule. Developer will receive payment of the Developer Fees as follows:

<b>TOTAL Predev Period Project Management Fee:</b>	<b>\$549,592</b>	<b>100%</b>
Submission of HCD funding application (HAF funded)	\$55,592 (paid)	10%
Predevelopment loan closing MOHCD Funds	\$220,000	40%
Submission of CDLAC / TCAC application	\$220,000	40%
CDLAC / TCAC Award	\$54,000	10%
	\$55,592	10%

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower will not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as

approved by the City on terms and in amounts as approved by City in its reasonable discretion; (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project; (f) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (g) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner approved in advance by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

#### ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower will procure and keep in effect, and cause its contractors and subcontractors to obtain and maintain at all times during any work or construction activities on the Property, the insurance and bonds as set forth in **Exhibit L** from the Agreement Date 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) from and after the date Borrower acquires Control of the Site, 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) from and after the date Borrower acquires Control of the Site, any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site (from and after the date Borrower acquires Control of 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, from and after the date Borrower acquires Control of the Site, until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable

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

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

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

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

## ARTICLE 18 HAZARDOUS SUBSTANCES.

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

Environmental Site Assessment Report dated June 30, 2023 by AES 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 materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

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

## ARTICLE 19 DEFAULT.

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

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

[ (b) Prior to the date on which Borrower acquires Control of the Site, any lien resulting from any act or omission of the Borrower or Borrower's agents, employees, contractors or invitees 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) After Borrower acquires Control of the Site, 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

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

(f) If and after Borrower acquires Control of the Site, 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

(g) 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

(h) 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



(i) 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

(j) 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

(k) If and after Borrower acquires Control of the Site, 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

(l) 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

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

(n) From and after the closing date of Borrower's financing for construction of the Project, 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

(o) From and after the closing date of Borrower's financing for construction of the Project, but before a certificate of occupancy or equivalent certification is issued for the Project, Borrower ceases rehabilitation or construction of the Project for a period of twenty five (25) consecutive calendar days, and the cessation is not excused under **Section 19.3**; or

(p) Borrower is in default of its obligations with respect to the Ground Lease (but only after the Ground Lease has been executed) 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

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

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

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

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

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

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

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

(f) Upon the occurrence of an Event of Default described in **Section 19.1(l)**, 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.

## 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, if applicable, has been suspended or debarred by the City, the Department of Industrial Relations, or any Governmental Agency, nor has Borrower, any of its principals or its general contractor, if applicable, been suspended, disciplined or prohibited from contracting with the City or any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

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

(g) 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, 5<sup>th</sup> Floor  
San Francisco, CA 94103  
Attn: Director

To Borrower:                Mercy Housing California 104, L.P.  
1256 Market Street  
San Francisco, CA 94102  
Attn: President

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) from and after the closing date of Borrower's financing for construction or rehabilitation of the Project, causes the Loan to be Out of Balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

## ARTICLE 22 GENERAL PROVISIONS.

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

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

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

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

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

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

performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

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

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

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

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

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

22.12 Reserved.

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

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

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

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

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

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

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

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

22.21 Ownership of Results. Any interest of Borrower or any sub-borrower, in drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of computer diskettes, or other documents or Publications prepared by or on behalf of Borrower or any sub-borrower in connection with this Agreement, the implementation of the Project, the services to be performed under this Agreement, or acquired through the use of any Loan proceeds ("Work Product"), is hereby pledged to City as security for Borrower's obligations under this Agreement and the Note, and upon an Event of Default, will become the property of and be promptly transmitted by Borrower to the City. Notwithstanding the foregoing, Borrower may retain and use copies for reference and as documentation of its experience and capabilities.

This Agreement constitutes a security agreement under the California Uniform Commercial Code, as it may be amended from time to time, and Borrower authorizes City to file any financing statements City elects and deems necessary to perfect its security interest in the Work Product.

22.22 Works for Hire. If, in connection with this Agreement or the implementation of the Project, Borrower or any sub-borrower creates artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, source codes or any other original works of authorship or Publications, such creations will be works for hire as defined under Title 17 of the United States Code, and all copyrights in such creations will be the property of the City. If it is ever determined that any such creations are not works for hire under applicable law, Borrower hereby assigns all copyrights thereto to the City, and agrees to provide any material, execute such documents and take such other actions as may be necessary or desirable to effect such assignment. With the prior written approval of the City, Borrower may retain and use copies of such creations for reference and as documentation of its experience and capabilities. Borrower will obtain all releases, assignments or other agreements from sub-borrowers or other persons or entities implementing the Project to ensure that the City obtains the rights set forth in this Section.

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

#### EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M Form of Deed of Trust
- N Form of Declaration of Restrictions
- 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:**

**BORROWER:**


CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

**MERCY HOUSING CALIFORNIA 104, L.P.,**  
A California limited partnership

By:   
London N. Breed  
Mayor

By: Mercy Housing California 104 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation


By:   
Eric D. Shaw  
Director, Mayor's Office of Housing and Community Development

Its: sole member / manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVED AS TO FORM:**

DAVID CHIU  
City Attorney

By:   
7C608639D022490  
Deputy City Attorney

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

**THE CITY:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: \_\_\_\_\_  
London N. Breed  
Mayor

By: \_\_\_\_\_  
Eric D. Shaw  
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DAVID CHIU  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

**BORROWER:**

**MERCY HOUSING CALIFORNIA 104, L.P.**,  
A California limited partnership

By: Mercy Housing California 104 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation

Its: sole member / manager

By: Ramie Darg  
Name: RAMIE DARG  
Title: VICE PRESIDENT

**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:

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum Income Level</b>
1BR	28	50% of Median Income
2BR	22	50% of Median Income
3BR	4	50% of Median Income
1BR	8	60% of Median Income
2BR	7	60% of Median Income
2BR	2	70% of Median Income
3BR	2	70% of Median Income
2BR	1	Manager's Unit

Thirty Seven (37) Units will be made available to the chronically homeless or those at risk of homelessness during the period in which the City's Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP Agreement.

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.

**EXHIBIT B-1**

Table of Predevelopment Sources and Uses of Funds

Application Date: 8/2/23 # Units: 74  
 Project Name: 2530 18th Street # Bedrooms: 119  
 Project Address: 2530 18th St # Beds: n/a  
 Project Sponsor: Mercy Housing Calwest, Mercy Housing California LOSP Project

SOURCES	2,435,211	4,900,000	2,511,689	-	-	Total Sources	Comments
	MOHCD - Take out of SFHAF Cost	MOHCD - Acq. of FRB Loan	MOHCD - New Predev. Cost			9,846,900	

USES

Name of Sources:	MOHCD/OCII
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ACQUISITION

Acquisition cost or value			4,900,000			4,900,000	Value of the FRB Loan
Legal / Closing costs / Broker's Fee						0	
Holding Costs						0	
Transfer Tax						0	
<b>TOTAL ACQUISITION</b>	<b>0</b>	<b>0</b>	<b>4,900,000</b>	<b>0</b>	<b>0</b>	<b>4,900,000</b>	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab				357,500		357,500	Cost includes temp + perm switchgear/ perm. taxes, Insurance, SDO, OHP Fee, Contingency
Commercial Shell Construction						0	
Demolition				190,610		190,610	Pre-NTP Demolition and Shoring
Environmental Remediation				100,000		100,000	
Onsite Improvements/Landscaping						0	
Offsite Improvements						0	
Infrastructure Improvements						0	HOPE SF/OCII costs for streets etc.
Parking						0	
GC Bond Premium/GC Insurance/GC Taxes						0	
GC Overhead & Profit						0	
CG General Conditions						0	
<i>Sub-total Construction Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>648,110</i>	<i>0</i>	<i>648,110</i>	
Design Contingency (remove at DD)						0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)						0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)						0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency						0	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>648,110</b>	<b>0</b>	<b>648,110</b>	

Construction line item costs as a % of hard costs  
 0.0%  
 0.0%  
 0.0%

SOFT COSTS

Architecture & Design

Architect design fees		1,765,764		400,000		2,165,764	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)				127,174		127,174	Early Design Subcontractors to the GC (Shoring, Fire Alarm, Earthwork)
Architect Construction Admin						0	
Reimbursables				15,163		15,163	
Additional Services				34,242		34,242	Alternative feasibility analysis + design
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>1,765,764</i>	<i>0</i>	<i>576,579</i>	<i>0</i>	<i>2,342,343</i>	
Other Third Party design consultants (not included under Architect contract)						184,246	Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>0</b>	<b>1,912,010</b>	<b>0</b>	<b>614,579</b>	<b>0</b>	<b>2,526,589</b>	

Engineering & Environmental Studies

Survey		34,500		20,000		54,500	
Geotechnical studies		33,675		50,000		83,675	
Phase I & II Reports		66,812		50,000		116,812	
CEQA / Environmental Review consultants		3,000		30,000		33,000	
NEPA / 105 Review		24,461		50,000		74,461	
CNA/PNA (rehab only)						0	
Other environmental consultants						0	Name consultants & contract amounts
<b>Total Engineering &amp; Environmental Studies</b>	<b>0</b>	<b>162,447</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>362,447</b>	

Financing Costs

<b>Construction Financing Costs</b>							
Construction Loan Origination Fee						0	
Construction Loan Interest		88				88	
Title & Recording						0	
CDLAC & CDJAC fees		1,200				1,200	
Bond Issuer Fees		2,500				2,500	
Other Bond Cost of Issuance						0	
Other Lender Costs (specify)		2,979				2,979	MHC LOC Fees
<i>Sub-total Const. Financing Costs</i>	<i>0</i>	<i>6,766</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>6,766</i>	
<b>Permanent Financing Costs</b>							
Permanent Loan Origination Fee						0	
Credit Enhance. & Appl. Fee						0	
Title & Recording						0	
<i>Sub-total Perm. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
<b>Total Financing Costs</b>	<b>0</b>	<b>6,766</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,766</b>	

Legal Costs

Borrower Legal fees		30,946				30,946	
Land Use / CEQA Attorney fees						0	
Tax Credit Counsel						0	
Bond Counsel						0	
Construction Lender Counsel						0	
Permanent Lender Counsel						0	
HAF Legal		34,470				34,470	
<b>Total Legal Costs</b>	<b>0</b>	<b>65,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,416</b>	

Other Development Costs

Appraisal		8,500		15,000		23,500	
Market Study		12,098		15,000		27,098	
Insurance						0	
Property Taxes						0	
Accounting / Audit						0	
Organizational Costs		73				73	
Entitlement / Permit Fees		66,648				66,648	
Marketing / Rent-up		11,758				11,758	
Furnishings						0	\$2,000/unit. See MOHCD U/W Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PGE / Utility Fees						0	
TCAC App / Alloc / Monitor Fees		25,409		55,000		80,409	
Financial Consultant fees		35,552		40,000		75,552	
Construction Management fees / Owner's Rep		70,175		90,000		160,175	
Security during Construction						0	
Relocation						0	
Pre-Development Loan Interest		2,766				2,766	
Takeout of the SFHAF Loan				0		0	
<b>Total Other Development Costs</b>	<b>0</b>	<b>232,979</b>	<b>0</b>	<b>215,000</b>	<b>0</b>	<b>447,979</b>	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)				340,000		340,000	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>0</b>	<b>2,379,619</b>	<b>0</b>	<b>1,369,579</b>	<b>0</b>	<b>3,749,198</b>	<b>10.0%</b>

Total Soft Cost Contingency as % of Total Soft Costs  
 10.0%

RESERVES

Operating Reserves						0	
Replacement Reserves						0	
Tenant Improvements Reserves						0	
Other (specify)						0	
Other (specify)						0	
Other (specify)						0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones		55,592		494,000		549,592	
Developer Fee - Cash-out At Risk						0	
Commercial Developer Fee						0	
Developer Fee - GP Equity (also show as source)						0	
Developer Fee - Deferred (also show as source)						0	
Development Consultant Fees						0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)						0	
<b>TOTAL DEVELOPER COSTS</b>	<b>0</b>	<b>55,592</b>	<b>0</b>	<b>494,000</b>	<b>0</b>	<b>549,592</b>	

TOTAL DEVELOPMENT COST

	0	2,435,211	4,900,000	2,511,689	0	0	9,846,900
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Development Cost/Unit by Source	0	32,908	66,216	33,942	0	0	133,066
Development Cost/Unit as % of TDC by Source	0.0%	24.7%	49.8%	25.5%	0.0%	0.0%	100.0%

Acquisition Cost/Unit by Source

	0	0	66,216	0	0	0	66,216
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Construction Cost (inc Const Contingency)/Unit By Source

	0	0	0	8,758	0	0	8,758
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	7.35	0.00	0.00	7.35

\*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	0
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Tax Credit Equity Pricing:

Construction Bond Amount:	N/A
Construction Loan Term (in months):	0
Construction Loan Interest Rate (as %):	0.00%

**EXHIBIT B-2**  
**Annual Operating Budget**

Application Date: 8/2/2023  
 Total # Units: 74  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

Project Name: 2530 18th Street  
 Project Address: 2530 18th St  
 Project Sponsor: Mercy Housing Calwest, Mercy Housing California  
 Correct errors noted in Col N!

INCOME	LOSP/non-LOSP Allocation		Total	Comments
	50%	50%		
Residential - Tenant Rents	133,200	688,620	821,820	Links from 'New Proj. - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from 'New Proj. - Rent & Unit Mix' Worksheet
Residential - LOSP Tenant Assistance Payments	574,195	0	574,195	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Commercial Spaces	0	0	0	Links from 'Utilities & Other Income' Worksheet
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	0	0	Supportive Services Income
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	2,251	2,251	4,502	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0	Withdrawal from Capitalized Reserve (deposit)
<b>Gross Potential Income</b>	<b>709,646</b>	<b>690,871</b>	<b>1,400,517</b>	
Vacancy Loss - Residential - Tenant Rents	(6,660)	(34,431)	(41,091)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	#DIV/0!
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>EFFECTIVE GROSS INCOME</b>	<b>702,986</b>	<b>656,440</b>	<b>1,359,426</b>	<b>PUPA: 18,371</b>

OPERATING EXPENSES				
<b>Management</b>				
Management Fee	27,594	27,594	55,188	1st Year to be set according to HUD schedule.
Asset Management Fee	12,140	12,140	24,280	Asset Management Fee
<b>Sub-total Management Expenses</b>	<b>39,734</b>	<b>39,734</b>	<b>79,468</b>	<b>PUPA: 1,074</b>
<b>Salaries/Benefits</b>				
Office Salaries	27,673	27,673	55,346	(0.5 FTE) Assistant Property Manager, (0.33 FTE) Housing Support Specialist
Manager's Salary	37,595	37,595	75,190	(1.0 FTE) Senior Property Manager
Health Insurance and Other Benefits	34,450	34,450	68,900	Health Insurance and Other Benefits
Other Salaries/Benefits	1,720	1,720	3,440	Other Salaries/Benefits
Administrative Rent-Free Unit	0	0	0	Administrative Rent-Free Unit
<b>Sub-total Salaries/Benefits</b>	<b>101,437</b>	<b>101,437</b>	<b>202,874</b>	<b>PUPA: 2,742</b>

<b>Administration</b>				
Advertising and Marketing	1,095	1,095	2,190	
Office Expenses	9,672	9,672	19,344	
Office Rent	0	0	0	Projected LOSP Split
Legal Expense - Property	2,500	2,500	5,000	Legal Expense - Property
Audit Expense	5,625	5,625	11,250	
Bookkeeping/Accounting Services	5,475	5,475	10,950	Projected LOSP Split
Bad Debts	0	0	0	Bad Debts
Miscellaneous	0	0	0	
<b>Sub-total Administration Expenses</b>	<b>24,367</b>	<b>24,367</b>	<b>48,733</b>	<b>PUPA: 659</b>

<b>Utilities</b>				
Electricity	53,584	53,584	107,168	Electricity
Water	12,776	12,776	25,551	
Gas	0	0	0	
Sewer	30,600	30,600	61,200	
<b>Sub-total Utilities</b>	<b>96,960</b>	<b>96,960</b>	<b>193,919</b>	<b>PUPA: 2,621</b>

<b>Taxes and Licenses</b>				
Real Estate Taxes	1,925	1,925	3,850	Real Estate Taxes
Payroll Taxes	0	0	0	Payroll Taxes
Miscellaneous Taxes, Licenses and Permits	0	0	0	
<b>Sub-total Taxes and Licenses</b>	<b>1,925</b>	<b>1,925</b>	<b>3,850</b>	<b>PUPA: 52</b>

<b>Insurance</b>				
Property and Liability Insurance	77,500	77,500	155,000	
Fidelity Bond Insurance	0	0	0	Alternative LOSP Split
Worker's Compensation	0	0	0	Worker's Compensation
Director's & Officers' Liability Insurance	0	0	0	
<b>Sub-total Insurance</b>	<b>77,500</b>	<b>77,500</b>	<b>155,000</b>	<b>PUPA: 2,095</b>

<b>Maintenance &amp; Repair</b>				
Payroll	57,768	57,768	115,536	Payroll
Supplies	4,878	4,878	9,756	Supplies
Contracts	22,325	22,325	44,649	Contracts
Garbage and Trash Removal	32,266	32,266	64,532	Alternative LOSP Split
Security Payroll/Contract	135,690	45,230	180,920	(4.5 FTE) Desk Clerk/ Community Coordinator Hybrid + Benefits + Contract Security
HVAC Repairs and Maintenance	6,030	6,030	12,060	
Vehicle and Maintenance Equipment Operation and Repairs	750	750	1,500	
Miscellaneous Operating and Maintenance Expenses	0	0	0	
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>259,706</b>	<b>169,246</b>	<b>428,952</b>	<b>PUPA: 5,797</b>

<b>Supportive Services</b>	0	33,516	33,516	Alternative LOSP Split
<b>Commercial Expenses</b>	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

**TOTAL OPERATING EXPENSES 601,628 544,684 1,146,312 PUPA: 15,491**

<b>Reserves/Ground Lease Base Rent/Bond Fees</b>				
Ground Lease Base Rent	7,500	7,500	15,000	Ground lease with MOHCD Provide additional comments here, if needed.
Bond Monitoring Fee	1,250	1,250	2,500	
Replacement Reserve Deposit	18,500	18,500	37,000	SuperNOFA minimum
Operating Reserve Deposit	0	0	0	Operating Reserve Deposit
Other Required Reserve 1 Deposit	0	0	0	Other Required Reserve 1 Deposit
Other Required Reserve 2 Deposit	0	0	0	
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>PUPA: 736</b>

**TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 628,878 571,934 1,200,812 PUPA: 16,227**

**NET OPERATING INCOME (INCOME minus OP EXPENSES) 74,108 84,506 158,613 PUPA: 2,143**

<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>				
Hard Debt - First Lender	0	0	0	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	59,473	59,473	118,945	HCD-MHP
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>TOTAL HARD DEBT SERVICE</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>PUPA: 1,607</b>

<b>CASH FLOW (NOI minus DEBT SERVICE)</b>	<b>14,635</b>	<b>25,033</b>	<b>39,668</b>	
Commercial Only Cash Flow	0	0	0	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	14,635	25,033	39,668	Allocation of Commercial Surplus to LOSP/non-

<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>				
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>				
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0	
Partnership Management Fee (see policy for limits)	12,135	12,135	24,270	1st
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	2,500	2,500	5,000	2nd
Other Payments	0	0	0	3rd
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt => Max Fee from cell I130)	0	0	0	Def. Develop. Fee split: 0%
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>14,635</b>	<b>14,635</b>	<b>29,270</b>	<b>PUPA: 396</b>

<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>	<b>0</b>	<b>10,398</b>	<b>10,398</b>	
---	----------	---------------	---------------	--

**Residual Receipts Calculation**

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

Will Project Defor Developer Fee? No

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 33%

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

Sum of DD F from LOSP and non-LOSP: Ratio of Sum of DDF and calculated 50%:

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs	\$16,000,000	35.98%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.34%
HCD (soft debt loan) - Lender 3	HCD-MHP	\$28,320,125	63.68%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>				
MOHCD Residual Receipts Amount Due	2,518	2,518	2,518	67% of residual receipts, multiplied by 36.32% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	0	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

**REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 7,881 Total Resid Receipts due not allocated, please revise F142**

<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>				
HCD Residual Receipts Amount Due	4,415	4,415	4,415	67% of residual receipts, multiplied by 63.68% -- HCD-MHP's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	0	0	
Lender 5 Residual Receipts Due	0	0	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>4,415</b>	<b>4,415</b>	<b>4,415</b>	

<b>REMAINDER (Should be zero unless there are distributions below)</b>				
Owner Distributions/Incentive Management Fee	3,466	3,466	3,466	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	0	0	
<b>Final Balance (should be zero)</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Application Date: 8/2/2023  
 Total # Units: 74  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	non-LOSP		
Residential - LOSP Tenant Assistance Payments			
Commercial Spaces			
Residential Parking			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income			
Interest Income - Project Operations			
Laundry and Vending	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges			
Miscellaneous Residential Income			
Other Commercial Income	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)	to operating account		
<b>Gross Potential Income</b>			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
<b>EFFECTIVE GROSS INCOME</b>			

OPERATING EXPENSES			
<b>Management</b>			
Management Fee	LOSP	non-LOSP	Approved By (reqd)
Asset Management Fee			
<b>Sub-total Management Expenses</b>			
<b>Salaries/Benefits</b>			
Office Salaries	LOSP	non-LOSP	Approved By (reqd)
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Rent-Free Unit			
<b>Sub-total Salaries/Benefits</b>			
<b>Administration</b>			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	50.00%	50.00%	
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts			
Miscellaneous			
<b>Sub-total Administration Expenses</b>			
<b>Utilities</b>			
Electricity	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water	50.00%	50.00%	
Gas			
Sewer			
<b>Sub-total Utilities</b>			
<b>Taxes and Licenses</b>			
Real Estate Taxes	LOSP	non-LOSP	Approved By (reqd)
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
<b>Sub-total Taxes and Licenses</b>			
<b>Insurance</b>			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
<b>Sub-total Insurance</b>			
<b>Maintenance &amp; Repair</b>			
Payroll	LOSP	non-LOSP	Approved By (reqd)
Supplies	50.00%	50.00%	(LOSP-specific expenses must be tracked at entry level in project's)
Contracts			
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract	75.00%	25.00%	
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
<b>Sub-total Maintenance &amp; Repair Expenses</b>			
Supportive Services	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses	0.00%	100.00%	

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

NET OPERATING INCOME (INCOME minus OP EXPENSES)			
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>			
Hard Debt - First Lender	LOSP	non-LOSP	Approved By (reqd)
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	42% pymt, or other 2nd Lender		
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	n, or other 3rd Lender		
Hard Debt - Fourth Lender			
Commercial Hard Debt Service			
<b>TOTAL HARD DEBT SERVICE</b>			

CASH FLOW (NOI minus NET DEBT SERVICE)			
Commercial Only Cash Flow			
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	non-LOSP (residual income)		
<b>AVAILABLE CASH FLOW</b>			
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>			
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	LOSP	non-LOSP	Approved By (reqd)
Other Payments			
Non-amortizing Loan Pymt - Lender 1 (select lender in comments field)	lender in comments field		
Non-amortizing Loan Pymt - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt => Max Fee from cell I130)	0.00%	100.00%	
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>			

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			
<b>Residual Receipts Calculation</b>			
Does Project have a MOHCD Residual Receipt Obligation?			
Will Project Defor Developer Fee?			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:		0	
% of Residual Receipts available for distribution to soft debt lenders in	#VALUE!		

Soft Debt Lenders with Residual Receipts Obligations	
MOHCD/OCDI - Soft Debt Loans	
MOHCD/OCDI - Ground Lease Value or Land Acq Cost	
HCD (soft debt loan) - Lender 3	
Other Soft Debt Lender - Lender 4	
Other Soft Debt Lender - Lender 5	

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

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	
HCD Residual Receipts Amount Due	
Lender 4 Residual Receipts Due	
Lender 5 Residual Receipts Due	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	
Lender 4 Residual Receipts Due	
Lender 5 Residual Receipts Due	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	

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



**EXHIBIT B-3**  
**20-Year Cash Flow Proforma**



INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 1 2026			Year 2 2027			Year 3 2028			
	74	LOSP Units		Non-LOSP Units	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		50.00%		37									
Other Reserve 2 Withdrawals	annual inc LOSP	% annual increase											
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													



INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 4 2029			Year 5 2030			Year 6 2031			
	74	37		37	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													



	<b>Total # Units:</b> 74	LOSP Units		Non-LOSP Units		Year 7 2032			Year 8 2033			Year 9 2034					
		37		37		annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		50.00%	50.00%														
<b>INCOME</b>																	
Other Reserve 2 Withdrawals																	
Other Reserve 2 Interest																	
<b>Other Required Reserve 2 Running Balance</b>																	





INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 10 2035			Year 11 2036			Year 12 2037			
	74	37		37	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													



INCOME	Total # Units:					Year 13 2038			Year 14 2039			Year 15 2040				
	74	LOSP Units	Non-LOSP Units	50.00%	50.00%	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
		37	37													
Other Reserve 2 Withdrawals																
Other Reserve 2 Interest																
<b>Other Required Reserve 2 Running Balance</b>																

2530 18th Street

Table with columns for Year 16 (2041), Year 17 (2042), and Year 18 (2043). Rows include Income (Residential - Tenant Rents, Commercial Parking, etc.), Operating Expenses (Management, Salaries/Benefits, etc.), Reserves/Ground Lease Base Rent/Bond Fees, and Cash Flow (Operating Income, Debt Service, etc.).

INCOME	Total # Units:					Year 16			Year 17			Year 18		
	74		LOSP	Non-LOSP		2041			2042			2043		
	LOSP	Non-LOSP	Units	Units		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals	50.00%	50.00%			Comments (related to annual inc assumptions)									
Other Reserve 2 Interest														
<b>Other Required Reserve 2 Running Balance</b>														



	<b>Total # Units:</b>	LOSP		Comments (related to annual inc assumptions)	Year 19 2044			Year 20 2045		
		Units	Units		annual inc LOSP	non- LOSP	Total	LOSP	non- LOSP	Total
		37	37							
<b>INCOME</b>	<b>74</b>	50.00%	50.00%							
Other Reserve 2 Withdrawals										
Other Reserve 2 Interest										
<b>Other Required Reserve 2 Running Balance</b>										

**EXHIBIT C**  
**Tenant Income Certification Form**



# TENANT INCOME CERTIFICATION

Initial Certification   
  Recertification   
  Other \_\_\_\_\_

Effective Date: \_\_\_\_\_  
 Move-In Date: \_\_\_\_\_  
 (MM-DD-YYYY)

## PART I - DEVELOPMENT DATA

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

## PART II. HOUSEHOLD COMPOSITION

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

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

## PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

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
<b>TOTALS:</b>			\$ _____	\$ _____
Enter Column (H) Total If over \$5000		\$ _____ X	Passbook Rate 0.06%	= (J) Imputed Income \$ _____
Enter the greater of the total of column I, or J: imputed income			<b>TOTAL INCOME FROM ASSETS (K)</b>	\$ _____

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

## HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

Signature	(Date)	Signature	(Date)
Signature	(Date)	Signature	(Date)

**PART V. DETERMINATION OF INCOME ELIGIBILITY**

**RECERTIFICATION ONLY:**

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

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

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

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

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

Unit Meets State Deeper Targeting Income Restriction at:  
 Other \_\_\_\_\_%

Household Size at Move-in: \_\_\_\_\_

**PART VI. RENT**

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

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

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

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

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

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

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

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

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?  
 Yes  No

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

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

Enter 1-5

**PART VIII. PROGRAM TYPE**

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

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

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

**SIGNATURE OF OWNER/REPRESENTATIVE**

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

\_\_\_\_\_  
 SIGNATURE OF OWNER/REPRESENTATIVE

\_\_\_\_\_  
 DATE

**PART IX. SUPPLEMENTAL INFORMATION FORM**

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

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

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

**The Following Race Codes should be used:**

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

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

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

**The Following Ethnicity Codes should be used:**

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

**Disability Status:**

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

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

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

# **INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION**

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

## **Part I - Development Data**

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

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

## **Part II - Household Composition**

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

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

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

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

### Part III - Annual Income

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

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

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

### Part IV - Income from Assets

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

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

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

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

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

### HOUSEHOLD CERTIFICATION AND SIGNATURES

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

### Part V – Determination of Income Eligibility

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

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. <b>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.</b> 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). 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). 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 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code. Borrower's failure to comply with the obligations in this subsection will constitute a material breach of this Agreement.

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

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

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

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

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

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

used for construction purposes or facilities that are partially or totally immersed in saltwater.

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim will be liable to the City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

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

13. Sunshine Ordinance.

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

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

records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Borrower further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Borrower acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Agreement. Borrower further acknowledges that such material breach of the Agreement will be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

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

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

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

16. Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other



properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti will be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

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

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

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

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

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

(b) The requirements of Chapter 12T will only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the

performance of this Agreement, will apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, will apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and will not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

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

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

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction

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

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

21. Public Power. 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.

**MERCY HOUSING CALIFORNIA 104, L.P.,**

A California limited partnership

By: Mercy Housing California 104 LLC, a California limited liability company, its general partner

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

BY: Rami Dan

NAME: RAMIE DAVIS  
TITLE: VICE PRESIDENT  
DATE: 11/29/23

**EXHIBIT G**  
**Form of Annual Monitoring Report**

Exhibit H

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



**London N. Breed**  
Mayor

**Eric D. Shaw**  
Director

**October 21, 2020**

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

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

**IMPORTANT INFORMATION RELATED TO COVID-19**

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

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

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

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

**Deadline:** For projects whose business year ended June 30, 2020, the report will be due on January 8, 2021, for the period 7/1/2019-6/30/2020, unless noted otherwise in a project-specific notice sent by MOHCD. For any projects whose 2020 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.

### **Completion and Submission Instructions**

The Annual Monitoring Report consists of the following four parts:

**I. AMR\_RY2020 – project name.xlsx** – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions	3C. Demographic Summary
1A. Property & Residents	4. Narrative
1B. Transitional Programs	5. Project Financing
1C. Eviction Data	6. Services Funding
2. Fiscal Activity	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info	➤ Completeness Tracker
3B. Demographic Information	

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

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

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR\_RY2020.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to [moh.amr@sfgov.org](mailto: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](mailto: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](mailto: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, 5<sup>th</sup> 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](mailto: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](mailto: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

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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.

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[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](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](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**

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

<b>PROPERTY/MARKETING INFO</b>	
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.) <b><i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i></b>

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

	<b>Unit Types</b>	<b>Number Of Units</b>	<b>Occupancy Standard: Minimum HH Size for this Unit Type*</b>	<b>Occupancy Standard: Maximum HH Size for this Unit Type*</b>	*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	<b>TOTAL # Units----&gt;</b>	<b>0</b>			

34		<b>Vacancies</b> - 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	<b>Evictions</b> - 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		<b>Vacant Unit Rent-Up Time - (in DAYS)</b> 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. <b># 4</b> Please EXCLUDE any units that are being held vacant to support rehabilitation or other temporary relocation needs. <i>If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)</i>
37		<b>Waiting List</b> - How many applicants are currently on the waiting list? <i>(Please also submit a copy of the waiting list, see AMR submission instructions.)</i>
38		When was the waiting list last updated? (m/yyyy)
39		<b>Affirmative Marketing</b> - Did you conduct any marketing of the project during the reporting period? <i>If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.)</i> <b># 5</b>
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 <b>Health, Building or Housing Code Violations</b> were issued against the property in the reporting year? (If there were no violations enter "0"). <i>If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)</i> <b># 2</b>
43		<b># 2</b> How many <b>Health, Building or Housing Code Violations</b> were open from <i>prior</i> years?
44		How many <b>Health, Building or Housing Code Violations</b> were cleared in the reporting year?
45		Are there urgent <b>Major Property Repairs</b> needed on the property in the next two years? ( <b>Yes/No</b> ) <i>If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)</i> <b># 3</b>

46		# 3 If the property has <b>Immediate Capital Needs</b> 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.)
<b>Resident Services: AN ANSWER IS REQUIRED FOR</b> questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"		
47		Go To WS6 After School Program/s (y/n)
48		Go To WS6 Licensed Day Care Service ( <i>participant fees are allowable for day care ONLY</i> ) (y/n)
49		Go To WS6 Youth Program/s (y/n)
50		Go To WS6 Educational Classes (e.g. basic skills, computer training, ESL) (y/n)
51		Go To WS6 Health and Wellness Services/Programs (y/n)
52		Go To WS6 Employment Services (y/n)
53		Go To WS6 Case Management, Information and Referrals (y/n)
54		Go To WS6 Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)
55		Go To WS6 Support Groups, Social Events, Organized Tenant Activities (y/n)
56		Go To WS6 Other Service #1 - Please specify in column G.
57		Go To WS6 Other Service #2 - Please specify in column G.

**POPULATION SERVED**

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

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

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

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

Remember, **SAVE YOUR WORK!**



**Annual Monitoring Report - Transitional Programs - Reporting Year 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		<b>Total Households (Singles and Families) That Can Be Served</b>		

**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		<b>Total Households (Singles and Families) Served</b>		
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		<b>Total Households in program on the last day of the operating year</b>		
9					<b>&lt;-Capacity Utilization Rate (by Household as of last Day of Operating Year)</b>

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; <b>and</b>
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	<b>TOTAL # HH's that left the program</b>

**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)	<b>PERMANENT</b>
20		Public Housing	
21		Section 8 Voucher	
22		Subsidized Rental - house or apartment	
23		Homeownership	
24		Moved in with family or friends	<b>TRANSITIONAL</b>
25	0	<b>Permanent Housing Subtotal</b>	
26		Transitional Housing for homeless persons	<b>TRANSITIONAL</b>
27		Moved in with family or friends <i>TEMPORARILY</i>	
28	0	<b>Transitional Housing Subtotal</b>	<b>INSTITUTIONAL</b>
29		Psychiatric hospital	
30		Inpatient alcohol or other drug treatment facility	
31		Jail/Prison	
32		Medical Facility	
33	0	<b>Institutional Subtotal</b>	<b>OTHER</b>
34		Emergency Shelter	
35		Places not meant for human habitation (e.g. street)	
36		Unknown	
37		Other	
38	0	<b>Other Subtotal</b>	<b>OTHER</b>
39	0	<b>TOTAL # HH's that left the program</b>	

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

Project Address:

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

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

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

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

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

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

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

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

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

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

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

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

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
16	<b>INCOME &amp; EXPENSES</b>				
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	<b>Rental Income</b>				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	<b>sub-total Gross Rental Income:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
28	<b>Vacancy Loss - enter amounts as negative numbers!</b>				vacancy rate
29	Housing Units	5220		Must click & explain if Residential Vac Rate is > 15%	
30	Commercial	5240			0.00%
31	<b>sub-total Vacancies:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
32					
33	<b>NET RENTAL INCOME:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
34					
35	<b>Other Income</b>				
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	<b>sub-total Other Income Received:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
45					
46	<b>TOTAL INCOME RECEIVED:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
47					
48	<b>INCOME &amp; EXPENSES</b>				
49	Description of Expense Accounts	Account Number	Residential	Non-Residential	Total
50					
51	<b>Management</b>				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	<b>sub-total Management Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
55	<b>Salaries/Benefits</b>				
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	<b>sub-total Salary/Benefit Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
62	<b>Administration</b>				
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	<b>sub-total Administrative Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
72	<b>Utilities</b>				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			

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15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
76	Sewer	6453			
77	<b>sub-total Utilities Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
78	<b>Taxes and Licenses</b>				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	<b>sub-total Taxes and License Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
83	<b>Insurance</b>				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	<b>sub-total Insurance Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
89	<b>Maintenance and Repairs</b>				
90	<b>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).</b>				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	<u>Miscellaneous Operating and Maintenance Expenses (must click &amp; explain if &gt;\$10k)</u>	6590			
99	<b>sub-total Maintenance Repair Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
100	<b>Supportive Services:</b> 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	<b>SUB-TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
102	<b>Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve.</b> 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	<b>Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve.</b> 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	<b>TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
105		Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
106	<b>Ground Lease Base Rent/Bond Fees/Reserves</b>				
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	<b>Sub-total Ground Lease Base Rent/Bond Fees/Reserves</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
115					
116	<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
117		Acct Num	Residential	Non-Residential	Total
118	<b>1. TOTAL INCOME RECEIVED:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
119	<b>2. TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
120	<b>3. NET OPERATING INCOME:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
121					
122	<b>4. Debt Service (Principal and Interest)</b>	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	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
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	<b>Total Debt Service Payments</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
136					
137	<b>Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
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		<a href="#">Go to ws4 Narrative question #8</a>		
140	<b>Surplus Cash, Total</b>				<b>\$0.00</b>
141	<i>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.</i>				
142					
143	<b>USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)</b>			<b>Distribution Priority</b> (select below)	<b>Leave cells below blank if Surplus Cash is &lt;= \$0.</b>
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.	<a href="#">Go to ws4 Narrative question #1</a>			
152	11ai. Debt Pmt to other lender1: Principal Paid (note lender name to right)				
153	11aai. Debt Pmt to other lender1: Interest Paid				
154	11bi. Debt Pmt to other lender2: Principal Paid (note lender name to right)				
155	11bii. Debt Pmt to other lender2: Interest Paid				
156	<b>Total Payments preceding Residual Receipts Calculation:</b>				<b>\$0.00</b>
157					
158	<b>12. RESIDUAL RECEIPTS</b>				<b>\$0.00</b>
159				<b>Distribution Priority</b> (select below)	<b>Leave cells below blank if Surplus Cash is &lt;= \$0.</b>
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				<b>\$0.00</b>
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)				

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
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	<b>Total Residual Receipts Payments:</b>				<b>\$0.00</b>
167	<b>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.</b>				
168					
169	<b>Remaining Balance</b>				<b>\$0.00</b>
170					
171	<b>Proposed Owner Distributions</b> (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	<b>Proposed Other Distributions/Uses</b> (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	<b>Final Balance: should be ZERO except when Surplus Cash (cell J140) is negative</b>				<b>\$0.00</b>
175					
176	<b>RESERVE ACCOUNT DETAILS</b>				
177					
178	<b>OPERATING RESERVE</b> (Do not leave blanks for any questions asking for a number, enter zero instead.)				
179	<b>Minimum Required Balance:</b>				
180	<b>Beginning Balance:</b>				
181	<b>Actual Annual Deposit from Operating Budget in Current Reporting Period</b> (not editable, data entered in cash flow above, account number 1365):		\$0.00		
182	<b>Additional Deposit</b> (use ONLY to record deposits from the Op Budget attributable to a prior reporting period, or deposits made from an external source)				
183	<b>Interest Earned:</b>				
184	<b>Annual Withdrawal Amount</b> (enter as negative number):				
185	<b>Ending Balance</b> (don't edit cell -- calculated):		\$0.00		
186	<b>Required Annual Deposit:</b>				
187	<b>Total Operating Expenses plus debt service</b> (don't edit cell -- calculated)		\$0.00		
188	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell.  If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.		0.000%		
189	<b>REPLACEMENT RESERVE</b> (Do not leave blanks for any questions asking for a number, enter zero instead.)				
190	<b>Minimum Required Balance:</b>				
191	<b>Beginning Balance:</b>				
192	<b>Actual Annual Deposit:</b>				
193	<b>Interest Earned:</b>				
194	<b>Annual Withdrawal Amount</b> (enter as negative number):				
195	<b>Ending Balance</b> (don't edit cell -- calculated):		\$0.00		
196	<b>Required Annual Deposit</b> (do not edit - taken from page 1 account number 1320):		\$0.00		
197	<b>Describe how the amount of annual deposit and the minimum required balance is determined.</b>				
198					
199					
200	<b>CHANGES TO REAL ESTATE ASSETS</b>				
201	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.		<b>Balance, 1/00/1900</b>	<b>Changes</b>	<b>Balance, 1/00/1900</b>
202	Building & Improvements			\$0.00	
203	Offsite Improvements			\$0.00	
204	Site Improvements			\$0.00	
205	Land Improvements			\$0.00	
206	Furniture, Fixtures & Equipment			\$0.00	
207	Other			\$0.00	
208	<b>Replacement Reserve-Eligible Expenditures:</b> Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
209	<b>Capital Repairs and Improvements:</b> 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	<b>Capital Repairs and Improvements Funded By:</b>				
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	<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
219	Description of Capital Repairs and Improvements				
220					
221	<b>Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs):</b> 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	<b>Total</b>			<b>\$0.00</b>
227					
228	<b>TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES:</b> 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	<b>FEDERAL PROGRAM INCOME REPORT</b>				
233	<b>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:</b>				
234					
235	<a href="http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141">http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141</a>				
236	<a href="#">Overview of Federal (HOME and CDBG) Program Income</a>				
237					
238	<b>CDBG PROGRAM INCOME</b>				
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	<b>Total CDBG Program Income Calculation</b> (see instructions for guidance on how to calculate)				
246	<b>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.</b>				







**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2020 -  
Mayor's Office of Housing & Community Development**

Project Address:	Last Day of Reporting Period	1/0/1900	# Units:	0
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**Household Size**

	# Reported Households	% of Total
One Person Household	0	
Two Person Household	0	
Three Person Household	0	
Four Person Household	0	
Five Person Household	0	
Six Person Household	0	
Seven or more Person Household	0	
<b>TOTAL Households*</b>	<b>0</b>	
<b>TOTAL Residents</b>	<b>0</b>	

\*Excludes 0 unit(s) reported as manager's or vacant unit(s).

**Other Household Demographics**

	# Reported
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with Mental/Devt Disability	0
Households with Tenant with Other Disability	0
Households with Tenant with More than One Disability	0
Households with Tenant with No Disability	0

**Gender**

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

**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	
<b>Total Head of Households</b>	<b>0</b>	

**Target and Actual Population Served**

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



(add additional rows as needed)

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

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

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

### 3. Major Repairs

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

### 4. Vacant Unit Rent-Up Time

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

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

**5. Affirmative Marketing**

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

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

**6. Vacancy Rate -----**

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

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

**7. Miscellaneous Expenses: Administrative/Operating & Maintenance**

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

**Misc. Admin Expenses**

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

**Misc. Operating & Maintenance Expenses**

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

**8. Negative Cash Flow**

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

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







Project Street Address:

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

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

Project Street Address:

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

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

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

**Administration**

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

**Utilities**

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

**Taxes and Licenses**

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

**Insurance**

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

Project Street Address:

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

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

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

**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		
<b>Total Financial Expenses:</b>		<b>\$0</b>

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

**Depreciation & Amortization Expenses**

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

6600 Depreciation Expense		
6610 Amortization Expense		
<b>Operating Profit (Loss) after Depreciation &amp; Amortization:</b>		<b>\$0</b>

**Net Entity Expenses**

*the right.*

7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
<b>Total Net Entity Expenses:</b>		<b>\$0</b>

3250	<b>Change in Total Net Assets from Operations (Net Loss)</b>	<b>\$0</b>
	<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**

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

**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.*

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

**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**

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

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

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

**Reporting Start Date:** 1/0/00  
**Reporting End Date:** 1/0/00

**Project Address:** \_\_\_\_\_

**Submission Instructions:**

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

<b>Worksheet 1A. Property &amp; Residents</b>	<b>INCOMPLETE</b>	
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
<b>Worksheet 1B. Transitional Programs</b>	<b>To Be Determined</b>	
Questions 1 thru 11		To Be Determined
Questions 12 thru 18		To Be Determined
Questions 19 thru 39		To Be Determined
<b>Worksheet 1C. Eviction Data</b>	<b>To Be Determined</b>	
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
<b>Worksheet 2. Fiscal Activity</b>	<b>INCOMPLETE</b>	
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
<b>Worksheet 3A. Occupancy &amp; Rent Info</b>	<b>INCOMPLETE</b>	
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
<b>Worksheet 3B. Demographic Information</b>	<b>To Be Determined</b>	
Is Gender and Sexual Orientation/Identity selected for each household?		To Be Determined
<b>Worksheet 4. Narrative</b>	<b>To Be Determined</b>	
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
<b>Worksheet 5. Project Financing</b>	<b>INCOMPLETE</b>	
<b>Worksheet 6. Services Funding</b>	<b>To Be Determined</b>	

## **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),<sup>1</sup> **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.

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<sup>1</sup>See 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 record<sup>2</sup> 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;<sup>3</sup>
  - 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;

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<sup>2</sup> 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.

<sup>3</sup> The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

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

**EXHIBIT J**

Developer Fee Policy

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

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

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

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

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

**A. Total Development Fee**

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

**B. Fee Components**

1. Cash-Out Fee (Base and Additional)

<b>Project Type</b>	<b>9% Project - Maximum Cash-Out Fee</b>	<b>4% Project - Maximum Cash-Out Fee</b>	<b>Notes</b>
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 -- <b>Includes New City Funds or Re-structured City Debt</b>	50% TCAC Maximum	The lesser of TCAC maximum or \$1,100,000 (Base) + \$10,000 per unit over 100 units (Additional), if additional cash-out requires no additional MOHCD gap funding.	-Sponsor may take the allowable fee for Newly Acquired and Rehabilitated projects described above if 1) in the project's original syndication, sponsor did not take the maximum allowable developer fee; or 2) sponsor adds new affordable units to the project.

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

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

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

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

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

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

<b>Project Management Milestone</b>	<b>% of Fee Distributed</b>	<b>Fee Amount</b>
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
<b>TOTAL PROJECT MANAGEMENT FEE</b>	<b>100%</b>	<b>\$1,100,000</b>

**\*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.**



<b>At-Risk Fee Milestone</b>	<b>% of Fee Distributed</b>	<b>Fee Amount</b>
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
<b>TOTAL AT-RISK FEE</b>	<b>100%</b>	<b>\$1,400,000</b>

**A. At-Risk Fee Adjustment**

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

**IV. WAIVERS OF THE DEVELOPER FEE POLICY**

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

**V. CDBG or HOME REQUIREMENTS**

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

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

**VI. POLICY IMPLEMENTATION**

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

**EXHIBIT K**

Hold Harmless Policy

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



**London N. Breed**  
Mayor

**Kate Hartley**  
Director

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

**Background**

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

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

**Purpose**

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

This Policy establishes the following:

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

This Policy is intended to limit harm by:

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

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

**Hold Harmless Limits**

For the purpose of this Policy:

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

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

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

Limited Increases: Annual increases to MOHCD AMI shall be limited to the lesser of: (1) the percentage amount necessary to adjust MOHCD AMI to match the then-current year’s HUD SF AMI, or (2) four percent (4%)<sup>i</sup>. 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
<b>HUD SF AMI</b>	100.0	108.0	8.0%	107	-0.9%	111	3.9%	109.0	-2.0%	112.5	3.2%
<b>MOHCD AMI</b>	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.

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<sup>i</sup> 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 from the date Borrower acquires Control of the Site 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.

4. 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**  
**Deed of Trust**

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, 5<sup>th</sup> Floor  
San Francisco, California 94103  
Attn: Loan Administrator  
Block/Lot:

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**  
(Property Address: 2530 18<sup>th</sup> Street)

**THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING** ("Deed of Trust") is made as of \_\_\_\_\_, \_\_\_\_ by **[MERCY HOUSING CALIFORNIA 104, L.P.,** A California Limited Partnership ("Trustor"), whose address is 1256 Market Street, San Francisco, California 94015, to **OLD REPUBLIC TITLE COMPANY,** a California Corporation ("Trustee"), whose address is 275 Battery Street, Suite 1500, San Francisco, California, 94111, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO,** a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of the date of this Deed of Trust, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct a multifamily residential building consisting of 74 units of permanently affordable rental housing for families including at least 50% of rental units for families experiencing homelessness (the "Project") (the "Project"); and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) all of Trustor's interest in and under that certain Ground Lease dated as of \_\_\_\_\_, by and between **MERCY HOUSING CALIFORNIA 104, L.P.**, 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 Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated 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 "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of Four Million Nine Hundred Forty Six Thousand Nine Hundred and No/100 Dollars (\$4,946,900.00) with interest, according to the terms of the Agreement and the Note; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its s rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, 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 87-1537765. Secured Party's name and mailing address are set above.

#### 6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to

the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of

proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

*Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page*

**"TRUSTOR:"**

**MERCY HOUSING CALIFORNIA 104, L.P.,**

A California limited partnership

By: Mercy Housing California 104 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation

Its: sole member / manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A  
Legal Description of the Land

Street Address: 2530 18<sup>th</sup> Street

EXHIBIT A

Rev. November 2017M:\MOH\Multifamily Projects\18th St, 2530 -- HPP\2022-Development\Loan Documents\Mercy LP Predev  
Loan\Mercy Form of Deed of Trust Final .docx

**EXHIBIT N**  
**Declaration of Restrictions**

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#:  
Address: 2530 18<sup>th</sup> Street

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS AND  
AFFORDABLE HOUSING COVENANTS**  
2530 18<sup>th</sup> Street

**THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING COVENANTS** (this "Declaration") is made as of \_\_\_\_\_, \_\_\_\_\_, by **MERCY HOUSING CALIFORNIA 104, L.P.** A California Limited Partnership ("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (the "City").

**RECITALS**

A. The City is making a loan (the "Loan") to Borrower of Housing Trust Fund and OCOH Fund 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 (the "Project"). The Loan is evidenced by, among other documents, a 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 With the exception of one Unit reserved for the manager of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically:

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum Income Level</b>
1BR	28	50% of Median Income
2BR	22	50% of Median Income
3BR	4	50% of Median Income
1BR	8	60% of Median Income
2BR	7	60% of Median Income
2BR	2	70% of Median Income
3BR	2	70% of Median Income
2BR	1	Manager's Unit

Thirty Seven (37) Units must be made available to the chronically homeless or those at risk of homelessness during the period in which the City's Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP Agreement.]

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:

(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.

1.3 For the avoidance of any doubt, notwithstanding any repayment of the Loan or otherwise satisfied or if the Deed of Trust is reconveyed, Borrower will comply with the applicable terms of the Agreement as if fully set forth herein, including, without limitation, Article 6 (Marketing), Article 7 (Affordability and Other Leasing Restrictions), Article 8 (Maintenance and Management of the Project), Article 9 (Governmental Approvals and Requirements), Article 10 (Project Monitoring, Reports, Books and Records), Article 11 (Use of Income From Operations), Article 12 (Required Reserves), Article 16 (Transfers), Article 17 (Insurance and Bonds; Indemnity), Article 18 (Hazardous Substances), and Article 19 (Default).

2. Borrower hereby subjects the Property to the covenants, reservations and restrictions set forth in this Declaration and the Agreement. This Declaration and the Regulatory Obligations constitute covenants running with the land, 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.

Borrower has executed this Declaration as of the date first written above.

**"BORROWER"**

**MERCY HOUSING CALIFORNIA 104, L.P.,**

A California limited partnership

By: Mercy Housing California 104 LLC, a California limited liability company, its  
general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation

Its: sole member / manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[ALL SIGNATURES MUST BE NOTARIZED.]

**EXHIBIT A**

(Legal Description of the Property)

Street Address: 2530 18<sup>th</sup> Street

**EXHIBIT O**  
Reserved

**EXHIBIT P**  
Residual Receipts Policy

# Mayor's Office of Housing and Community Development

## Residual Receipts Policy

### Effective April 1, 2016

#### INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

#### SUMMARY (see below for detailed requirements)

<b>I. Definition of Residual Receipts</b>	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
<b>II. Annual Residual Receipts Payments Due to MOHCD</b>	Generally, $\frac{2}{3}$ <sup>rd</sup> s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
<b>III. When more than one MOHCD contract requires residual payments</b>	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
<b>IV. When a project has other Lenders in addition to MOHCD that require residual payments</b>	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
<b>V. Conditions to Distribution of Residual Receipts to Borrower</b>	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of

	Distribution.
<b>VI. Use of Residual Receipts Distributed to the Borrower</b>	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
<b>VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project</b>	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
<b>MOHCD Repayment Waiver Option</b>	The repayment waiver option has been terminated.

**I. Definition of Residual Receipts**

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or “hard” debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
  - 1. Fees payable to the project, the GP, the LP or the parent entity
  - 2. Fees payable to project funders
  - 3. “Soft” debt repayments to lenders / lessors

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

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.



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

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be  $\frac{2}{3}$ <sup>rd</sup>s of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative  $\frac{1}{2}$  -  $\frac{1}{2}$  split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

**III. When more than one MOHCD contract requires residual payments:**

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

**IV. When a project has other Lenders in addition to MOHCD that require residual payments**

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive  $\frac{2}{5}$ <sup>th</sup>s of the amount available to be repaid, and the other lender would receive  $\frac{3}{5}$ <sup>th</sup>s of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

**V. Conditions to Distribution of Residual Receipts to Borrower**

A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:

1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
  2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
  3. If any operating expense, including debt service on non-City loans remains unpaid; or
  4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
  5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

**VI. Use of Residual Receipts Distributed to the Borrower**

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

**VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project**

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

**SECURED PROMISSORY NOTE**  
(Housing Trust Fund  
OCOH Fund)

Principal Amount: \$ 4,946,900

San Francisco, CA

Date: December 1, 2023

FOR VALUE RECEIVED, the undersigned, **MERCY HOUSING CALIFORNIA 104, 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 Four Million Nine Hundred Forty Six Thousand Nine Hundred and No/100 Dollars (\$4,946,900.00) (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. 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. 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 30<sup>th</sup> after the end of the calendar year of the Completion Date, and continuing each June 30<sup>th</sup> 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 December 1, 2028 (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, 5<sup>th</sup> 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.

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.

**"MAKER"**

MERCY HOUSING CALIFORNIA 104, L.P.,  
A California limited partnership

By: Mercy Housing California 104 LLC, a California limited liability company, its general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation

Its: sole member / manager

By: Ramie Dars

Name: RAMIE DARS

Title: VICE PRESIDENT

**SECURED PROMISSORY NOTE**  
(Housing Trust Fund)

Principal Amount: \$ 4,900,000

San Francisco, CA

Date: October 3, 2023

FOR VALUE RECEIVED, the undersigned, **2530 18<sup>th</sup>, LLC**, a California limited liability company ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of Four Million Nine Hundred Thousand and No/100 Dollars (\$4,900,000.00) (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, 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 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 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. The entire principal balance of the Loan, together with all accrued and unpaid default 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 earlier of (a) closing date of a construction loan for the Project and transfer of a portion of the Site to the City for the purpose of the Project or (b) fifth (5th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County (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, 5<sup>th</sup> 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.

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.

**"MAKER"**

2530 18<sup>th</sup>, LLC, a California limited liability company

By: Homeless Prenatal Program, Inc., a  
California nonprofit public benefit corporation,  
its sole member and manager

By:   
Shellena Eskridge, Executive Director

# SITE ACQUISITION LOAN REPAYMENT

## 2530 18<sup>TH</sup> STREET FAMILY HOUSING

BUDGET AND FINANCE COMMITTEE  
JANUARY 22, 2025

ANNE ROMERO  
SENIOR PROJECT MANAGER

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

# AFFORDABLE RENTAL HOUSING FOR FAMILIES INCLUDING FAMILIES EXPERIENCING HOMELESSNESS NOFA

- NOFA issued by MOHCD and HSH on April 25, 2022 with applications due May 23, 2022
- Available Funds: up to \$16 Million for new construction project serving low and moderate income families, including at least 50% of units for families experiencing homelessness
- Homeless Prenatal Program (HPP) and Mercy Housing California (MHC) were selected as joint developers

## **NOFA Expectations**

- Site acquisition and predevelopment funding only
- Serve at least 50% Families Experiencing Homelessness referred through the City's Coordinated Entry System
- Create Opportunities for Emerging and BIPOC Developers
- Maximize City's subsidy by securing State and private sources for construction and permanent financing
- Land to be transferred to MOHCD at construction close as long term ground lessor
- Select 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

# 2530 18<sup>TH</sup> STREET (@ HAMPSHIRE)

FILE # 241135

## Timeline to date:

- June 2020 – HPP purchased the Site adjacent to their property for affordable housing development
- August 2021 – Zoning change from PDR to Urban Mixed Use
- April 2022 – NOFA issued for affordable housing \$16M
- June 2022 - HPP and MHC selected as developers
- August 2023 - Citywide Affordable Housing Loan Committee
  - \$4.9M predevelopment funds to MHC
  - \$4.9M acquisition loan repayment funds to HPP
- 2022 – 2023 – State financing applications were not successful
- November 2024 – Citywide Affordable Housing Loan Committee approved additional \$2M to take out remaining acquisition loan
- Sponsor to redesign Project to increase unit count

## Upcoming:

- 2025: Predevelopment, redesign
- 2026: Financing applications
- 2027-2028: Construction (pending award of State financing)
- 2029: Fully occupied and operational





# 2530 18<sup>TH</sup> STREET (@ HAMPSHIRE STREET)

FILE # 241135

## Site

- 0.3 acre lot at corner of 18<sup>th</sup> and Hampshire in Mission
- Adjacent to Homeless Prenatal Program at 2500 18<sup>th</sup> Street
- Current use: Warehouse used for HPP storage

## Development Team

- Mercy Housing California (MHC) – Developer
- Homeless Prenatal Program (HPP) – Service Provider

## Proposed use:

- 74 up to 96 Units (1-, 2- and 3-BR units) for families
- Half of the units as permanent supportive housing
- 8 stories
- 30% - 70% AMI (\$45,000 - \$105,000 4-person HH)
- \$11,846,900 total requested loan amounts
  - \$6,900,000 Acquisition (including proposed loan amendment of \$2M)
  - \$4,946,900 Predevelopment



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**SHEILA NICKOLOPOULOS**  
DIRECTOR OF POLICY & LEGISLATIVE AFFAIRS  
SHEILA.NICKOLOPOULOS@SFGOV.ORG

**ANNE ROMERO**  
SENIOR PROJECT MANAGER  
ANNE.ROMERO@SFGOV.ORG


Thank you



# GENERAL PLAN REFERRAL

November 14, 2024

**Case No.:** 2024-010396GPR  
**Address:** 2530 18th Street  
**Block/Lot Nos.:** 4014/002A  
**Project Sponsor:** Mayor's Office of Housing & Community Development  
**Applicant:** Anne Romero – (628) 652-5834  
[anne.romero@sfgov.org](mailto:anne.romero@sfgov.org)  
1 South Van Ness Ave., 5th Floor  
San Francisco, CA 94103  
**Staff Contact:** Amnon Ben-Pazi – (628) 652-7428  
[Amnon.Ben-Pazi@sfgov.org](mailto:Amnon.Ben-Pazi@sfgov.org)

**Recommended By:**   
Joshua Switzky, Deputy Director of Citywide Policy for  
Rich Hillis, Director of Planning

**Finding:** The project, on balance, is **in conformity** with the General Plan.

## Project Description

The project would construct an eight (8) story mixed-use social services and multi-family residential building with approximately seventy-three (73) affordable apartments including approximately thirty-five (35) one-bedroom units, approximately thirty-two (32) two-bedroom units, and approximately six (6) three-bedroom units. Each apartment would include a full kitchen and bathroom. The building would also include a staff apartment, resident support and management areas, offices, and a community room to be occupied by the Homeless Prenatal Program (HPP).

Competitively selected for funding under the 2022 Homeless Families Notice of Funding Availability (NOFA) issued jointly by the Department of Homelessness and Supportive Housing (HSH) and the Mayor's Office of Housing and Community Development (MOHCD), 2530 18th Street (Site) initially was conceived as a new construction 74-unit affordable housing development with 50% of the units set aside for families who have experienced homelessness (Project). The Site is currently owned by 2530 18th, LLC, an affiliate of Homeless

Prenatal Program (HPP), which has partnered on the development with Mercy Housing California (and HPP together, Sponsors). The Project received a \$16 million preliminary gap commitment from MOHCD on June 24, 2022.

On August 25th, 2023, the MOHCD Loan Committee approved 1) a loan of \$4,946,900 to Mercy Housing California 104, L.P., for predevelopment expenses through construction close, and 2) a loan in the amount of \$4,900,000 to 2530 18th, LLC to repay an acquisition loan from First Republic Bank (FRB). Upon construction start, the land will transfer to MOHCD, and the \$6,900,000 MOHCD Acquisition Loan will be considered paid in kind, up to the appraised value.

HPP has requested \$2M in City funding through the MOHCD to repay a \$2M acquisition loan provided by CommonSpirit to lower holding costs while the Project furthers design and obtains financing, bringing the total City financing of the Project to \$11,846,900. This request is going to the Citywide Affordable Housing Loan Committee on November 15, 2024, and if approved, will be presented to the Board of Supervisors for approval in December 2024.

## Environmental Review

On March 23, 2022, the planning department determined that the project is eligible for approval under Senate Bill 35 (California Government Code Section 65913.4) in conjunction with the State Density Bonus Law (California Government Code Section 65915). Therefore, the project is considered ministerial and is not subject to CEQA.

## General Plan Compliance and Basis for Recommendation

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 General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

### MISSION AREA PLAN

#### OBJECTIVE 2.1

**ENSURE THAT A SIGNIFICANT PERCENTAGE OF NEW HOUSING CREATED IN THE MISSION IS AFFORDABLE TO PEOPLE WITH A WIDE RANGE OF INCOMES**

##### POLICY 2.1.2

**Provide land and funding for the construction of new housing affordable to very low and low income households.**

#### OBJECTIVE 2.3

**ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES**

##### POLICY 2.3.1



**Target the provision of affordable units for families.**

**POLICY 2.3.2**

**Prioritize the development of affordable family housing, both rental and ownership, particularly along transit corridors and adjacent to community amenities.**

**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.**

*The Project's housing units would be affordable to extremely low-, low-, and moderate-income households. Approximately half of the housing units would be 2- and 3-bedroom units suitable for families. The Project site is adjacent to the Potrero Avenue transit corridor.*

**HOUSING ELEMENT**

**OBJECTIVE 1.C**

**ELIMINATE HOMELESSNESS.**

**OBJECTIVE 4.A**

**SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW- TO MODERATE-INCOME HOUSEHOLDS.**

**OBJECTIVE 4.C**

**DIVERSIFY HOUSING TYPES FOR ALL CULTURES, FAMILY STRUCTURES, AND ABILITIES.**

**Policy 8**

**Expand permanently supportive housing and services for individuals and families experiencing homelessness as a primary part of a comprehensive strategy to eliminate homelessness.**

**Policy 22**

**Create dedicated and consistent local funding sources and advocate for regional, State, and Federal funding to support building permanently affordable housing for very low-, low-, and moderate-income households that meets the Regional Housing Needs Allocation targets.**

**Policy 33**

**Prevent the outmigration of families with children and support the needs of families to grow.**

*Approximately half of the housing units included in the Project would be reserved for households who have experienced homelessness. The Project's housing units would be affordable to extremely low-, low-, and moderate-income households, to help meet the City's Regional Housing Needs Allocation targets, and approximately half of the housing units would be 2- and 3-bedroom units suitable for families with children and growing families.*

**Planning Code Section 101 Findings**

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

*The Project would have no effect on existing neighborhood-serving retail uses and opportunities for resident employment in and ownership of such businesses.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

*The Project would have no effect on existing housing. It would protect neighborhood character by allowing households who may otherwise be displaced from the City due to lack of affordable housing to reside in the neighborhood.*

3. That the City's supply of affordable housing be preserved and enhanced;

*The Project would enhance the City's supply of affordable housing.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

*The Project would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking in San Francisco County.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

*The Project would have no effect on the City's industrial or service sectors or on future opportunities for resident employment or ownership in these sectors.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

*The Project would be built to all applicable seismic standards.*

7. That the landmarks and historic buildings be preserved;

*The Project would have no effect on the City's Landmarks and historic buildings.*

8. That our parks and open space and their access to sunlight and vistas be protected from development;

*The Project would have no effect on the City's parks and open space and their access to sunlight and vistas.*

**Finding:** The project, on balance, is **in conformity** with the General Plan.

**Citywide Affordable Housing Loan Committee**

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

**2530 18<sup>th</sup> Street**

Total Request: \$9,846,900

Acquisition Take-Out Loan with Homeless Prenatal Program  
\$4,900,000

Predevelopment Funding for Mercy Housing California  
\$4,946,900

Evaluation of Request for:	Acquisition Take Out and Predevelopment Funding
Loan Committee Date:	August 18, 2023
Prepared By:	Anne Romero, Senior Project Manager
MOHCD Asset Manager:	Carmen Otero
MOHCD Construction Representative:	Sarah Tenpas
Sources and Amounts of New Funds Recommended:	Housing Trust Fund - \$1,846,900 Our City Our Home (OCOH) from HSH: \$8,000,000
Sources and Amounts of Previous City Funds Committed:	\$16,000,000 (preliminary gap commitment June 2022)
NOFA/PROGRAM/RFP:	2022 NOFA for Affordable Rental Housing for Families Including Families Experiencing Homelessness
Applicant/Sponsor(s) Name:	Homeless Prenatal Program (HPP) Mercy Housing California (Mercy)

## **EXECUTIVE SUMMARY**

### **Sponsor Information:**

Project Name:	2530 18 <sup>th</sup> Street	Sponsors:	Homeless Prenatal Program Mercy Housing California (MHC)
Project Address (w/ cross St):	2530 18 <sup>th</sup> Street (at Hampshire), 94110	Borrower Entity for Acquisition Take-Out Loan:	2530 18th, LLC
		Borrower Entity for Predev Take-Out and Additional Predev Loan:	Mercy Housing California 104, L.P.

### **Project Summary:**

Competitively selected for funding under the 2022 Homeless Families Notice of Funding Availability (NOFA) issued jointly by the Department of Homelessness and Supportive Housing (HSH) and MOHCD, 2530 18<sup>th</sup> Street (Site) will be a new construction 74-unit affordable housing development with 50% (37) of the units set aside for families who have experienced homelessness (Project). The Site is currently owned by 2530 18<sup>th</sup>, LLC, an affiliate of the Homeless Prenatal Program (HPP), which has partnered on the development with Mercy Housing California (MHC, and together Sponsor). After subdivision of the parcel, HPP will develop expanded office and services space (HPP Campus Expansion) to expand their program on the ground and second floor, which would connect to their existing adjacent programs and services hub at 2500 18<sup>th</sup> Street at Potrero, funded by New Markets Tax Credits (NMTC) and private fundraising. MHC will develop the residential project in an air rights parcel above and adjacent to HPP's expanded campus space. Half of the units will be built as permanent supportive housing for families who have experienced homelessness, subsidized by the Local Operating Subsidy Program (LOSP) with residents referred through the Coordinated Entry system. The Project received a \$16 million preliminary gap commitment from MOHCD on June 24, 2022 in support of its application for funding to the California Department of Housing and Community Development's (HCD) Multi-family Housing Program (MHP) and Infill Infrastructure Grant (IIG) programs. The Project did not receive a funding award from HCD in 2022 and reapplied for MHP and IIG in July 2023. Award notifications of the latest HCD round will be in Winter 2024.

HPP is requesting that MOHCD take out one of its two acquisition loans for the Site provided by First Republic Bank (FRB), which originally was due for repayment at the end of June 2023 and has been extended to September 25, 2023. The MOHCD loan would be considered repaid in full upon transfer of the new, yet to be created residential air rights parcel to the City at construction loan closing. In the event that the Project does not move forward, HPP would repay the MOHCD acquisition loan within five years from the date of the loan (September 2028). In addition, MHC is requesting \$2,435,211 to take out the existing San Francisco Housing Accelerator Fund (SF HAF) predevelopment loan and \$2,511,689 in additional predevelopment funding to cover the Project through construction close.

The Project will have a mix of one, two- and three-bedroom units with half the units affordable to households at 30% of the San Francisco area median income (AMI), and the remainder of units restricted at 50%, 60% and 70% Area Median Income. HPP will provide case management services for the supportive housing units in the Project, funded under a separate contract with San Francisco Department of Homelessness and Supportive Housing (HSH).

**Project Description:**

Construction Type:	Type I-B	Project Type:	New Construction
Number of Stories:	8	Lot Size (acres and sf):	0.31 acres/ 13,504 sf
Number of Units:	74	Architect:	Mithun
Total Residential Area:	50,714 sf	General Contractor:	Suffolk Construction Company
Total Commercial Area:	N/A – separate parcel	Property Manager:	Mercy Housing Management Group
Total Building Area:	88,166 sf	Supervisor and District:	Ronen (Dist. 9)
Land Owner:	2530 18 <sup>th</sup> , LLC		
Total Development Cost (TDC) without acquisition:	\$81,151,064	Total Acquisition Cost:	\$7,332,250
TDC/unit:	\$1,195,720	TDC less land cost/unit:	\$1,096,636
Current Loan Amount Requested:	\$9,846,900	Request Amount / unit:	\$133,066
HOME Funds?	N	Parking?	N

**PRINCIPAL DEVELOPMENT ISSUES**

- **Project feasibility:** The Project as proposed is infeasible and requires additional operating subsidies. The Project’s relatively small size of 74 units does not offer economies of scale for construction nor operations, which also impacts competitiveness for financing applications. The Sponsor is exploring options to increase Project feasibility and obtain additional rental subsidies. See Section 4.10 Project Feasibility.
- **Competition for State Financing:** HCD MHP funding has become increasingly competitive across the State. The Project did not secure an award in 2022, and will face stiff competition in the 2023 round. A bond allocation will also be competitive, especially since the Project has high per unit construction costs and is in a moderate resource area. While the Project will qualify for both the Homeless and Extremely Low Income (ELI) set-asides at CDLAC with a more favorable tiebreaker than in previous rounds, the high cost and resource area designation still pose a challenge to competitiveness. Please see Section 4.10 Project Feasibility and Section 6.5.2 Project Financing.
- **Ownership Structure and dependency on HPP Campus Expansion readiness:** The Site is currently owned by Homeless Prenatal Program, the services partner organization. The Site will be subdivided with an air rights parcel for the residential development, which will be transferred to the City at construction close and ground leased to the limited partnership. The HPP project will fund all of its development costs for its adjacent new program and services hub, including its shell, without MOHCD funds. The HPP project must be financially feasible with all financing commitments in place and an award of New Market Tax Credits before construction can start. Please see Section 4.4. HPP Campus Expansion.

- **Construction Costs:** Through intensive value engineering efforts, the project team has brought construction cost down significantly from earlier estimates; however, the current construction costs are approximately 7% more per square foot higher than to similar Type I buildings. Please see Section 4.5 Construction Representative Evaluation.

### **SOURCES AND USES SUMMARY**

Predevelopment Sources	Amount	Per Unit	Terms	Status
MOHCD - Take out of SFHAF Cost	2,435,211	32,908	3% at 55 Years / Res Rec	This Request
MOHCD - Acq. of FRB Loan	4,900,000	66,216	Earlier of 5 years or parcel transfer at 0%	This Request
MOHCD - New Predev. Cost	2,511,689	33,942	3% at 55 Years / Res Rec	This Request
<b>Total</b>	<b>9,846,900</b>	<b>133,066</b>		

Permanent Sources	Amount	Per Unit	Terms	Committed/Not Com
MOHCD/OCII	16,000,000	216,216	55 years at 3% / Res Rec	Committed
HCD-MHP	28,320,125	382,704	55 years at min int. pymt. / Res Rec	Not Committed
HCD-IIG	6,048,992	81,743	55 years at 3% deferred	Not Committed
AHP	1,000,000	13,514	15 year grant 0%	Not Committed
Investor Equity	36,114,097	488,028	\$0.96 per Fed LIHTC / \$0.92 per State LIHTC	Not Committed
Deferred Developer Fee	1,000,000	13,514	0% deferred	
GP Equity	100	1.35		
<b>Total</b>	<b>88,483,315</b>	<b>1,195,720</b>		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	7,389,712	99,861	84
Hard Costs	58,547,274	791,179	664
Soft Costs	18,365,277	248,179	208
Reserves	1,038,514	14,034	12
Developer Fee	3,500,000	47,297	40
<b>Total</b>	<b>88,840,776</b>	<b>1,200,551</b>	<b>1,008</b>

## 1. BACKGROUND

### 1.1. Project History Leading to This Request.

The proposed Site, 2530 18th Street, is a 0.3 acre lot at the corner of 18th and Hampshire Streets in the Mission District. It is adjacent to the Homeless Prenatal Program's (HPP) main operational building at 2500 18th Street, with which it shares a property line. In June 2020, HPP purchased the Site for \$7 million, financed by a \$4.9 million loan from First Republic Bank, seller carryback financing and HPP funds, and HPP obtained a subsequent \$2 million loan with CommonSpirit Health Operating Investment Pool LLC to take out the seller financing and support their programs and services hub expansion. HPP intends to expand their program on the ground and

second level with affordable housing above. As MOHCD did not have funding available at the time of acquisition, the San Francisco Housing Accelerator Fund (SF HAF) provided predevelopment financing to move it forward. The Site underwent a zoning map change through the Board of Supervisors in August 2021 that changed its zoning designation from Production, Distribution and Repair (PDR) to Urban Mixed-Use (UMU). The legislation (co-sponsored by Supervisors Walton, Ronen and Stefani) had over 80 letters of support. The designation allows for residential mixed-use projects and was unanimously approved, which allowed the Site to utilize SB35 for expedited entitlements.

The Sponsor applied for City funding under the joint MOHCD/HSB NOFA in 2022 and was awarded preliminary gap funding in the amount of \$16,000,000. The team has made good progress on the design since the last Loan Committee review, with a 60% Construction Drawing set (dated 3/24/23) and cost estimate, and the Site permit is nearly complete.

- 1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)  
NOFA for Affordable Rental Housing for Families Including Families Experiencing Homelessness, issued jointly by MOHCD and HSH on April 25, 2022. The project was the only qualifying application for the NOFA.
- 1.3. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)
  - 1.3.1. Borrower for acquisition takeout loan. HPP serves 3,500 families annually with a staff of 125+ and an annual budget of around \$16 million. HPP has current contracts with MOHCD, HSH and HSA encompassing Housing Services, transitional housing programs, and child welfare. For HPP take out of the \$4.9 million site acquisition loan provided by FRB, 2530 18<sup>th</sup>, LLC, and affiliate of HPP, will be the borrower, with the MOHCD loan repayment due at the earlier of transfer of residential air rights parcel to the City or September 25, 2028. The proposed interest rate is 0%.
  - 1.3.2. Borrower for predevelopment loan. For SFHAF predevelopment loan takeout and additional predevelopment expenses, the borrower will be Mercy Housing California 104, L.P., with Mercy Housing California 104 LLC as the general partner and Mercy Housing Calwest as the sole member/member thereof, and South of Market Mercy Housing as the initial limited partner. At construction closing, the limited partner will be replaced with the investor limited partner.
  - 1.3.3. Joint Venture Partnership. MHC and HPP have partnered as co-developers for the development of 2530 18<sup>th</sup> Street, collaborating on various aspects of the development of the vision and programming of the project. MHC is taking the lead role on the real estate development responsibilities including design, entitlements, engagement of community on development issues, permitting, budget, securing financing and operating subsidies, construction administration, lease-up, property management, services planning and implementation, and asset management



including regulatory and budget compliance. HPP is actively shaping the community engagement strategy for the overall development and is informing the service delivery. HPP will lead the development of its adjacent program and services hub, including renovating its existing building at 2500 18<sup>th</sup> Street. HPP is not a part of the tax credit ownership entity but will be receiving \$200,000 of the developer fee to support its work on the Project.

#### 1.3.4. Demographics of Board of Directors, Staff and People Served – HPP

- Board
  - 100% straight
  - 87.5% female / 12.5% male
  - 62.5% white / 37.5% AAPI
- Staff of SF-based organization – HPP All Staff
  - 40% Latinx / 30% Black/African American / 20% white / 7% API / 2% Multiracial/Other
  - Sexual orientation- we do not currently ask
- HPP Clients
  - 52% Latinx / 28% - Black/African American / 11% Multiracial/other / 5% API / 4% white
  - Female staff - 91% / Male staff - 9%
- Staff of development team
  - Martha Ryan- Founder
  - Shellena Eskridge- Executive Director
  - Kristin Hatch- Development Director
  - Jessica Iniguez- Communications Manager
  - Liz Gerber- Donor engagement & stewardship officer
  - Sharon Bechtol- Volunteer/Donations Manager
  - Mauro Ruiz- Social and Digital Media Support Specialist
  - Jodie Law- Assistant Volunteer/Donations Coordinator
  - [Wendy Trevino](#)- Grant Writer
  - Trace Carter- Development Operations Associate

#### 1.3.5. Demographics of Board of Directors, Staff and People Served - MHC.

	Sexual Orientation	Gender Identity	Race
Mercy Housing California Board	Question not asked	M: 7 F: 11	Asian: 2 African American: 4 Caucasian: 9 Latinx: 2 Biracial: 1
Mercy Housing, Inc. Board	Question not asked	M: 10 F: 10	Asian: 1 African American: 3 Latinx: 1 Caucasian: 15
Mercy Housing, Inc. - All Staff	Question not asked	Female – 58% Male – 42%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	Question not asked	Female – 57% Male – 43%	American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2% Not specified – 1% White – 22%
Mercy Housing California - Development Staff	Question not asked	Female – 50% Male – 50%	Asian – 20% Not specified – 20% White – 60%

1.3.6. Racial Equity Vision. MHC and HPP are committed to advancing racial equity. Racial equity is central to achieving MHC’s mission and founding values of: Respect, Justice, and Mercy. Nationally, Mercy has established a Racial Equity, Diversity, and Inclusion (REDI) team to create Racial Equity Action Plans for all departments and Mercy Senior Vice President of REDI, Web Brown leads this work and coordinates concrete action across the organization. Mercy launched this REDI Initiative in early 2018, and held conversations about the fair and just inclusion of people of color throughout the organization and within Mercy’s communities. Mercy has established a REDI Collaborative and REDI Steering Committee that are made up of members from all of their geographic areas and departments to guide their organizational REDI work and provide recommendations to senior leadership on concrete ways to achieve improved REDI within the organization. Mercy created a framework to evaluate their progress and growth that focuses on a variety of areas, including Recruitment and Resident Empowerment.

HPP is dedicated to racial equity both internally and externally. HPP recognizes that systems of white supremacy and privilege have negatively impacted their families, staff, and the community, and they are committed to dismantling those systems. HPP acknowledges institutional racism and oppression as a leading contributor to family poverty and homelessness. Beginning back in 2013, HPP staff members began meeting in the form of community meetings to show solidarity and support for staff members experiencing and being affected by community

violence and injustices in our community. The community meetings then transitioned into an Equity workgroup discussing various topics about police brutality, shootings against African Americans, and the racial hate against the Asian community. The workgroup has done All Staff presentations, All Staff equity surveys and unconscious bias training over the last 8 years

- HPP's Equity Task Force is comprised of staff members from across the agency, and continually works to develop action plans and implement initiatives in three staff-identified priority areas:
  - Promote Racial Healing
  - Share Decision Making
  - Distribute Leadership
- HPP's current task force just completed a 2-year term. HPP will prepare to on-board 9 new staff members on to the current racial equity task force.
- In 2020 HPP hired consultant RELAC to assist HPP in creating *The Equity Task Force*. RELAC led all staff in choosing 3 Equity priority areas. RELAC facilitated all of the Equity Task Force Meetings and helped HPP create policies, procedures, and a structure to ensure equity work would be on-going at HPP.
- In the fall of 2022, HPP's board of directors also hired RELAC, to assist HPP's board of directors by leaning into Racial Equity, Diversity, and Inclusion on the board level.

1.3.7. Relevant Experience. MHC will be the lead developer with the HPP as co-developer advising on specific areas of the development approach and on the supportive services model. Mercy has developed over 50 properties in San Francisco over the past 35 years. The success of these developments is a result of strong affordable housing expertise used to innovate and leverage financial structures, construction delivery methods (to reduce cost and increase quality) and service delivery models to make affordable housing more responsive to diverse, vulnerable residents' needs.

MHC has decades of experience developing for low-income families and formerly homeless households. In San Francisco, MHC has developed 22 properties (1,837 units) for families and 20 properties (1,897 units) for formerly homeless households. In California, MHC has developed 81 properties (5,432 units) for families and 39 properties (1,897 units) that serve formerly homeless households. MHC is strong at partnering with other agencies, as demonstrated through many past projects.

The Homeless Prenatal Program is a nationally recognized family resource center in San Francisco that empowers homeless and low-income families, particularly mothers motivated by pregnancy and parenthood, to find within themselves the strength and confidence they need to transform their lives. The agency serves over 3,000 families in-need annually, providing a variety

of programs and services to help families become healthy, stable and self-sufficient. The first agency in San Francisco to hire former clients as staff, HPP’s evolution has been guided by the community it serves. More than half of HPP’s staff of 120+ is formerly homeless mothers and graduates of the agency’s 16-month, paid Community Health Worker Apprenticeship Program, which trains women for careers in the nonprofit sector.

1.3.8. Project Management Capacity. 2580 18<sup>th</sup> Street is staffed by Mercy’s Kion Sawney (40% FTE) as Project Developer, Lilia Rohmann (25% FTE) as Assistant Project Manager, with supervision by Ramie Dare, Director of Real Estate Development.

HPP’s Development Director, Kristin Hatch (35% FTE) and Rachel Stoltzfus, Director of Housing and Partnerships (60% FTE), staffs bi-weekly project check-ins with MOHCD and coordinates on facility’s needs as they relate to the programming through construction of the project, with supervision and support by Martha Ryan, Founder. The financing and development of the HPP addition at the Site is being staffed by Equity Community Builders. See individual staff resumes attached.

1.3.9. Past Performance.

1.3.9.1. City audits/performance plans. HPP has contracts with MOHCD, HSH and HSA. There have been no contract issues or performance issues identified by Citywide Monitoring nor by the MOHCD Community Development team for HPP. There are no performance issues for MHC.

1.3.9.2. Marketing/lease-up/operations. Recent marketing at Mercy projects has been overall successful and positive. Some issues have arisen due to reliance for some tasks on national staff for compliance and lease up, as national staff are not very familiar with San Francisco policies. Increased local staff participation in lease-ups will be required.

The below chart represents the number of people currently living in MHC owned properties in San Francisco, disaggregated by race. MHC owns 4,217 units of affordable housing in San Francisco.

Race	Count of	Ethnicity	Count of
Asian	2995	Not-Hispanic or Latino	5576
White	1385	Hispanic or Latino	1383
Black or African American	1155	Member did not specify	180
Other	1092	Blank	32
Member Did Not Specify	212		
Native Hawaiian or Other Pacific Isl	173		
American Indian or Alaska Native	154		
Blank	10		
	7176		7171

Through end of 2021 there were 5 evictions in Mercy’s 4,217-unit portfolio. Mercy does not currently track move out reasons, including evictions, by race.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	<p>The Site is located in the Urban Mixed Use (UMU) zoning district and the 58-X Height and Bulk District. The UMU district is intended to promote a vibrant mix of uses while maintaining the characteristics of this formerly industrially zoned area. Within the UMU, permitted uses include, but are not limited to retail, educational facilities, and housing, with family-sized dwelling units encouraged. Under UMU, 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. However, this does not apply to the Project, as it is 100% affordable.</p> <p>The site underwent a zoning change in August 2021 from Production, Distribution, and Repair (PDR) to Urban Mixed Use (UMU). It received a Notice of Final Approval of an SB 35 Project on June 29, 2022.</p>
Maximum units allowed by current zoning (N/A if rehab):	Maximum housing units is not controlled by the size of the lot, but form-based density—the controls for height, bulk, massing, and unit mix set the “density” of the Site.
Seismic (if applicable):	Seismic Zone 4; Probable Maximum Loss (PML) calculations are not applicable because there are no existing structures that will be retained, and the project will be new construction conforming to seismic building codes.
Soil type:	<p>Geotechnical Engineering firm Rockridge Geotechnical undertook borings and cone penetration tests (CPTs) at the site and compiled a report in November 2021. Rockridge reported that the fill consists of loose to medium dense clayey sand and clayey gravel and stiff sandy clay. The fill extends to depths of about 10 feet bgs near the eastern property line and 13 to 15 feet bgs near the western property line. Harris and Lee Environmental Sciences, LLC has performed a Phase I Environmental Site Assessment which revealed no evidence of Recognized Environmental Conditions in connection with the property.</p> <p>The fill is underlain by native alluvium consisting of very stiff to hard clay with variable sand content and dense to very dense clayey sand. The alluvium extends to top of claystone. Along the eastern property line, borings encountered top of claystone at depths of 35 and 39 feet bgs. The claystone encountered in is soft, friable, and deeply weathered. The western portion of the site, has likely bedrock, at depths of 32 to 35 feet. Groundwater was encountered in the borings at depths of 18.7 and 19.8 feet bgs at the end of drilling.</p>

	The primary geotechnical concerns are: 1) the presence of undocumented fill that is susceptible to erratic static settlement, and 2) providing adequate vertical and lateral support for the proposed building.
Environmental Review:	Harris and Lee Environmental Sciences, LLC completed a Phase I report on December 15, 2021. The report found no evidence of recognized environmental conditions on the property.
Adjacent uses (North):	2445 Mariposa Street is a 69-unit affordable housing building managed by Mission Housing Development Corporation
Adjacent uses (South):	626 Potrero is a parking lot
Adjacent uses (East):	593 Potrero is a three story mixed use building with ground floor commercial
Adjacent uses (West):	2600 18 <sup>th</sup> Street is a 24-unit live/work condo building
Neighborhood Amenities within 0.5 miles:	John O'Connell Technical High School is 0.4 miles away, Safeway is 0.3 miles away, Franklin Square Park is .17 miles away, Downtown High School is 0.2 miles away, Zuckerberg SF General Hospital is 0.5 miles away
Public Transportation within 0.5 miles:	Bus lines 9, 22, 27, 55, 90, 292, 397 are within 0.5 miles
Article 34:	Article 34 Authority was obtained on July 8, 2022.
Article 38:	Not Exempt. Compliance with Article 38 is provided by all fresh air being provided via mechanical ventilation with MERV-13 filtration at the point of air intakes.
Accessibility:	Per updated TCAC minimum building standards, 15% will be mobility units, 10% will be accessible for households with hearing and/or visual impairments. All units will be adaptable. Sponsor is working to meet a high-level of universal design standards intended to include additional mobility features within the residential units to ease modification to meet residents' specific needs.
Green Building:	Will target GreenPoint Gold rating
Recycled Water:	Exempt
Storm Water Management:	The stormwater management plan is under development and has not yet been submitted to the PUC.

**2.1 Description.** The Site is a rectangular shaped parcel slightly sloped in an uphill eastern direction starting at Hampshire Street and along 18th Street. The Site is situated at the northeast corner of 18th Street and Hampshire Street in the Mission neighborhood and is currently a vacant warehouse.

The Sponsor is in the process of merging 2 lots and subdividing the vertical lot into 3 air rights parcels. The subdivision will ultimately create a separate commercial parcel for HPPs programs and service space, and residential air rights parcel. The existing warehouse will need to be demolished during the predevelopment phase before the air rights subdivision, and demolition costs are included in the predevelopment budget.

2.2 Zoning. The Project received its Notice of Final Approval of an SB 35 Project on June 29, 2022 from the Planning Department.

2.3 Local/Federal Environmental Review. A NEPA consultant has been engaged for this project and that cost is reflected in the predevelopment budget. There is no current requirement for NEPA review, but the project is structured to easily pivot towards a federal funding source, such as Continuum of Care operating subsidies, if they become available.

2.4 Environmental Issues.

- Phase I/II Site Assessment Status and Results. Phase I found no recognized environmental issues.
- Potential/Known Hazards. N/A

2.5 Green Building. Environmentally preferable products are prioritized for incorporation throughout the building including: materials which are sourced locally and/or high in recycled content; non-toxic paints, as well as coating and materials that are free of VOCs and phthalates. Prioritization of healthy, non-toxic materials will begin within the residential unit, where people spend the most time and have the highest levels of exposure.

Another area of emphasis is energy performance. In order to reduce energy & fossil fuel usage, the Sponsor is proposing an all-electric building, with photovoltaic arrays on the roofs. Together with an upgraded envelope design, energy recovery ventilation units (ERVs) for fresh air within the residential units & the use of electric heat-pump systems for hot water heating, this strategy is a cost effective way to meet the energy goals and low-maintenance needs of affordable housing projects. The project will target, at a minimum, GreenPoint Gold rating.

### 3 COMMUNITY SUPPORT

3.1 Prior Outreach. MHC and HPP began community outreach ahead of the zoning change on the Site. Two community meetings in 2021 and 2022 were hosted as well as a meeting with Supervisor Walton and numerous conversations with stake holders. The zoning change ultimately had 80 letters of support at the public hearing.

3.2 Future Outreach. The 2530 18<sup>th</sup> Street development team has endeavored to communicate with the Project's neighbors through a combination of community mailing efforts and community meetings. The team has held four community meetings, occurring in August 2021, December 2021, July 2022, and February 2023. Additionally, the team has communicated the zoning change undergone for the project area to neighbors, as well as HPP building tour opportunities, by mailing letters to households. Mail communications on both community meeting dates and project updates have been made available in several languages so that the information is accessible and understandable to more of the neighbors. Future meetings will be held prior to start of construction. The development team



posts all community meeting materials and mailing/updates to the project's website <https://www.2530-18th.org/>

3.3 1998 Proposition I Citizens' Right-To-Know. Chapter 79 of the City's Administrative Code requires public noticing (Prop I) for initial City funding made to any new construction project. The Sponsor posted the Prop I sign on June 16, 2023.

#### 4. DEVELOPMENT PLAN

4.1. Acquisition and Site Control. HPP acquired the parcel on June 29, 2020, for \$7 million plus \$37,000 in closing costs. The acquisition was financed by First Republic Bank, Seller Takeback Financing and HPP funds. HPP took out the seller takeback financing with a low interest loan from CommonSpirit when SF HAF provided the predevelopment financing.

Original Acquisition Sources	Total
First Republic Bank	\$ 4,900,000
Seller Take Back Financing	\$ 1,250,000
HPP	\$ 887,000
<b>Total Sources for acquisition and closing</b>	<b>\$ 7,037,000</b>

Mercy Housing California 104, L.P. entered into an option agreement to purchase the Site from 2530 18<sup>th</sup>, LLC, on December 1, 2021. The initial term of the option expires January 1, 2024, with an option to extend for 12-month period. The purchase price is sized at the residential project's allocation of a \$7 million purchase price (\$6,020,000) based on square footage plus the residential project's allocation of the Seller's reasonable holding costs, currently estimated at \$7.3 million. This amount will cover 100% of entitlement costs, as they were required for the residential use only. The chart below represents currently estimated residential acquisition costs.

Cost	Total	Allocation		Notes
		Residential	Commercial	
Sale of Land	\$ 7,000,000	\$ 6,020,000	\$ 980,000	Value of the land is based on the appraised value at the time of purchase, split per the pro-rata square footage split
Holding Cost	\$ 1,180,938	\$ 1,015,607	\$ 165,331	Holding cost is split per the pro-rata square footage split, and includes acquisition loan interest, legal, taxes and utilities from 2020 - 2024



				Entitlement cost will be fully covered by the residential project. At the time of the August 2023 Loan Evaluation submission, how these cost should be represented and reimbursed wasn't resolved by HPP and Mercy and therefore weren't included in the predevelopment budget submission.
Entitlement	\$ 252,165	\$ 252,165	\$0	
<b>TOTAL</b>	<b>\$ 8,433,103</b>	<b>\$ 7,287,772</b>	<b>\$ 1,145,331</b>	

4.1.1.1. Proposed Property Ownership Structure. Prior to closing, HPP and MHC will conduct an air rights subdivision of the building, to separate the HPP Campus Expansion and limited partner’s residential portions. The residential air rights parcel will be acquired by MOHCD and ground leased to Mercy Housing California 104, L.P. in exchange for loan forgiveness for the acquisition takeout loan plus residual amount needed to meet the final purchase price. The commercial parcel will be sold to the New Markets Tax Credit special purpose entity.

4.2. Proposed Design. The Project, located at the border of the Mission and Potrero Hill neighborhoods, will provide 74 affordable homes, 50% of which will be targeted for formerly homeless families. The approximately 88,000 sq. ft. 8-story building includes a mix of 1, 2 and 3 bedroom apartment homes, residential support and amenity spaces, and community serving social services parcel on the lower two floors owned by HPP, to enable expansion of the critical services and programs they provide to the community. Sited on a sloping urban infill site at the NE corner of Hampshire and 18th streets, the project provides accessible entries for both the residential and social service programs that are accessed via the relatively flat frontage along Hampshire Street. The building will have two elevators dedicated to the residential portion of the building, serving units and residential amenity spaces. No off-street parking is proposed but the project includes the requisite 73 fully compliant class 1 bicycle parking spaces.

Residential SF:	75,398
Commercial SF:	12,768
<b>Building Total SF:</b>	<b>88,166</b>

UNIT TYPES	Avg Unit SF - This Project	CTCAC-Required Minimum SF
1BR:	538	450
2BR:	759	700
3BR:	1086	900
Do all units meet CTCAC minimum SF?	Y	

**4.3 Construction Supervisor/Construction Representative's Evaluation.** The project comprises 74 units in a mix of 36 One-BR, 31 Two-BR and 6 Three-BR units, plus one, 2-BR manager unit, dedicated residential services, property management, developed above the HPP Campus Expansion that is financed separately. There are three landscaped courtyards and terraces. The HPP space is significant at 12,800 s.f. on levels 1 & 2, and there is a connecting HPP serving elevator with a bridged walkway from the new HPP Community Service space to their main building. The courtyard on floor 2 and terrace located over the existing utility shed will support HPP users and act as a natural connector for the HPP campus.

On level 1 is the entrance to the HPP Campus Expansion Space, the residential first floor lobby, mail, management, resident services, and utility spaces. The 2<sup>nd</sup> floor consists of 5 residential units, HPP office space and an HPP courtyard which also provides access to the existing HPP campus through a secondary outdoor terrace. The Project has a unique vertical means of access necessary to connect HPP to its existing campus. Because of this, HPP will pay for the dedicated 3-stop elevator servicing their community service spaces, walkway connector to the existing HPP campus, and the connector staircase between levels 1 & 2. Mercy is financially responsible for the two stairwells and elevators supporting resident access.

Floors 3 through 8 are stacked units in 1, 2 and 3 bedroom configurations, and each floor also features a "study" overlooking the courtyard. The interior space accessing the resident-only courtyard on floor 3 offers community space along with laundry and small porch overlooking 18<sup>th</sup> Street.

The building façade up to the 6<sup>th</sup> floor presents a "crinkled" design with a mixture of thin brick tile, metal panel cladding and glazing areas of varied sizes, while the 7<sup>th</sup> and 8<sup>th</sup> floors receive a cement plaster finish. The courtyard facades will also have an economical cement plaster finish and will have a storefront exterior at the study overhang.

The 60% Construction Drawing set (dated 3/24/23) incorporates an HPP Expanded Campus space consisting of approximately 12,200 sf interior, 420 sf exterior covered space and 670 sqft of HPP garden space. The residential courtyard is 1,900 sf and one of the two proposed family childcare units includes a dedicated 170 sf patio.

Project team has navigated most issues through City review agencies and the Site Permit is nearing completion. The last design hurdle the team is navigating is the permitting of the connector walkway between the new building and HPP's existing building. This walkway will have to be under a separate building permit and will be submitted in parallel with the new building's Addenda 1, structural scope

A recent challenge the design team addressed was the enlargement of the north lightwell which will address the last major site permit concern from DBI. The team had initially planned on an easement with the neighboring affordable housing property to allow a reduced lightwell and have a larger three-bedroom unit. Unfortunately, DBI did not agree this was a correct interpretation of the code, so the team had to increase the lightwell size, reduce the unit size, and use shared light for one of the bedrooms. The design team did a good job maintaining the unit and bedroom counts and navigating the coordination efforts with city agencies.

Another change since schematic design was the addition of another unit to the 2<sup>nd</sup> floor, enabled through HPP & Mercy's development of shared spaces for their staff. Overall unit layouts are efficiently designed. The exterior design has been detailed significantly since 100% Design Drawings, and the significant review of the finishes' costs will be needed as the project transitions to construction. The team is actively evaluating two million dollars in value engineering opportunities identified by Suffolk, with the objective of reducing overall cost of the building before the next milestone, 95% Construction Drawings.

The Project faces challenges in cost containment in an environment of a highly volatile construction market combined with a unique set of program challenges. However, through VE over the past three months, the project team has removed approximately \$900k from construction costs. The current construction budget is approximately 19% more per unit, and 17% more per bedroom than similar Type I buildings. This has significantly improved since the last loan evaluation but does not diminish the need for the project to incorporate savings wherever possible. Construction cost per square foot is 7% higher than projects of similar building type, Type 1, which is tolerable. The overall total development cost is similarly above average at approximately 36% per unit and 23% per square foot. This is primarily driven by acquisition and soft costs. An area for cost improvement is with soft costs, which are approximately 66% more per unit than similar projects. Soft costs have increased by over one million dollars to support the additional permit packages, additional value engineering work, and the potential of additional units to make the project financially viable for funding.

#### 4.4 HPP Community Campus Expansion.

4.4.1. Space Description. The HPP Campus Expansion will be built in a separate commercial parcel on the lower two levels and will be financed entirely by HPP through New Markets Tax Credits (NMTC) and other sources. The approximately 12,800 sf space will include flexible, multi-use office, program and training spaces along with other supportive spaces. This space will have own dedicated elevator. The commercial space will be an air rights parcel.

- 4.4.2. HPP Parcel Development Plan. Homeless Prenatal Program will be the tenant and equity partner of the NMTC partnership for the commercial air rights parcel.
- 4.4.3. Operating Pro Forma. The HPP Campus Expansion will be separately financed using New Markets Tax Credits and thus commercial income will not be included in the residential project financing.
- 4.4.4. Tenant Improvement Build Out. All tenant improvements will be separately funded by HPP, which will also cover a pro rata share of building envelope costs.
- 4.4.5. Capital Campaign to fund buildout. HPP began the Pre-Planning Phase of its capital campaign in 2021, with pro-bono support from the nationally recognized firm, CCS Fundraising. The agency then hired Theresa Nelson & Associates to help the team design and execute the campaign's Planning Phase, which involved considerable policy planning, project development and leadership engagement.

HPP is currently conducting the campaign's Quiet Phase and is actively soliciting Board support and leadership gifts. The Quiet Phase is slated to be the longest and most involved phase, as HPP seeks to secure ~75% of the goal before launching the Public Phase of the campaign, which promotes the project externally.

The Sponsor partners have agreed that HPP should have at least \$16M secured at groundbreaking, including secured pledges and bank financing. HPP currently has \$5.5M in cash/pledges toward this total. While the agency is ramping up its capital campaign major donor strategy as part of the Quiet Phase, HPP does not anticipate having secured all funding by the anticipated start of construction if the Project receives State funding in the 2023 round. HPP is in conversation with its Board and financial institutions to be able to secure a capital campaign bridge loan if needed.

- 4.4.6. New Market's Tax Credits. HPP is working with Equity Community Builders (ECB) on securing New Markets Tax Credits (NMTC) for the project. ECB/HPP are in conversation with various CDEs (Community Development Entities) that are interested in funding this project. The total anticipated NMTC equity of likely-awarded NMTCs would be ~\$4.6M.

The CY2022 New Markets Tax Credit (NMTC) Award is expected to be announced in Fall 2023. Several CDE's have included HPP in their applications and are very interested in funding the HPP commercial project should they receive allocation. Prospective CDE lenders include San Francisco Community Investment Fund (SFCIF), TELACU, Corporation for Supportive Housing (CSH), Local Initiative Support Corporation (LISC), Nonprofit Finance Fund (NFF), and Axion Opportunity Fund

(AOF). Prospective NMTC Investors include Capital One, JP Morgan Chase, PNC Bank, Wells Fargo and US Bank. We expect the project to require 2 CDE's for a total NMTC allocation of \$20-25M. The transaction will be ready to close Spring 2024, or the following year, depending on the overall Project schedule.

In the event that the Project does not move forward due to feasibility, HPP would repay MOHCD's acquisition loan within 5 years, and the loan will be secured by a deed of trust in first position.

4.4.7. Funding Overview

FUNDING SOURCES	AMOUNT
Cash Received to Date	\$ 5,183,500
Pledges Received	\$407,000
Fundraising Remaining	\$6,109,500
NMTC Equity	\$4,600,000
<b>TOTAL</b>	<b>\$16,300,000*</b>

\*\$16.3 needed for groundbreaking; HPP will continue to fundraise toward the \$20M total goal (which includes tenant improvements at the existing HPP hub on Potrero)

- 4.5. Service Space. Amenity and support spaces include a community room, kitchen, outdoor common space, common laundry, small on-floor lounges or studies, management offices, lobby, circulation, and supportive service spaces designed to serve the intended population. The ground-floor residential amenity space is intended for resident gathering, mail, stroller/bike storage, resident services, maintenance, and residential management.
- 4.6. Communications Wiring and Internet Access. The Project will comply with the MOHCD Communication Systems Design Standards, in conformance with the Fiber to Housing (FTH) program implemented by MOHCD and DTIS. Service to the building from Public Right of Way to a MPOE and to IDF is designed to adequately accommodate City fiber and cabling for City DTIS and multiple service providers. Owner, Property Manager and Services Provider(s) shall coordinate adoption of FTH services by residents to the greatest extent feasible to ensure residents receive high quality free internet service.

Temporary power service will be provided by PG&E with permanent power service provided by SF PUC. A waiver has already been approved for the temporary power service.

4.7. Public Art Component. Public Art is required and the development team is interested in introducing innovative and impactful artwork into the Project that will have a positive impact to the building's inhabitants, the Mission community and greater San Francisco. An important aspect of this process is the creation of a curatorial statement that will guide public art selection and potentially art within the property. The team is interested in exploring how art can advance the HPP Theory of Change and the project goal of ending the cycle of poverty for homeless families. The project team selected Denver based *Nine Dot Arts* as its consultant. The total public art budget is currently \$117,263.

4.8. Marketing, Occupancy, and Lease-Up. The 50% of the units funded with LOSP will be leased up through HSH's Coordinated Entry system. The remaining lottery units will be leased through the City's DALHLIA process with anticipated additional limitations on preferences due to HCD funds in the transaction. Mercy's final marketing plan should address specifically any challenges that may arise from the 70% AMI units and large number of 1-bedroom units. Per Section 4.9 below, the Sponsor proposes that two of the 70% AMI units be Family Childcare Units operated as a pilot, benefiting from the higher income restriction.

Anticipated preferences in the DAHLIA units include

- 1) Certificate of Preference
- 2) Displaced Tenant Housing Preference Program for up to 20% of lottery units
- 3) Neighborhood Resident Housing Preference assumed at 25% given assumed HCD funding
- 4) Live or Work in San Francisco

4.9. Proposed Family Childcare (FCC) Units. The Sponsor proposes two family childcare units at the Project in the 70% AMI units through a new partnership with Faces SF (Family and Childhood Empowerment Services), as a pilot initiative. For over 10 years, Faces SF has provided childcare, family, and workforce services, primarily in the Bayview/Hunter's Point, Excelsior, Portola, and Visitacion Valley communities. It operates four centers, but its network of 37 FCC units is spread across the City. The organization provides training and technical assistance to providers, and ensures high quality FCC environments that are compliant with health and safety codes by conducting team visits to FCCs. The organization invests in its providers' success and encourages the adoption of FCC best practices by providing one-on-one coaching services and free training. Faces SF was created through the merging of two

organizations with a long history of providing child and family services: Florence Crittenton Services (est. 1882) and the Whitney Young Child Development Center (est. 1953).

Recognizing the challenges of leasing FCC units to qualified, licensed and income eligible households in affordable housing, the Sponsor proposal for the pilot is that Faces SF would select providers and refer them to a separate FCC lottery. Faces would provide technical assistance to the operators and ensure high quality services, as well as subsidies for the childcare slots. Families living at the Project would be prioritized, with a focus on 0 – 2 years olds, where demand far exceeds the supply of licensed childcare providers. The goal of the pilot is to provide access to affordable, high quality childcare for families, increasing female labor force participation and driving economic growth and financial stability for families. MOHCD staff are reviewing the proposal with the MOHCD Marketing & Lottery Manager on the merits and feasibility of this proposal.

- 4.10. Project Feasibility. The Sponsor is exploring multiple options to increase feasibility of the Project given the challenges of lack of economies of scale at 74 units, state financing competitiveness and operating cashflow. In the event that the Project is not selected for funding under the current HCD SuperNOFA application or continues to have a gap above and beyond the MOHCD preliminary gap commitment, the strategies include the following:
- The project submitted a 2023 SuperNOFA application for \$34,369,117. To fill any remaining financing gaps, the Sponsor is contemplating an application to the National Housing Trust Fund (NHTF) upon NOFA release assumed for this summer. The Sponsor has another application pending with the Community Care Expansion program through the California Department of Social Services (CDSS) for \$13M and has not received a response.
  - If the project is unable to secure funding through the 2023 SuperNOFA, the Sponsor is evaluating how to designate the residential parcel as HCD recognized surplus land, increase the unit count through varied methods and improve access to set aside categories within the NOFA.
  - Alternatively, the Sponsor proposes that AHSC could provide an alternative path to feasibility due to the project's proximity to transit and high density of family units, and will provide the analysis to MOHCD.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Mithun	N	N
Landscape Architect	Mithun	N	N
General Contractor	Guzman-Suffolk JV LLC	Y	N
Owner's Rep/Construction Manager	Waypoint	Y	N
Financial Consultant	California Housing Partnership Corporation	N	N
Permit Expediter	Dale Durrett	N	N
EBM	Sitco	N	N
Special Inspections	CEL	N	N
PV	Cal Solar	N	N
Public Art	Nine dot Arts	Y	N
IT/Low Voltage	Salter	Y	N
Joint Trench	UDCE	Y	N
Legal	Gubb & Barshay LLP	N	N
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Homeless Prenatal Program	N	N

5.1. Procurement Plan. Mercy met with Contracts Monitoring Division (CMD) to establish goals for the project, which were set at 20%.

5.2. Opportunities for BIPOC-Led Organizations. HPP's vision for the project and key role in the development reflects Project impact and leadership by a BIPOC majority Board. HPP has a strong tradition of hiring and promoting from their clients whom are majority BIPOC resulting in the majority of their staff being BIPOC and clients.

To increase contracting with BIPOC-led firms, the Sponsor is doing the following:

- Partnering with the San Francisco National Organization of Minority Architects to identify opportunities for participation in projects, in this case for architect subcontracts.

- Creating a BIPOC-led or -owned professional firms list for distributing contracting opportunities (building on efforts from The Kelsey Civic Center project)

- Including meaningful scoring in RFQ and RFP procurements for professional services (i.e. Owner's Rep, Architect and Engineers, and General Contractor) for firms with racial and gender equity-centered initiatives in regards to advancement within the organization, hiring and



subcontracting.

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Prior MOHCD/OCII Funding. There is no existing MOHCD loan.

6.2. Disbursement Status. The project has incurred costs dating back to December 1, 2019, with predevelopment costs funded by SF HAF. The Sponsor requests Loan Committee approval of payment of costs no earlier than December 1, 2019 so long as these costs are deemed acceptable and correspond to gap budget attached herein.

6.3. Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this project was at Loan Committee for the preliminary gap request on June 24, 2022:

1. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on: Community outreach completed, Outcomes achieved related to racial equity goals, and Commercial-use programming.

**Status: Ongoing** and MOHCD Monthly Project Update reporting is in need of improvement

2. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and MOHCD Commercial Space Underwriting Guidelines.

**Status: Completed** for this request; the operating budget does no cashflow for 15 years without more rental subsidy, and is a work in progress; the Commercial Space Policy does not apply as the HPP Campus Expansion is not being financed with residential sources including the MOHCD loan.

3. Sponsor must provide MOHCD with a services plan and proposed staffing levels approved by HSH that meet MOHCD underwriting standards prior to gap loan approval. Any changes to the current proposed staffing will need to be presented to MOHCD at least 90 days prior to gap loan approval.

**Status: Completed.** Updated draft services plan was submitted to HSH and MOHCD in April 2023 and has incorporated HSH and MOHCD comments.

4. Sponsor must work with MOHCD staff and project's General Contractor to Value Engineer construction budget.

**Status: In progress** with MOHCD CR participation.

5. Sponsor must work with MOHCD staff to revise unit mix so that the project will include a higher number of units serving households at 50% MOHCD AMI.

**Status: In progress.**

6. Sponsor must provide signed LOI from commercial tenant prior to MOHCD's gap loan closing. Status:

**Status: Not applicable**, as the HPP Campus Expansion is no longer contemplated to be structured as a commercial tenant of the residential; however, the development agreement between Mercy and the Homeless

Prenatal Program is being developed and will be shared, as well as a Reciprocal Easement Agreement.

7. Sponsor must provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of MOHCD gap loans.

**Status: In progress.**

8. Sponsor must provide the Reciprocal Easement Agreement between the commercial and residential parcels to MOHCD no less than 90 days prior to Loan Committee date for gap loan.

**Status: In progress.**

9. Sponsor to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.

**Status: In progress.**

10. Sponsor must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected investors and lenders; and, d) provide for MOHCD review and approval of all Letters of Intent from financial partners.

**Status: Will be submitted at the appropriate time.**

11. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.

**Status: Will be submitted at the appropriate time.**

12. Sponsor must provide quarterly updated response to any letters requesting corrective action.

**Status: Will be provided if letter requesting corrective action is received.**

13. Sponsor must submit an updated 1<sup>st</sup> year operating budget and 20-year cash flow – if any changes have occurred – by November 1<sup>st</sup> before the year the project will achieve TCO so that MOHCD may request the LOSP subsidy.

**Status: Will be submitted at the appropriate time.**

14. Sponsor must apply for any other higher value rent and operating subsidies available including Continuum of Care contracts or Project Based Vouchers.

**Status: Will be submitted at the appropriate time.**

15. Sponsor to provide self-scores for all third party funding requests.

**Status: Ongoing.**

16. Sponsor to work with MOHCD to find a land ownership and ground lease structure that complies with MOHCD policies. Land purchase will be contingent on MOHCD reviewing the appraisal and Purchase and Sale Agreement (PSA).

**Status: Complete.**

**6.4. Proposed Predevelopment Financing**

6.4.1. Predevelopment Sources Evaluation Narrative. Predevelopment costs have been funded to date by the SFHAF loan that is being requested to be taken out, as well as \$2.5M in additional MOHCD predevelopment financing that make up this request. MHC extended a Line of Credit (LOC) in amount of \$250K during the initial years of the Project, and were reimbursed at the SFHAF loan closing.

<b>Predevelopment Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Acquisition Cost is based on appraisal	Y	The entire site was acquired by HPP for \$7M supported by an appraisal.  This request includes takeout of the FRB acquisition loan in the amount of \$4.9 million excluding interest; the loan terms are 3.25% fixed rate with loan term ending June 2023 with an extension until end of September 2023; interest paid on the loan will be included in project costs at construction loan closing.
Holding costs are reasonable	N/A	Holding costs are not included in the predevelopment budget and are currently covered by HPP, for reimbursement at construction loan closing for the residential housing portion; MOHCD will review and need to approve holding costs to be included as part of the acquisition cost, which is a proposed loan condition
Architecture and Engineering Fees are within standards	Y	Architect design fees are budgeted at \$2.3 million in predev which includes third party design consultants and \$34K for potential redesign to look at the option of increasing unit density.
Consultant and legal fees are reasonable	Y	Consultant and legal fees are reasonable
Entitlement fees are accurately estimated	Y	Entitlement fees reflect actual costs to get through zoning change and SB35 approval
Construction Management Fees are within standards	Y	Construction management fees are reasonable at \$160K, reflecting 3.5 years of predevelopment work and assisting with the allocation of design and cost between the two projects
Developer Fee is within standards	Y	Requested developer fee is within UG standards at \$550K, one half of Project Management Fee prior to construction loan closing

Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is currently 10%
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6.4.2. Predevelopment Uses Evaluation:

6.4.2.1. Acquisition - First Republic Bank Acquisition Loan Takeout : \$4.9 million is proposed to take out the acquisition provided by First Republic Bank (FRB) to 2530 18<sup>th</sup> Street, LP, an affiliate of HPP, dated June 25, 2020. The loan term expired on June 25, 2023 and was extended until September 25, 2023. While the loan has a low fixed interest rate of 3.25%, negotiating a new term with the FRB takeover bank would have a far higher interest rate, which would increase the cost of the residential and HPP projects, as well as the future MOHCD gap for the residential project. The MOHCD Deed of Trust will be recorded in first position on the parcel and will be due and payable at the earlier of 5 years, or at transfer of the air rights parcel to the City to ground lease to the residential limited partnership.

CommonSpirit Health Operating Investment Pool, LLC provided a second loan to 2530 18<sup>th</sup> LLC, managed by HPP, in the amount of \$2 million dated January 13, 2022, at 2% interest, to take out the original seller carryback financing. The loan term is five years, and HPP will keep these low cost funds in their HPP development project and it is not included in the request.

6.4.2.2. SF HAF Predev Loan Takeout: \$2,435,211 of the proposed MOHCD predevelopment loan is proposed for takeout of the SF HAF Predev Loan to the residential limited partnership, which funded architecture and engineering, legal, entitlements and financial consultants. This predevelopment loan has a fixed interest rate of 3.25%; taking it out now with committed MOHCD funds will provide cost savings to the project by reducing interest carry. MHC will provide backup documentation demonstrating the eligibility of predevelopment costs for the MOHCD takeout loan prior to loan closing.

6.4.2.3. Other predevelopment costs to be funded by the MOHCD loan total \$2,511,689, and are lean and reasonable. These funds include standard architecture, engineering and environmental studies, legal and financing application costs.

6.5. Proposed Permanent Financing. The perm budget included is preliminary as the Sponsor is exploring options to increase feasibility given the challenges of economies of scale at 74 units, state financing competitiveness and operating cashflow (see Section 4.10, Project Feasibility).

6.5.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project.

- 4% Tax Credit Equity (\$36,11,097): Investor TBD, Sponsor assumes \$0.93 per federal LIHTC and \$0.85 per State LIHTC. Considering the market and more recent projects in MOHCD pipeline that have closed, this equity amount appears conservative. Any increases in equity would assist in reducing the overall gap. See Section 9.2, Loan Conditions.
- MHP Loan (\$28,320,125): The sponsor applied for HCD MHP and IIG in 2023, and upon receiving an award, would apply for the next round of CDLAC / Tax Credit financing. The MHP loan terms are 55 years, 3% simple interest with a 0.42% mandatory payment, residual receipts, \$500 PUPA replacement reserve requirement, minimum of 6 months of operating reserves.

This Project does not meet the MHP scoring priorities of high resource area or surplus land. The Sponsor's Scoring Analysis for the 2023 application is a score of 105 out of 113 maximum points, and a tie breaker score of 153.72%, which is not highly competitive. As outlined in Section 4.9 Project Feasibility, the Sponsor is exploring options to increase the Project's competitiveness for MHP, including making the air rights parcel surplus land and increasing density.

Scoring Summary - MHP Round 2023		Project Points	Max Points
Affordability   30 points		30	30
State Policy Priorities   18 points		10	18
Sponsor Experience/ Applicant and Property Management experience   20 points		20	20
Project Readiness   20 points; negative 5 points		20	20
Financing Commitments (10 pt max)		10	10
Local & Environmental Approvals (7 pt max)		0	2
Organizational Documents (3 pt max)		3	3
TCAC Hybrid Projects (-5 pts max)		0	0
Adaptive Reuse / Infill / Proximity to Amenities / Sust Bldng Methods   21 points		20	20
Infill Development & Net Density(5 pt max)		5	5
Proximity to Amenities (6 pt max)		5	5
Broadband Access (5 pt max)		5	5
Sustainable Building Methods (5 pt max)		5	5
Cost Containment   5 points		5	5
<b>TOTAL POINTS (85 minimum score required)</b>		<b>105</b>	<b>113</b>

<b>Tiebreaker</b>	<b>153.72%</b>
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- IIG Sponsor Loan (\$6,048,992): 55 years, 3% simple interest, deferred payment, \$500 PUPA replacement reserve requirement, minimum of 6 months of operating reserves; IIG will not be funded if MHP is not awarded.
- MOHCD/HSR Loan (\$16,000,000): 55 years, 3% simple interest, residual receipts, and committed under the Preliminary Gap Request in 2022.
- AHP (\$1,000,000): Bank TBD, 15 years, 0% simple interest, disbursement into project in 2024
  - Mercy expects to make a future request for a bridge loan from MOHCD for the AHP at the final gap request since the project will not score maximum points until permanent conversion.
- Deferred Developer Fee (\$1,000,000): deferred developer in the amount of \$1,000,000 to be paid over 15 years if there is cashflow.
- Construction Loan (\$41,991,000): While not a permanent source, the construction loan terms are lender TBD, 33 month term, projected all in rate with cushion 6.91%. It would be funded through proceeds from a bond allocation.
- Other potential funding: As outlined in Section 4.9 Project Feasibility, MHC and HHP are pursuing other financing sources to increase the feasibility of both projects. The Sponsor applied for \$13 million in “Community Care Expansion Program” (CCE), a new state funding grant for construction of facilities / housing to address homelessness, in Spring 2023, and an award would be divided between the two projects.

**6.5.2 CDLAC Tax-Exempt Bond Application:**

The Project’s basis boost from their previous DDA / QCT placeholder application with CMFA is expiring at the end of 2023, and CMFA has indicated that it is not possible to extend it. Nonetheless, if the Sponsor secures an MHP award, they would be somewhat competitive for a CDLAC allocation, although less competitive with the current inclusion of State tax credits. They would not apply until they have received an MHP award.

<b>CDLAC Self-Score</b>	
Opportunity Map Resource Level	TCAC/HCD Opportunity Map: Moderate
TCAC Housing Type (new construction only)	TCAC regs: Large Family

Bond Allocation Request Amount	\$40,725,663
Total Self-Score (out of 120 points)	119
Tiebreaker Score	10.29

6.5.3 Residential Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	N	\$791K /unit which is high compared to similar projects; this is due to size and site conditions, and the hard cost is 7% higher per square foot than comparable projects (see
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%; in addition, Design Contingency is held at 2% due to potential redesign to increase density, bid contingency is held at 2%, plan check contingency is held at 2%
Architecture and Engineering Fees are within standards	Y	Total A&E costs of \$3.2 million include potential redesign analysis to increase project density, and is within standards
Construction Management Fees are within standards	Y	CM Fee of \$260K for the multiyear project with complex division between residential and HPP service projects is warranted and within standards; HPP is paying for its portion of CM fee
Developer Fee is within standards, see also disbursement chart below	N	Project management fee: \$1.1 million At risk fee: \$1.1 million Deferred developer fee \$1 million Total fee: \$3,200,000
Consultant and legal fees are reasonable	Y	Consultant and legal fees appear reasonable
Entitlement fees are accurately estimated	Y	Entitlement fees are based on actual costs and are being fully paid by the residential project as they pertain to residential entitlements
Construction Loan interest is appropriately sized	Y	Construction loan interest is appropriate for conservative assumptions of interest rate environment
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%;
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 6 months in compliance with MHP requirements

6.5.4 Developer Fee Evaluation: The milestones for the payment of the developer fee to the sponsor are specified below:

Total Developer Fee:	\$2,200,000	
Project Management Fee Paid to Date:	\$ 494,000	
Amount of Remaining Project Management Fee:	\$ 606,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Acquisition/Predev		.
Predevelopment closing	\$494,000 (paid)	45%
Submission of HCD funding application	-	-
Submission of Joint CDLAC/TCAC app post award of MHP	\$100,000	10%
Construction close	\$225,000	20%
Construction Completion	\$225,000	20%
Project close-out	\$56,000	5%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$220,000	20%
Permanent conversion	\$550,000	50%
Project close-out	\$330,000	30%

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

7.1. Annual Operating Budget. The Project is currently estimating operating expenses of \$1.2 million, around \$16.2K PUPA, not including ground lease and minimum HCD debt payments. The Sponsor indicates that more revenue is needed to properly operate the property, and under the current budget, the Project cashflow goes negative in Year 5 and is not currently feasible. The Sponsor would like to discuss cost allocations with MOHCD in Fall 2023 to demonstrate the higher burden that PSH units place on operating budgets based on MHC comparable projects. The relatively small project with half PSH units, and 24 hour desk clerk coverage will result in higher than average operating costs. CoC for a portion or all of the PSH units, or SFHA project-based vouchers on non-PSH units, could help address this gap.

- The Project is requesting 37 LOSP subsidies
  - LOSP subsidy is projected at \$574K, or \$7,800 PUPA



- The preliminary operating budget assumes a per unit pro rata split for all operating costs except for:
  - Security/Front Desk Coverage costs 75% to LOSP. This will need to be reviewed with MOHCD staff prior to approval.
- Staffing is assumed at 1 Senior Property Manager, .5 Assistant Property Manager, .33 Housing Support Specialist, 4.5 FTE Desk Clerk coverage for 24 hour presence, and 2 FTE janitor and maintenance staff.
- Insurance budgeted at \$155,000 and is reasonable
- Supportive services for the non-LOSP units is budgeted at \$33,500 (0.4 FTE) and is well within standards seen at other projects.
- Reserves
- Replacement reserves are set at \$500 per unit in line with HCD's requirement for MHP

7.2. Annual Operating Expenses Evaluation.

<b>Operating Proforma</b>		
<b>Underwriting Guidelines Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	N/A	No perm debt, but project goes negative in year 5.
Vacancy rate meets TCAC Standards	Y	Vacancy rate is 5% for all units, which is compliant with TCAC.
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5% for non LOSP, 1% growth shown for LOSP units
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	<p>Total Operating Expenses are proposed at \$15,500 PUPA before reserves for project operating feasibility; however, the sponsor believes that accurate operating costs would be higher, that more project income is needed, and that LOSP needs to pay for a higher percentage of operating cost. Even this reduced operating budget goes negative in Year 5.</p> <p>MOHCD's family PSH portfolio between 50 – 100 units with 30% – 70% homeless set-aside, new construction projects, built between 2003 – 2023, indicate an average per unit cost of \$17,000, escalated to 2023 (1036 Mission, Broadway Sansome, 1100 Ocean are excellent family project comps). However, the 3.5% cost escalation from 2020 will not capture big</p>

		<p>jumps in operating cost that affordable projects have encountered over the last several years such as insurance and minimum wage compensation increases.</p> <p>MOHCD and MHC will meet to review MHC’s analysis for PSH unit costs, and this is addressed as a proposed loan condition.</p>
Property Management Fee is at allowable <a href="#">HUD Maximum</a>	Y	Total Property Management Fee is \$55,188 or \$63 PUPM
Property Management staffing level is reasonable per comparables	Y	<p>Proposed staffing:</p> <p>1 FTE Senior Property Manager (PM)</p> <p>.5 FTE Assistant PM</p> <p>0.33 FTE Housing Support Specialist</p> <p>4.5 FTE Desk Clerk/ Community Coordinator (24 hour coverage)</p> <p>1 FTE Maintenance Manager</p> <p>1 FTE Janitor</p>
Asset Management and Partnership Management Fees meet standards	Y	<p>Annual AM Fee is \$24,270/yr, and increases annually by 3.5%.</p> <p>Annual PM Fee is \$24,280/yr</p>
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year as required by State MHP funding
Limited Partnership Asset Management Fee meets standards	Y	\$5,000 and does not escalate over time per Underwriting Guidelines

**7.3. Target population and Income Restrictions for All Sources.** The Project is proposed at 74 units, with half of the units (37) as permanent supportive housing units for families. The remaining 37 DAHLIA units have income restrictions at 50% - 70% MOHCD AMI. The Sponsor proposes that two of the 70% AMI units serve as family childcare units, utilizing a new partnership with Faces SF.

The table below summarizes the affordability restrictions from all funders, including those proposed to HCD in the recent MHP/IIG applications, and will be used at the time of marketing to determine the most restrictive income and rent levels.

UNIT SIZE		MAXIMUM INCOME LEVEL		
NON-LOTTERY	No. of Units	MOHCD	TCAC	HCD
1 BR – LOSP	18	50% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
2 BR – LOSP	16	50% MOHCD AMI	30% TCAC AMI	30% TCAC AMI

3 BR – LOSP	3	50% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
<b>Sub-Total</b>	<b>37</b>			
<b>LOTTERY</b>				
1 BR	10	50% MOHCD AMI	40% TCAC AMI	40% TCAC AMI
1 BR	8	60% MOHCD AMI	50% TCAC AMI	50% TCAC AMI
<b>Sub-Total</b>	<b>18</b>			
2 BR	6	50% MOHCD AMI	40% TCAC AMI	40% TCAC AMI
2 BR	7	60% MOHCD AMI	50% TCAC AMI	50% TCAC AMI
2 BR	2	70% MOHCD AMI	80% TCAC AMI	80% TCAC AMI
<b>Sub-Total</b>	<b>15</b>			
3 BR	1	50% MOHCD AMI	40% TCAC AMI	40% TCAC AMI
3 BR	2	70% MOHCD AMI	60% TCAC AMI	60% TCAC AMI
<b>Sub-Total</b>	<b>3</b>			
<b>STAFF UNITS</b>				
2 BR	1			
<b>TOTAL</b>	<b>74</b>			

7.4. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
1BR	28	50% of Median Income
2BR	22	50% of Median Income
3BR	4	50% of Median Income
1BR	8	60% of Median Income
2BR	7	60% of Median Income
2BR	2	70% of Median Income
3BR	2	70% of Median Income
2BR	1	Manager's Unit

8. SUPPORT SERVICES

8.1. Services Plan.

This project seeks to assist families in maintaining independence, stability and functioning within a safe and affordable housing community, resulting in improved health and well-being while establishing and maintaining long-term housing. HPP will provide services for the 37 formerly homeless households

and MHC will provide services to the entire property, or 74 households. Both agencies will work together to provide client-centered services steeped in the Strengthening Factors Framework (parental resilience, social connections, knowledge of parenting and child development, concrete support in times of need, social and emotional competence of children).

HPP's main outcome for the project is that families will stabilize. HPP understands that families face unique challenges, and will join this housing community at different places along the spectrum of healing from the trauma of homelessness and/or any additional underlying stress and need. Using PSH best practices, such as harm reduction, de-escalation, and trauma-informed practices, the team will support residents throughout their tenancy. Larger building programming will be designed with residents and with consideration of the needs of the tenant population as a whole. Additional services will be individualized to meet specific family needs. Stabilization of households in an environment conducive to their success is core to this model.

HPP and MHC are proposing the following on-site support services staff to support the households referred from Coordinated Entry (funded by HSH) and the lottery units referred from the DAHLIA program (funded by building operations):

- Coordination with Property Management
- Housing Retention Services
- Service Coordination
- Social Engagement and Youth Programming

With HPP and MHC support, families will have comprehensive support. HPP will offer a layered program that provides continuity of care including individualized intensive case management; outreach and engagement; intake and assessment; benefits advocacy and assistance; referrals and coordination of services; wellness checks; support groups and social events; housing stability support; clinical services; and exit planning. Holistic services will be conducted collaboratively to integrate services/treatment, including with tenants' off-site case managers/care team. HPP will coordinate closely with MHC to ensure tenant stability. This project offers an innovative approach to family homelessness against HPP's track record for success: 95% of families housed by HPP remain housed a year later.

**8.2 Services Budget.** The .4 FTE Resident Services Coordinator (RSC) will be available to support the non-PSH households and will be funded from the

operating budget, which includes \$43,500 for RSC staffing in Year 1. This conforms to MOHCD’s Underwriting Guidelines.

For the PSH units, the 2 FTE Case Management will be funded through a separate services contract between the Sponsor and HSH. The Project will receive HSH’s Tier 5 annual services funding level, which is \$12,900/unit or \$477K total. The total supportive services budget including PSH and non-PSH units totals \$531K in Year 1.

						TOTAL HSH	TOTAL Op Budg	TOTAL
Staffing	Manager	Dir of Hsg	Clinical Sup.	CM	CM (MSW)		RSCII	
Funder	HSH	HSH	HSH	HSH	HSH		Op Budget	
FTE	0.90	0.12	0.30	1	1	3.32	0.5	\$ 3.82
								\$ -
Salary	98,846	145,251	130,555	68,000	87,137	529,789	25,000	554,789
Salary (FTE Adjusted)	88,961	17,430	39,167	68,000	87,137	300,695		300,695
								0
Benefits @28%*	24,909	4,880	10,967	19,040	24,398	84,195	5,000	89,195
Subtotal Salary	113,871	22,311	50,133	87,040	111,535	384,890	30,000	414,890
<b>Total Salary</b>	<b>113,871</b>	<b>22,311</b>	<b>50,133</b>	<b>87,040</b>	<b>111,535</b>	<b>384,890</b>	<b>30,000</b>	<b>414,890</b>
Client Supplies & Programming						26,000		26,000
Training						5,000		5,000
Travel						3,677		3,677
Indirect Cost @ 15%	17,081	3,347	7,520	13,056	16,730	57,733	3,516	61,249
<b>TOTAL</b>	<b>130,951</b>	<b>25,657</b>	<b>57,653</b>	<b>100,096</b>	<b>128,266</b>	<b>477,300</b>	<b>33,516</b>	<b>510,816</b>
Cost Per Unit						12,900 per 37 PSH Units	453 per 74 TI Units	6,903 per 74 TI Units

8.3 HSH Assessment of Service Plan and Budget. 2530 18<sup>th</sup> Street is a new construction affordable housing project with 74 units, expected to break ground in 2024. 37 of the units will be designated as Permanent Supportive Housing (PSH)

units which are set aside for families experiencing homelessness. Referrals into these units will be provided via the City and County of San Francisco's Coordinated Entry system. The project will be subsidized for ongoing operations and supportive services by the Local Operating Subsidy Program (LOSP).

Through the MOHCD procurement process, Homeless Prenatal Program (HPP) was selected to be the Supportive Services provider, and Mercy Housing was selected to be the Property Management provider and to provide Resident Services coordination. HPP's services will be dedicated to serve the 37 households who will reside in the PSH units. The HSH will manage the contract and budget for these services to be provided.

HPP submitted a robust Supportive Services Plan that outlines the plan for coordination with Property Management and the Resident Services teams, to assist families in successfully adjusting to permanent housing, and help them to maintain housing for the long-term. The plan speaks to community building strategies and ongoing planning and coordination at the site level to ensure the needs of individual residents are balanced with the safety and security of the property. The plan also speaks to HPP's partnerships with community agencies to be able to bring services into the building to address food security, educational goals, mental health and financial goals, among other things. HPP also seeks to address the personal challenges and goals of individual families by conducting assessments prior to move-in, and conducting ongoing assessments and creating individualized service plans.

## 9 STAFF RECOMMENDATIONS

### 9.1 Proposed Loan/Grant Terms

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$4,900,000 acquisition take out loan
Borrower:	<b>2530 18<sup>th</sup> LLC</b>
Loan Term:	5 years
Loan Maturity Date:	Earlier of construction loan closing and transfer or residential air rights parcel to City or September 30, 2028
Loan Repayment Type:	Deferred
Loan Interest Rate:	0%
Date Loan Committee approves prior expenses can be paid:	12/1/2019

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$4,946,900 Predevelopment Loan
Borrower:	<b>Mercy Housing California 104, L.P.</b>

Loan Term:	5 years (to be wrapped into perm 55 year loan at construction loan closing)
Loan Maturity Date:	2078
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	12/1/2019

## 9.2. Recommended Loan Conditions

*Continuance of previous loan conditions that are in progress:*

1. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on: Community outreach completed, Outcomes achieved related to racial equity goals, and Commercial-use programming.
2. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and MOHCD Commercial Space Underwriting Guidelines.
3. Sponsor must work with MOHCD staff and project's General Contractor to Value Engineer construction budget.
4. Sponsor must work with MOHCD staff to revise unit mix and affordability restrictions so that the project will include a higher number of units serving households at 50% MOHCD AMI.
5. Sponsor must provide signed LOI from commercial tenant prior to MOHCD's gap loan closing.
6. Sponsor must provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of MOHCD gap loans.
7. Sponsor must provide the Reciprocal Easement Agreement between the HPP Campus Expansion and residential parcels to MOHCD no less than 90 days prior to Loan Committee date for gap loan.
8. Sponsor to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.
9. Sponsor must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected

investors and lenders; and, d) provide for MOHCD review and approval of all Letters of Intent from financial partners.

10. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans. Increased local staff participation in the lease up will be required.
11. Sponsor must provide quarterly updated response to any letters requesting corrective action.
12. Sponsor must submit an updated 1<sup>st</sup> year operating budget and 20-year cash flow – if any changes have occurred – by November 1<sup>st</sup> before the year the project will achieve TCO so that MOHCD may request the LOSP subsidy.
13. Sponsor must apply for any other higher value rent and operating subsidies available including Continuum of Care contracts or Project Based Vouchers.
14. Sponsor to provide self-scores for all third party funding requests.

*New Conditions:*

1. Increase equity pay in assumptions to \$0.98 for updated financial projections, pending discussions with financial advisor on current tax credit investment climate
2. MHC will provide updated operating budget and proposed LOSP Cost Split by November 1, 2023, to review with MOHCD and HSH.

*HPP Loan Conditions:*

1. MOHCD Holding costs are not included in the predevelopment budget and are currently covered by HPP, for reimbursement at construction loan closing for the residential housing portion; MOHCD will review and need to approve them to be included as part of the acquisition cost
2. HPP to provide quarterly fundraising updates on the HPP Campus Expansion
3. In the event that the Project does not move forward within five years, HPP will repay MOHCD's acquisition loan within five years of recording the MOHCD Deed of Trust



o LOAN COMMITTEE RECOMMENDATION

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Eric D. Shaw, Director  
Mayor's Office of Housing

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Salvador Menjivar, Director of Housing  
Department of Homelessness and Supportive Housing

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Thor Kaslofsky, Executive Director  
Office of Community Investment and Infrastructure

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Anna Van Degna, Director  
Controller's Office of Public Finance

Date: \_\_\_\_\_

- Attachments:
- A. Project Milestones/Schedule
  - B. Borrower Org Chart
  - C. Developer Resumes
  - D. Asset Management Analysis of Sponsor
  - E. Threshold Eligibility Requirements and Ranking Criteria
  - F. Site Map with amenities
  - G. Elevations and Floor Plans, if available
  - H. Comparison of City Investment in Other Housing Developments
  - I. Predevelopment Budget – N/A
  - J. Development Budget
  - K. 1<sup>st</sup> Year Operating Budget
  - L. 20-year Operating Pro Forma

**RE: 2530 18th St ACQUISITION TAKE OUT AND PREDEVELOPMENT FINANCING**

Shaw, Eric (MYR)

Fri 8/25/2023 1:00 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I approve

---

**From:** Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

**Sent:** Friday, August 25, 2023 12:21 PM

**To:** Shaw, Eric (MYR) <eric.shaw@sfgov.org>

**Subject:** 2530 18th St ACQUISITION TAKE OUT AND PREDEVELOPMENT FINANCING

Please reply with your vote again, as I have revised the subject header to include the project address.

Thank you.

Vanessa Amaya

Assistant Housing Loan Administrator

San Francisco Mayor's Office of Housing and Community Development

1 South Van Ness Ave, 5<sup>th</sup> Floor, San Francisco, CA 94103

(628) 652-5967

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**From:** Shaw, Eric (MYR) <[eric.shaw@sfgov.org](mailto:eric.shaw@sfgov.org)>

**Sent:** Friday, August 25, 2023 11:47 AM

**To:** Amaya, Vanessa (MYR) <[Vanessa.Amaya@sfgov.org](mailto:Vanessa.Amaya@sfgov.org)>

**Subject:** ACQUISITION TAKE OUT AND PREDEVELOPMENT FINANCING

approve

Eric D. Shaw

Director/ Interim Director HopeSF

Mayor's Office of Housing and Community Development

City and County of San Francisco

1 South Van Ness Avenue, 5th Floor

## 2530 18th Street

Menjivar, Salvador (HOM)

Fri 9/1/2023 3:18 PM

To: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Cc: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I conditionally approve Mercy Housing California (MHC) and Homeless Prenatal Program (HPP) request for acquisition and predevelopment take-out financing in support of 2530 18th Street, a new construction of 74-unit of affordable housing development with 50% (37) of the units set aside for families who have experienced homelessness, in the total amount of \$9,846,900. The sponsors of the project have at times expressed that some of the PSH units will not be filled with referrals from the SF Coordinated Entry (CE) System. My approval of this loan is conditioned to the sponsors eventually agreeing that all PSH units will be filled with homeless families referred by CE.

Best,

salvador



Salvador Menjivar  
Director of Housing  
*Pronouns: He/Him*

San Francisco Department of Homelessness and Supportive Housing  
[salvador.menjivar1@sfgov.org](mailto:salvador.menjivar1@sfgov.org) | 415-308-2843

Learn: [dhsh.sfgov.org](https://dhsh.sfgov.org) | [hsh.sfgov.org](https://hsh.sfgov.org) | Follow: [@SF\\_HSH](https://twitter.com/SF_HSH) | Like: [@SanFranciscoHSH](https://www.facebook.com/SanFranciscoHSH)

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## 2530 18th Street Acquisition Take-Out and Predevelopment Loan Request Loan

Colomello, Elizabeth (CII)

Fri 8/25/2023 11:46 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>; Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>

Hi Vanessa-

I approve the subject request on behalf of OCII.

Thanks-

Elizabeth



**Elizabeth Colomello**

**Housing Program Manager**

---

📍 One South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103

📞 415.749-2488, Cell 415.407-1908

🏠 [www.sfocii.org](http://www.sfocii.org)

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## 2530 18th Street

Van Degna, Anna (CON)

Fri 8/25/2023 11:46 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Approved

**Anna Van Degna** (*she/her/hers*)

Director, Controller's Office of Public Finance

City & County of San Francisco

1 Dr. Carlton B. Goodlett Place

City Hall, Room 338

San Francisco, CA 94102

Phone: (415) 554-5956

Email: [anna.vandegna@sfgov.org](mailto:anna.vandegna@sfgov.org)

**Attachment A: Project Milestones and Schedule**

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	<u>6/16/2023</u>	
1	Acquisition/Predev Financing Commitment	<u>12/19/2019</u>	First Republic Bank provided initial land commitment to HPP
2.	Site Acquisition	<u>12/19/2019</u>	Acquired by HPP
3.	Development Team Selection		
a.	Architect	<u>10/21/21</u>	
b.	General Contractor	<u>10/21/21</u>	
c.	Owner's Representative	<u>10/21/21</u>	
d.	Property Manager	<u>10/21/21</u>	
e.	Service Provider	<u>10/21/21</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>4/11/22</u>	
b.	Submittal of Design Development & Cost Estimate	<u>8/8/22</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>12/16/22</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>6/2/23</u>	
5.	Commercial Space		
a.	Reciprocal Easement Agreement with commercial parcel Submission	<u>9/25/23</u>	
b.	LOI/s Executed	<u>n/a</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>10/28/21</u>	
b.	CEQA Environ Review Submission	<u>n/a</u>	
c.	NEPA Environ Review Submission	<u>n/a</u>	
d.	CUP/PUD/Variances Submission	<u>n/a</u>	
7.	PUC/PG&E		

a.	Temp Power Application Submission	<u>6/1/22</u>	
b.	Perm Power Application Submission	<u>6/1/22</u>	
8.	Permits		
a.	Building / Site Permit Application Submitted	<u>10/28/21</u>	
b.	Addendum #1 Submitted	<u>4/10/23</u>	
c.	Addendum #2 Submitted	<u>9/25/23</u>	
9.	Request for Bids Issued	<u>6/5/23</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>12/1/22</u>	
b.	Final	<u>11/29/24</u>	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	<u>12/1/22</u>	
b.	Acquisition Take Out and Predev Financing Application	<u>8/25/23</u>	
c.	Gap Financing Request	<u>2/1/24</u>	
12.	Other Financing		
a.	HCD Application - MHP	<u>6/1/23</u>	
b.	Construction Financing RFP	<u>5/3/24</u>	
c.	AHP Application	<u>3/1/25</u>	
d.	CDLAC Application	<u>5/2/24</u>	
e.	TCAC Application	<u>5/2/24</u>	
f.	Other Financing Application		
g.	LOSP Funding Request	<u>11/29/24</u>	
13.	Closing		
a.	Construction Loan Closing	<u>11/29/24</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>7/16/27</u>	
14.	Construction		
a.	Notice to Proceed	<u>12/1/24</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>8/7/26</u>	
15.	Marketing/Rent-up		

a.	Marketing Plan Submission	<u>11/29/25</u>	
b.	Commence Marketing	<u>2/1/26</u>	
c.	95% Occupancy	<u>12/1/26</u>	
16.	Cost Certification/8609	<u>10/30/27</u>	
17.	Close Out MOH/OCII Loan(s)		

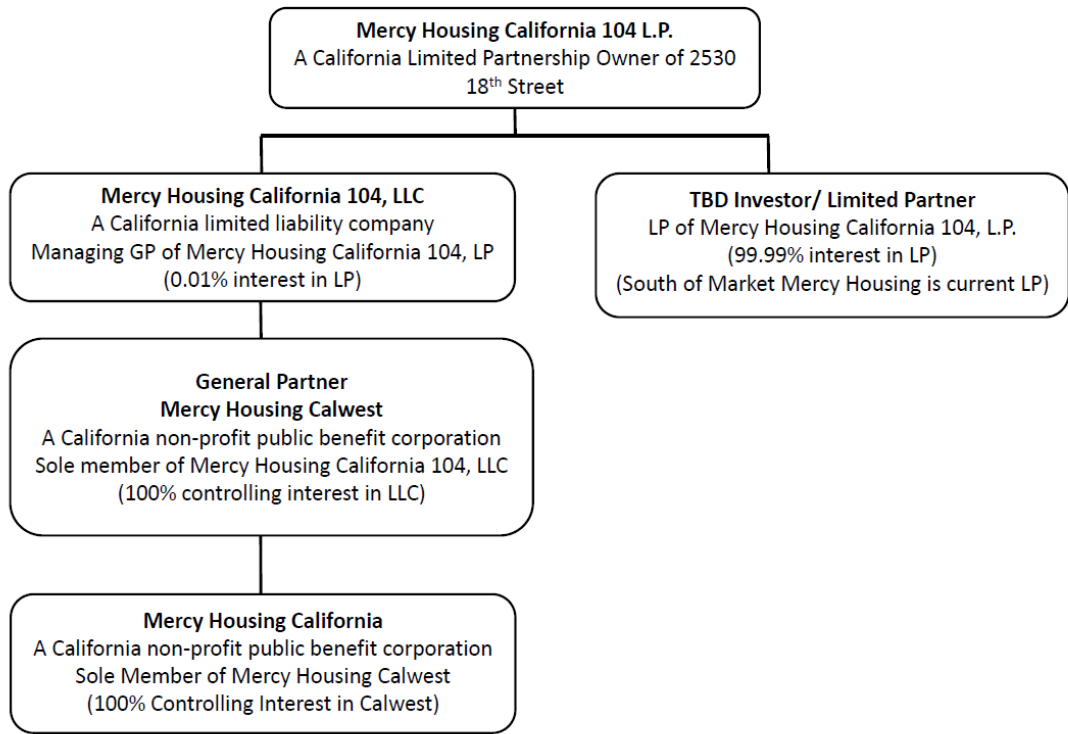


**Attachment B Borrower Org Chart:**

**Homeless Prenatal Program (HPP) Expansion Program Borrower Entity: 2530 18<sup>th</sup>, LLC**

**Residential Borrower Entity: Mercy Housing California 104, L.P.**

**Borrower Org Chart**



**Attachment C: Development Staff Resumes**



## **KION SAWNEY**

Project Developer

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### **PROFESSIONAL EXPERIENCE**

**Mercy Housing California, San Francisco, California**

*Project Developer I, July 2020 to present*

- Manage and perform all tasks related to the development of affordable housing associated with acquisition and new construction.
- Responsible for reviewing sites for potential housing developments, preliminary land use analysis to determine feasibility; secure local approvals and neighborhood acceptance; prepare financial analysis and secure project funding; oversee design and construction process and close out with the investors and lender.
- Projects include: 600 7<sup>th</sup> Street - 221 units of affordable PSH and family housing; 2530 18<sup>th</sup> Street with Homeless Prenatal Program - 73 units of affordable family housing.

**Beacon Development Group, San Francisco, California**

*Housing Developer, August 2016 to 2019*

- Directly managed an affordable housing development portfolio worth over \$150 million in Northern California and concurrently supporting projects in Southern California and Washington State - the portfolio included urban infill construction, re-syndications, acquisition rehabs, new markets TC and 4% non-competitive.
- Oversaw all aspects of project development, working closely with clients and project teams on site acquisition, predevelopment, entitlements, design, financing, construction, and project close out. Negotiated development, loan, and partnership agreements with public and private equity partners.

**Nashville Civic Design Center, Nashville, Tennessee**

*Research Fellow, May 2014 to 2016*

- Authored, "Creating Inclusive Communities," a publication describing 7 topic areas for Nashville to pursue that improve housing accessibility for low to moderate-income individuals. The report assembled statistical demographic changes, engaged with over 50 community stakeholders, and showcased national best practices.
- Advised and consulted with the Mayor's Office, government agencies and officials, community organizations and trade groups on tools to increase the city's affordable housing stock and improve non-profit capacity.
- In partnership with the Chamber of Commerce and the Urban Land Institute, proposing an innovation district in the city's midtown and began preliminary work for its creation.

### **EDUCATION**

BA, Urban Planning, Vanderbilt University, 2014

### **CURRENT PROFESSIONAL AFFILIATIONS & COMMUNITY INVOLVEMENT**

Commissioner, San Francisco Residential Rent Stabilization and Arbitration Board

Board Member, Yimby Action: San Francisco Board

Tree Planting Leader, Friends of the Urban Forest

## **Attachment D: Asset Management Evaluation of Project Sponsor**

Mercy Housing California (MHC) will assume asset management duties for 2530 18<sup>th</sup> Street. Asset Management falls under the National Portfolio Management department of Mercy Housing Inc, which is led by Senior Vice President Melissa Clayton.

### **Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio**

California represents the largest portion of the portfolio with 156 operating properties across the state; 55 Mercy owned and occupied properties are located in the City of San Francisco.

### **Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)**

Yelena Zilberfayn is the Vice President of Asset Management at Mercy Housing where she has worked for the past 22 years, 9 of which in the Asset Management Department, and is responsible for a portfolio of real estate assets serving families, seniors, and special needs individuals. She leads a team of five Asset Managers, four in San Francisco, one in Sacramento.

Two Asset Management Analysts and one Commercial Asset Management Analyst based in the National Office in Denver, CO, and one Commercial Asset Manager based in San Francisco are supporting Yelena's team. In addition, there are two Asset Managers overseeing other regions in CA and one Capital Project Investment Manager, reporting directly to Melissa Clayton. Yelena is located in the San Francisco office and interfaces directly with Doug Shoemaker, President of Mercy Housing California (MHC), and Jennifer Dolin, Vice President of Operations of MHC. Yelena and her team act as Mercy Housing's representatives in relation to the physical and financial status of each asset and protect its financial health and long-term viability. Mercy's portfolio management also includes Transaction Team comprised of 2 staff devoted to other specialized needs such as the Year 15 buy out and the refinance of properties. All positions are currently filled and they are all full time.

The breakdown of the Bay Area asset management staff positions is as follows:

- (1) Vice President of Asset Management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (2) Asset Management Analysts
- (1) Commercial Asset Management Analyst
- (1) Commercial Asset Manager

Each Asset Manager oversees a portfolio of up to 25 assets. The 4 Asset Managers in the San Francisco office currently have 90 assets in their portfolio. Eight of these properties are in predevelopment, under construction or in rehab in the City of San Francisco or Bay Area. In San Francisco, Asset Managers manage fewer than the maximum of 25 assets in order to free up capacity for future developments. Once development is complete, a San Francisco based Asset Manager will assume asset management duties for 1530 18<sup>th</sup> Street.

### **Description of Scope and Range of Duties of Developer's Asset Management Team**

Asset Management staff has oversight over all operations of the properties. The portfolio is analyzed monthly through the Portfolio Scorecard, which looks at physical and economic occupancy, trade and intercompany payables. In addition, the team performs quarterly risk ratings according to Affordable Housing Investment Council (AHIC) standards, of every property to evaluate occupancy, reserves, management, capital needs and available reserves. If a property is placed on the watchlist, there is a quarterly meeting with the Asset Management team, Mercy Housing Management Group and Mercy Housing California President to find a solution to get the property off the watchlist.

Asset Managers are responsible for tracking all capital needs on their portfolio on a quarterly basis as part of Mercy's watchlist process. They are assisted by various staff of Mercy Housing Management Group, including the Regional Facilities Manager and the various Area Directors of Operations assigned to the properties. Using various analysis including our watchlist and budget planning, reviewing CNAs, and Reserve analysis, the Asset Managers determine when the necessary capital needs can be completed in the short and long term.

The analyst team submits reserve replacement requests bi-annually. In addition, the analyst team helps with the compliance with financing requirements and various reporting regulatory requirements by sending quarterly and annual reporting to investors and funders. Portfolio preservation planning is accomplished through balancing the use of reserves with the payment of scheduled partnership and deferred development fees through cash flow. The transaction team handles some of the longer term needs of the portfolio such as Year 15 analysis and investor buyout and a property restructuring such as a refinance.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is ongoing coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center (nationwide)

Asset Management staffing budget is \$2,460,839.

Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

Mercy Housing anticipates that the portfolio will grow from 156 buildings to approximately 170 buildings in the next 5 years. Two new Asset Manager positions based in San Francisco were added in 2017 and one in 2019.

**MOHCD Asset Management staff assessment of Sponsor's asset management capacity:** The Sponsor's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 7 FTE asset managers statewide and a portfolio of 156 projects in California, the project/asset management staff ratio is 22, which is in line with the industry standard of 20-25 recommended by NeighborWorks America. In addition, the Sponsor's asset management staff also includes Asset Management Analysts who support the Asset Managers. The full range of asset management responsibilities are covered by the asset managers and the analysts. With an increase of 15-16 projects in the Sponsor's portfolio anticipated over the next 5 years, the ratio will increase but remain within the industry standard.

**Attachment E: Threshold Eligibility Requirements and Ranking Criteria**

**Minimum Qualifications and Scoring from Homeless Family NOFA 2022**

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

	<b>Category</b>	<b>Points</b>
<b>A.</b>	<b>EXPERIENCE:</b>	<b>40</b>
i.	<b>Developer (12 pts)</b> <ul style="list-style-type: none"> <li>➤ Experience with the following: <ul style="list-style-type: none"> <li>○ Completing projects on time and on budget</li> <li>○ Obtaining competitive financing terms</li> <li>○ Developing Type V/I or III/I construction</li> <li>○ Developing housing for low-income families and those experiencing homelessness</li> </ul> </li> <li>➤ Building community support through outreach</li> <li>➤ Current staff capacity and experience to take on this project type</li> </ul>	
ii.	<b>Owner (4 pts)</b> <ul style="list-style-type: none"> <li>➤ Track record successfully owning housing financed with Low-Income Housing Tax Credits <ul style="list-style-type: none"> <li>○ Experience owning affordable housing for low-income families and those experiencing homelessness</li> </ul> </li> <li>➤ Effectiveness of current asset management structure and staffing, given portfolio size</li> <li>➤ Capacity for assuming asset management of an expanded portfolio once the development is complete</li> </ul>	
iii.	<b>Property Manager (8 pts)</b> <ul style="list-style-type: none"> <li>➤ Experience managing property for low-income families and those experiencing homelessness</li> <li>➤ Experience achieving high rates of housing retention</li> <li>➤ Implements low barrier tenant selection policies consistent with Housing First principles and the HSH Documentation Policy</li> <li>➤ Contributes to long-term sustainability of the development</li> <li>➤ Achieves cost efficiencies in operations</li> </ul>	
iv.	<b>Service Providers (8 pts)</b> <ul style="list-style-type: none"> <li>➤ Experience delivering services to low-income families and those experiencing homelessness</li> <li>➤ Experience linking residents to the City's safety net of services</li> <li>➤ Works with property management to achieve high rates of housing retention</li> <li>➤ Supports positive outcomes for residents around health and economic mobility</li> <li>➤ If applicable, provides explanation for service contracts terminated prematurely within the last 5 years</li> </ul>	

	<ul style="list-style-type: none"> <li>➤ Capacity to attract and retain adequate staffing to take on this project</li> </ul>	
v.	<p><b>Racial Equity (8 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes level of racial equity awareness</li> <li>➤ Experience providing housing to COP and neighborhood preference holders</li> <li>➤ Uses innovative approaches to engagement with COP and neighborhood preference holders</li> <li>➤ Demonstrates commitment to racially diverse project development teams</li> <li>➤ Demonstrates experience with serving historically excluded communities of color, including formerly homeless households</li> <li>➤ Describes approaches to overcoming historical obstacles to communities of color obtaining high quality affordable housing</li> <li>➤ Describes experience providing access and implementing effective service delivery strategies to historically excluded communities of color, including formerly homeless households</li> </ul>	
<b>B. VISION:</b>		<b>60</b>
i.	<p><b>Program Concept (20 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Proposes site whose location, size, configuration, and zoning support the development of affordable and permanent supportive housing, including ability to maximize unit yield in a cost-effective construction type and make use of entitlement expediting such as SB 35.</li> <li>➤ Describes vision for a development program at this site, while best achieving the project goals, and includes: <ul style="list-style-type: none"> <li>○ A residential program and other envisioned uses;</li> <li>○ Indicates how the proposed uses and amenities will enhance the lives of the proposed target population and the surrounding neighborhood.</li> </ul> </li> <li>➤ Indicates particular groups served by the programs and spaces (families, families experiencing homelessness, young adults, children etc.).</li> <li>➤ Describes how the program will contribute to lowering barriers to persons of color seeking and retaining quality housing.</li> </ul>	
ii.	<p><b>Community Engagement Strategy (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes community engagement strategy and includes: <ul style="list-style-type: none"> <li>○ The team's philosophy on community engagement;</li> <li>○ Process for establishing and/or building positive relationships with surrounding neighbors and the larger community;</li> <li>○ Efforts designed to engage all interested community members - particularly BIPOC members of the target populations - and including monolingual non-English speaking members of the community;</li> <li>○ How the Development Team intends to comply with the City's Language Access Ordinance.</li> </ul> </li> </ul>	



	<ul style="list-style-type: none"> <li>➤ Describes the Team’s approach to achieving entitlements for the project expeditiously and the approach to maintaining and building community relationships after entitlements have been achieved and the development is in operations.</li> <li>➤ 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.</li> </ul>	
iii.	<p><b>Services Delivery Strategy (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes the Development Team’s services delivery strategy and includes:                             <ul style="list-style-type: none"> <li>○ The overall service philosophy;</li> <li>○ Model for providing services to formerly homeless residents (including case management ratio and provision of amenities such as front desk clerks, if applicable);</li> <li>○ The services goals of the proposed vision.</li> </ul> </li> <li>➤ 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.</li> <li>➤ Describes how services for residents will be coordinated with the existing network of services in the neighborhood and community.</li> </ul>	
iv.	<p><b>Finance &amp; Cost Containment Approach (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes the Development Team’s financing approach to the project.</li> <li>➤ Includes the Team’s process for structuring the project and controlling development costs.</li> <li>➤ Includes innovative strategies intended to minimize MOHCD’s projected capital gap financing.</li> <li>➤ 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.</li> <li>➤ Does not include proforma financials.</li> </ul>	
v.	<p><b>Racial Equity Strategy (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Explains how vision aligns with the primary goals of this NOFA set forth in the Introduction and Project Expectations.</li> <li>➤ Proposes a substantive partnership that increases opportunity/capacity for growth of smaller and Black, Indigenous and people of color, (BIPOC)-led organizations</li> <li>➤ Explains 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.</li> </ul>	

	➤ 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 self-sufficiency.	
<b>TOTAL POSSIBLE POINTS</b>		<b>100</b>

### Attachment F: Site Map with amenities



**Attachment G: Elevation**



**Attachment H: Comparison of City Investment in Other Housing Developments**

**Affordable Multifamily Housing New Construction Cost Comparison - San Francisco**

Updated 8/18/2023

	Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/ sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/ sq.ft <sup>6</sup>	Gross TDC/unit	Gross TDC/BR	Gross TDC/ sq.ft <sup>6</sup>	Subsidy / unit	Leveraging <sup>7</sup>
Delta of Subject and Comparable Projects	\$ 78,299	\$ 48,466	\$ 425	\$ 121,088	\$ 68,082	\$ 38	\$ 121,130	\$ 73,339	\$ 84	\$ 318,957	\$ 188,901	\$ 184	\$ (74,442)	123.3%
Delta Percentage	377%	369%	358%	18%	16%	6%	66%	63%	49%	36%	34%	23%	-26%	185%
<b>SUBJECT PROJECT</b>	<b>\$ 99,084</b>	<b>\$ 61,616</b>	<b>\$ 543</b>	<b>\$ 791,179</b>	<b>\$ 491,994</b>	<b>\$ 664</b>	<b>\$ 305,457</b>	<b>\$ 189,948</b>	<b>\$ 256</b>	<b>\$ 1,195,720</b>	<b>\$ 743,557</b>	<b>\$ 1,004</b>	<b>\$ 216,216</b>	<b>81.9%</b>
Comparable Projects	Average: \$ 20,786	\$ 13,149	\$ 118.47	\$ 670,092	\$ 423,912	\$ 626	\$ 184,327	\$ 116,608	\$ 172	\$ 876,764	\$ 554,657	\$ 819	\$ 290,658	66.8%

Costs **lower** than comparable average (within 10%)      Costs **higher** than comparable average (within 10%)

	Lot sq.ft	Completion/ start date	# of Units	# of BR <sup>1</sup>	Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
					Res. <sup>2</sup>	Non-Res. Sq. ft.	Total sq. ft.	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost							
<b>ALL PROJECTS</b>	<b>Average: 31,513</b>		<b>120</b>	<b>191</b>	<b>120,323</b>	<b>13,545</b>	<b>132,205</b>	<b>\$ 1,671,187</b>	<b>\$ 80,541,800</b>	<b>\$ 18,824,491</b>	<b>\$ 101,144,660</b>	<b>\$ 29,006,149</b>	<b>\$ 99,484,962</b>				
Comparable Projects Completed (filtered)	Average: 18,635		106	171	100,418	12,246	112,664	\$5,185,149	\$64,430,523	\$15,072,442	\$84,688,113	\$27,788,500	\$79,502,964				
Comparable Projects Under Construction (filtered)	Average: 21,830		116	189	110,171	21,465	131,637	\$3,333	\$78,458,038	\$23,574,096	\$102,035,467	\$39,512,240	\$102,032,134				
Comparable Projects In Predevelopment (filtered)	Average: 13,609		86	127	79,792	6,965	85,562	\$1,217,458	\$63,627,300	\$18,161,189	\$83,486,658	\$22,277,214	\$82,472,110				
Total Comparable Projects	Average: 18,025		103	162	96,794	13,559	109,954	\$2,135,313	\$68,838,620	\$18,935,909	\$90,070,080	\$29,859,318	\$88,002,403				
Homeless Prenatal Program (HPP) & Family Housing	2530 18th St	4/12/2024	74	119	79,010	12,768	88,166	\$ 7,332,250	\$ 58,547,274	\$ 22,603,791	\$ 88,483,315	\$ 16,000,000	\$ 81,151,065	4%, MHP, IIG, AHP	Type IB	8	60% CD's Dated 3/24/23 Assuming land cost is \$7M
Delta of Subject and Comp Project Averages	-4,521		-29	-43	-17,784	-791	-21,788	\$5,196,937	(\$10,291,346)	\$3,667,882	(\$1,586,765)	(\$13,859,318)	(\$6,851,338)				
Delta Percentage	-25%		-28%	-27%	-18%	-6%	-20%	243%	-15%	19%	-2%	-46%	-8%				

PROJECTS COMPLETED		Building Square Footage			Total Project Costs			Notes on Financing		Building Type		Stories		Comments				
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	\$ 5,551,029	\$ 48,898,433	\$ 6,583,453	\$ 61,032,915	\$ 17,704,400	\$ 55,481,886	2 HCD Loans (MHP & TOD)	Type IB	9	
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 67,488,078	\$ 14,837,459	\$ 91,625,537	\$ 22,187,436	\$ 82,325,537	2 HCD Loans (MHP & TOD)	Type IB	8	Extensive PG&E regional switch required
1296 Shotwell Senior	1296 Shotwell	11,667	Jan-20	94	94	66,153	-	66,153	\$ 831,098	\$ 53,709,722	\$ 231,384	\$ 54,772,204	\$ 27,812,014	\$ 53,941,106	4% LHTC HOME AHF	Type IA	9	seismic damper
490 South Van Ness	490 S. Van Ness Avenue	14,250	Apr-21	81	121	51,639	28,985	80,624	\$ 18,500,000	\$ 55,840,878	\$ 13,393,811	\$ 87,734,689	\$ 28,892,030	\$ 69,234,689	4% LHTC HOME AHF	Type IA	7 +	Over partial basement
2060 Folsom Street	2060 Folsom	29,075	May-21	127	252	155,648	11,810	167,458	\$ 134,931	\$ 86,578,395	\$ 20,100,172	\$ 106,813,498	\$ 31,697,110	\$ 106,878,567	HCD AHSC Loan	Type IB	9	\$6MM
500 Turk Street (555 Larkin)	500 Turk Street	18,906	Dec-22	108	186	101,752	7,639	109,391	\$ 1,853,895	\$ 59,418,267	\$ 29,815,020	\$ 91,087,182	\$ 32,400,000	\$ 89,233,287	HCD AHSC Loan	Type I	8	Type I 8 stories on constrained site
681 Florida	681 Florida Street	19,000	Oct-22	130	199	126,830	9,250	136,080	\$ 125,091	\$ 79,079,886	\$ 20,545,793	\$ 99,750,770	\$ 33,826,507	\$ 99,625,679	HCD MHP Loan	Type IB	9	8,400+/- PDR
<b>Completed Projects (average):</b>	<b>Average:</b>	<b>33,232</b>		<b>114</b>	<b>180</b>	<b>107,052</b>	<b>13,623</b>	<b>120,706</b>	<b>2,804,446</b>	<b>70,321,397</b>	<b>15,199,643</b>	<b>88,325,486</b>	<b>24,478,457</b>	<b>85,521,040</b>				

PROJECTS UNDER CONSTRUCTION		Building Square Footage			Total Project Costs			Notes on Financing		Building Type		Stories		Comments				
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
BPUY - Balboa Park Upper Yard	2430 San Jose Ave	30,699	Jul-23	131	217	164,636	10,741	175,377	\$ -	\$ 91,871,410	\$ 25,523,152	\$ 117,394,562	\$ 30,493,722	\$ 117,394,562	4% Credits; HCD IIG & AHSC	Type IB	8-9	not incl. (GMP Draft Contract 5/21)
180 Jones Street	180 Jones Street	4,853	Nov-24	70	70	36,166	3,304	39,470	\$ 10,000	\$ 38,293,496	\$ 15,262,708	\$ 53,566,204	\$ 12,858,477	\$ 53,566,204	4% LHTC + MHP	Type I	9	Small very tight site; studios (95% CD est. updated est at close)
Mission Bay S. Bl. 9A-HomeOwn	400 China Basin Street	29,939	Jul-24	148	281	129,712	50,351	180,063	\$ -	\$ 105,209,208	\$ 29,936,428	\$ 135,145,636	\$ 75,184,522	\$ 135,145,636	OClI, IIG	Type I	8	Homeownership, (Loan Eval August 2021 data)
730 Stanyan	730 Stanyan Street	37,813	Aug-25	160	282	173,030	19,728	192,758	\$ -	\$ 125,664,665	\$ 25,943,948	\$ 153,252,004	\$ 68,528,927	\$ 153,252,004	4% Credits; HCD MHP	Type I	8	Svcs spaces, complex dsgr (4/21/2023; Gap, 85% CD)
<b>Under Construction:</b>	<b>Average:</b>	<b>37,427</b>		<b>126</b>	<b>218</b>	<b>138,118</b>	<b>17,817</b>	<b>151,509</b>	<b>1,676,449</b>	<b>88,461,759</b>	<b>22,733,792</b>	<b>112,971,729</b>	<b>36,552,197</b>	<b>111,296,457</b>				

PROJECTS IN PREDEVELOPMENT		Building Square Footage			Total Project Costs			Notes on Financing		Building Type		Stories		Comments				
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
266 4th Steet (4th & Folsom)	266 4th Street	8,400	TBD	70	99	60,515	1,580	62,095	\$ 133,100	\$ 49,982,213	\$ 13,943,417	\$ 64,058,730	\$ 15,629,817	\$ 63,925,630	4% Credits; AHSC, St. Credits	Type I	8	Unlikely to move forward (6/2022) Over MUNI substation tunnel, structurally complex, small footprint
The Kelsey	240 Van Ness	18,313	Dec-24	112	144	94,001	1,349	95,350	\$ 24,590	\$ 69,202,040	\$ 19,297,224	\$ 88,523,854	\$ 27,103,503	\$ 88,499,264	4% LHTC, IIG, AHSC	Type IB	8	11/15/2022 gap eval; bid set 80% CD
2550 Irving	2550 Irving Street	19,125	Apr-24	90	161	107,821	-	107,821	\$ -	\$ 70,979,265	\$ 24,946,857	\$ 95,926,122	\$ 25,573,912	\$ 95,926,122	4% LHTC; HCD - IIG, MHP,	Type I	7	not 11 stories; PG&E contract signed; or for 22 estimate with 10% bid addition; also sh. construction 400k. CD
772 Pacific Avenue	772 Pacific Avenue	9,219	Apr-24	86	86	45,458	8,847	54,305	\$ -	\$ 58,265,200	\$ 17,129,912	\$ 75,395,112	\$ 25,176,182	\$ 75,395,112	4% Credits; MHP, AHP	Type IA	8	Comm'l rpl of Asia SF rest (9/30/21 Loan Eval)
160 Freelon	160 Freelon	13,091	May-24	85	154	91,944	10,282	102,226	\$ 20,000	\$ 75,256,791	\$ 19,236,327	\$ 98,614,847	\$ 20,077,591	\$ 98,594,846	4% Credits; MHP, AHP	Type IB	9	100% DD cost estimate and 50% CD set
Homeless Prenatal Program Hsg (2530 18th)	2530 18th Street	13,504	Feb-24	73	117	79,010	12,768	91,778	\$ 5,909,600	\$ 58,078,289	\$ 14,413,395	\$ 78,401,284	\$ 20,102,281	\$ 72,491,684	4% Credits; MHP, IIG, AHP	Type I	8	100% SD 3/17/22
<b>In Predevelopment</b>	<b>Average:</b>	<b>23,881</b>		<b>119</b>	<b>176</b>	<b>115,798</b>	<b>9,196</b>	<b>124,400</b>	<b>532,666</b>	<b>82,842,245</b>	<b>18,540,036</b>	<b>102,136,764</b>	<b>25,987,793</b>	<b>101,637,389</b>				

**Attachment I: Predevelopment Budget**



Application Date: 8/2/23 # Units: 74  
 Project Name: 2530 18th Street # Bedrooms: 119  
 Project Address: 2530 18th St # Beds: n/a  
 Project Sponsor: Mercy Housing Calwest, Mercy Housing California LOSP Project

SOURCES	2,435,211	4,900,000	2,511,689	-	-	Total Sources	Comments
	MOHCD - Take out of SFHAF Cost	MOHCD - Acq. of FRB Loan	MOHCD - New Predev. Cost			9,846,900	

USES

Name of Sources:	MOHCD/OCII
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ACQUISITION

Acquisition cost or value			4,900,000			4,900,000	Value of the FRB Loan
Legal / Closing costs / Broker's Fee						0	
Holding Costs						0	
Transfer Tax						0	
<b>TOTAL ACQUISITION</b>	<b>0</b>	<b>0</b>	<b>4,900,000</b>	<b>0</b>	<b>0</b>	<b>4,900,000</b>	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab				357,500		357,500	Cost includes temp + perm switchgear/ perm. taxes, Insurance, SDO, OHP Fee, Contingency
Commercial Shell Construction						0	
Demolition				190,610		190,610	Pre-NTP Demolition and Shoring
Environmental Remediation				100,000		100,000	
Onsite Improvements/Landscaping						0	
Offsite Improvements						0	
Infrastructure Improvements						0	HOPE SF/OCII costs for streets etc.
Parking						0	
GC Bond Premium/GC Insurance/GC Taxes						0	
GC Overhead & Profit						0	
CG General Conditions						0	
<i>Sub-total Construction Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>648,110</i>	<i>0</i>	<i>648,110</i>	
Design Contingency (remove at DD)						0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)						0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)						0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency						0	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>648,110</b>	<b>0</b>	<b>648,110</b>	

Construction line item costs as a % of hard costs  
 0.0%  
 0.0%  
 0.0%

SOFT COSTS

Architecture & Design

Architect design fees		1,765,764		400,000		2,165,764	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)				127,174		127,174	Early Design Subcontractors to the GC (Shoring, Fire Alarm, Earthwork)
Architect Construction Admin						0	
Reimbursables				15,163		15,163	
Additional Services				34,242		34,242	Alternative feasibility analysis + design
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>1,765,764</i>	<i>0</i>	<i>576,579</i>	<i>0</i>	<i>2,342,343</i>	
Other Third Party design consultants (not included under Architect contract)						184,246	Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>0</b>	<b>1,912,010</b>	<b>0</b>	<b>614,579</b>	<b>0</b>	<b>2,526,589</b>	

Engineering & Environmental Studies

Survey		34,500		20,000		54,500	
Geotechnical studies		33,675		50,000		83,675	
Phase I & II Reports		66,812		50,000		116,812	
CEQA / Environmental Review consultants		3,000		30,000		33,000	
NEPA / 105 Review		24,461		50,000		74,461	
CNA/PNA (rehab only)						0	
Other environmental consultants						0	Name consultants & contract amounts
<b>Total Engineering &amp; Environmental Studies</b>	<b>0</b>	<b>162,447</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>362,447</b>	

Financing Costs

<b>Construction Financing Costs</b>							
Construction Loan Origination Fee						0	
Construction Loan Interest		88				88	
Title & Recording						0	
CDLAC & CDJAC fees		1,200				1,200	
Bond Issuer Fees		2,500				2,500	
Other Bond Cost of Issuance						0	
Other Lender Costs (specify)		2,979				2,979	MHC LOC Fees
<i>Sub-total Const. Financing Costs</i>	<i>0</i>	<i>6,766</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>6,766</i>	
<b>Permanent Financing Costs</b>							
Permanent Loan Origination Fee						0	
Credit Enhance. & Appl. Fee						0	
Title & Recording						0	
<i>Sub-total Perm. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
<b>Total Financing Costs</b>	<b>0</b>	<b>6,766</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,766</b>	

Legal Costs

Borrower Legal fees		30,946				30,946	
Land Use / CEQA Attorney fees						0	
Tax Credit Counsel						0	
Bond Counsel						0	
Construction Lender Counsel						0	
Permanent Lender Counsel						0	
HAF Legal		34,470				34,470	
<b>Total Legal Costs</b>	<b>0</b>	<b>65,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,416</b>	

Other Development Costs

Appraisal		8,500		15,000		23,500	
Market Study		12,098		15,000		27,098	
Insurance						0	
Property Taxes						0	
Accounting / Audit						0	
Organizational Costs		73				73	
Entitlement / Permit Fees		66,648				66,648	
Marketing / Rent-up		11,758				11,758	
Furnishings						0	\$2,000/unit. See MOHCD U/W Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PGE / Utility Fees						0	
TCAC App / Alloc / Monitor Fees		25,409		55,000		80,409	
Financial Consultant fees		35,552		40,000		75,552	
Construction Management fees / Owner's Rep		70,175		90,000		160,175	
Security during Construction						0	
Relocation						0	
Pre-Development Loan Interest		2,766				2,766	
Takeout of the SFHAF Loan				0		0	
<b>Total Other Development Costs</b>	<b>0</b>	<b>232,979</b>	<b>0</b>	<b>215,000</b>	<b>0</b>	<b>447,979</b>	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)				340,000		340,000	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>0</b>	<b>2,379,619</b>	<b>0</b>	<b>1,369,579</b>	<b>0</b>	<b>3,749,198</b>	<b>10.0%</b>

Total Soft Cost Contingency as % of Total Soft Costs  
 10.0%

RESERVES

Operating Reserves						0	
Replacement Reserves						0	
Tenant Improvements Reserves						0	
Other (specify)						0	
Other (specify)						0	
Other (specify)						0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones		55,592		494,000		549,592	
Developer Fee - Cash-out At Risk						0	
Commercial Developer Fee						0	
Developer Fee - GP Equity (also show as source)						0	
Developer Fee - Deferred (also show as source)						0	
Development Consultant Fees						0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)						0	
<b>TOTAL DEVELOPER COSTS</b>	<b>0</b>	<b>55,592</b>	<b>0</b>	<b>494,000</b>	<b>0</b>	<b>549,592</b>	

TOTAL DEVELOPMENT COST

	0	2,435,211	4,900,000	2,511,689	0	0	9,846,900
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Development Cost/Unit by Source	0	32,908	66,216	33,942	0	0	133,066
Development Cost/Unit as % of TDC by Source	0.0%	24.7%	49.8%	25.5%	0.0%	0.0%	100.0%

Acquisition Cost/Unit by Source

	0	0	66,216	0	0	0	66,216
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Construction Cost (inc Const Contingency)/Unit By Source

	0	0	0	8,758	0	0	8,758
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	7.35	0.00	0.00	7.35

\*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	0
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Tax Credit Equity Pricing:

Construction Bond Amount:	N/A
Construction Loan Term (in months):	0 months
Construction Loan Interest Rate (as %):	0.00%



**Attachment J: Development Budget**

Application Date: 8/2/23 # Units: 74  
 Project Name: 2530 18th Street # Bedrooms: 119  
 Project Address: 2530 18th St # Beds: n/a  
 Project Sponsor: Mercy Housing Calwest, Mercy Housing California LOSP Project

SOURCES	16,000,000	28,320,125	6,048,992	1,000,000	36,114,097	1,000,000	100	-	Total Sources	Comments
Name of Sources:	MOHCD/OCIL	HCD-MHP	HCD-JIG	AHP	Investor Equity	Deferred Dev. Fee	GP Equity		88,483,315	

**USES**

**ACQUISITION**

Acquisition cost or value	6,020,000								6,020,000	Purchase price for land: \$6,020,000
Legal / Closing costs / Broker's Fee	21,500								21,500	
Holding Costs	1,180,938								1,180,938	
Transfer Tax	109,812								109,812	
<b>TOTAL ACQUISITION</b>	<b>7,332,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,332,250</b>	

**CONSTRUCTION (HARD COSTS)**

* Unit Construction/Rehab	0	6,045,178	6,048,992	1,000,000	32,829,750		100		45,924,020	Include FF&E, Contractor Contingency, Owner 2% Escalation, 60% CD VE
* Commercial Shell Construction									0	
* Demolition									0	
* Environmental Remediation									0	
* Onsite Improvements/Landscaping									0	
* Offsite Improvements									0	
* Infrastructure Improvements									0	HOPE SF/OCIL costs for streets etc.
* Parking									0	
GC Bond Premium/GC Insurance/GC Taxes		2,393,370							2,393,370	BR/ GL/ Subguard/ P&P/ Taxes
GC Overhead & Profit	1,564,692								1,564,692	
GC General Conditions	876,891	1,928,217			83,575				2,888,683	
Sub-total Construction Costs	2,441,583	10,366,765	6,048,992	1,000,000	32,913,325	0	100	0	52,770,765	
Design Contingency (remove at DD)	1,050,274								1,050,274	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)	1,050,274								1,050,274	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)	1,050,274								1,050,274	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency		2,625,687							2,625,687	5% new construction / 15% rehab
Sub-total Construction Contingencies	3,150,822	2,625,687	0	0	0	0	0	0	5,776,509	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>5,592,405</b>	<b>12,992,452</b>	<b>6,048,992</b>	<b>1,000,000</b>	<b>32,913,325</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>58,547,274</b>	

**SOFT COSTS**

**Architecture & Design**

Architect design fees		2,348,194							2,348,194	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)									0	
Architect Construction Admin									0	
Reimbursables									0	
Additional Services	300,000	86,000			492,258				878,258	
Sub-total Architect Contract	300,000	2,434,194	0	0	492,258	0	0	0	3,226,452	
Other Third Party design consultants (not included under Architect contract)									0	Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>300,000</b>	<b>2,434,194</b>	<b>0</b>	<b>0</b>	<b>492,258</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,226,452</b>	

**Engineering & Environmental Studies**

Survey		41,280							41,280	
Geotechnical studies									0	
Phase I & II Reports		45,666							45,666	
CEQA / Environmental Review consultants		315,868							315,868	
NEPA / 106 Review		43,175							43,175	
CNA/PNA (rehab only)									0	
Other environmental consultants									0	Name consultants & contract amounts
<b>Total Engineering &amp; Environmental Studies</b>	<b>0</b>	<b>445,989</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>445,989</b>	

**Financing Costs**

**Construction Financing Costs**

Construction Loan Origination Fee		264,426							264,426	
Construction Loan Interest		6,936,369							6,936,369	
Title & Recording		30,000							30,000	
CDIAC & CDIAC fees									0	
Bond Issuer Fees		830,104							830,104	
Other Bond Cost of Issuance	154,488	100,000							254,488	
MOHCD Pre-Development Loan Origination Fee	160,000								160,000	
Sub-total Const. Financing Costs	314,488	8,160,899	0	0	0	0	0	0	8,475,387	

**Permanent Financing Costs**

Permanent Loan Origination Fee									0	
Credit Enhance. & Appl. Fee									0	
Title & Recording	45,000								45,000	
Sub-total Perm. Financing Costs	45,000	0	0	0	0	0	0	0	45,000	
<b>Total Financing Costs</b>	<b>359,488</b>	<b>8,160,899</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,520,387</b>	

**Legal Costs**

Borrower Legal fees									0	
Land Use / CEQA Attorney fees									0	
Tax Credit Counsel									0	
Bond Counsel		30,000							30,000	
Construction Lender Counsel		107,500							107,500	
Permanent Lender Counsel		75,000							75,000	
Other Legal (specify)									0	
<b>Total Legal Costs</b>	<b>0</b>	<b>212,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>212,500</b>	

**Other Development Costs**

Appraisal		21,500							21,500	
Market Study		38,700							38,700	
Insurance		700,000							700,000	
Property Taxes									0	
Accounting / Audit		40,000							40,000	
Organizational Costs									0	
Entitlement / Permit Fees		2,143,263							2,143,263	
Marketing / Rent-up		421,464							421,464	
Furnishings		250,000							250,000	\$2,000/unit. See MOHCD UIW Guidelines on: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PG&E / Utility Fees									0	
TCAC App / Alloc / Monitor Fees		129,930							129,930	
Financial Consultant fees		65,000							65,000	
Construction Management fees / Owner's Rep		264,235							264,235	
Security during Construction									0	
Relocation									0	
Public Art	117,283								117,283	
Lender Inspectors	15,000								15,000	
Pre-Dev Financing	83,594								83,594	
<b>Total Other Development Costs</b>	<b>215,857</b>	<b>4,074,092</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,289,949</b>	

**Soft Cost Contingency**

Contingency (Arch, Eng, Fin, Legal & Other Dev)		0	0	0	1,670,000	0	0	0	1,670,000	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>875,345</b>	<b>15,327,674</b>	<b>0</b>	<b>0</b>	<b>2,162,258</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,365,277</b>	

**RESERVES**

* Operating Reserves					1,038,514				1,038,514	
* Replacement Reserves									0	
* Tenant Improvements Reserves									0	
* Other (specify)									0	
* Other (specify)									0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,038,514</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,038,514</b>	

**DEVELOPER COSTS**

Developer Fee - Cash-out Paid at Milestones	1,100,000								1,100,000	
Developer Fee - Cash-out At Risk	1,100,000								1,100,000	
Commercial Developer Fee									0	
Developer Fee - GP Equity (also show as source)						1,000,000			1,000,000	
Developer Fee - Deferred (also show as source)									0	
Development Consultant Fees									0	
Other (specify)									0	Need MOHCD approval for this cost, N/A for most projects
<b>TOTAL DEVELOPER COSTS</b>	<b>2,200,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>3,200,000</b>	

**TOTAL DEVELOPMENT COST**

Development Cost/Unit by Source	16,000,000	28,320,125	6,048,992	1,000,000	36,114,097	1,000,000	100	0	88,483,315	
Development Cost/Unit as % of TDC by Source	216,216	382,704	81,743	13,514	488,028	13,514	1	0	1,185,720	
	18.1%	32.0%	6.8%	1.1%	40.8%	1.1%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	81,351	0	0	0	0	0	0	0	81,351	
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Construction Cost (inc Const Contingency)/Unit By Source

	75,573	175,574	81,743	13,514	444,775	0	1	0	791,179	
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Construction Cost (inc Const Contingency)/SF

	63.43	147.36	68.61	11.34	373.31	0.00	0.00	0.00	664.06	
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\*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	216,216
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Tax Credit Equity Pricing:

Construction Bond Amount	0.980
Construction Loan Term (in months):	41,991,000
Construction Loan Interest Rate (as %):	33 months
	6.91%

**Total Soft Cost Contingency as % of Total Soft Costs: 10.0%**

**TOTAL SOFT COSTS: 18,365,277**

**TOTAL RESERVES: 1,038,514**

**TOTAL DEVELOPER COSTS: 3,200,000**

**TOTAL DEVELOPMENT COST: 88,483,315**

**Acquisition Cost/Unit by Source: 81,351**

**Construction Cost (inc Const Contingency)/Unit By Source: 791,179**

**Construction Cost (inc Const Contingency)/SF: 664.06**

**Attachment K: 1<sup>st</sup> Year Operating Budget**

Application Date: 8/2/2023  
 Total # Units: 74  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

Project Name: 2530 18th Street  
 Project Address: 2530 18th St  
 Project Sponsor: Mercy Housing Calwest, Mercy Housing California  
 Correct errors noted in Col N!

INCOME	LOSP/non-LOSP Allocation		Total	Comments
	50%	50%		
Residential - Tenant Rents	133,200	688,620	821,820	Links from 'New Proj. - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from 'New Proj. - Rent & Unit Mix' Worksheet
Residential - LOSP Tenant Assistance Payments	574,195	0	574,195	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Commercial Spaces	0	0	0	Links from 'Utilities & Other Income' Worksheet
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	0	0	Supportive Services Income
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	2,251	2,251	4,502	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0	Withdrawal from Capitalized Reserve (deposit)
<b>Gross Potential Income</b>	<b>709,646</b>	<b>690,871</b>	<b>1,400,517</b>	
Vacancy Loss - Residential - Tenant Rents	(6,660)	(34,431)	(41,091)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	#DIV/0!
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>EFFECTIVE GROSS INCOME</b>	<b>702,986</b>	<b>656,440</b>	<b>1,359,426</b>	<b>PUPA: 18,371</b>

OPERATING EXPENSES				
<b>Management</b>				
Management Fee	27,594	27,594	55,188	1st Year to be set according to HUD schedule.
Asset Management Fee	12,140	12,140	24,280	Asset Management Fee
<b>Sub-total Management Expenses</b>	<b>39,734</b>	<b>39,734</b>	<b>79,468</b>	<b>PUPA: 1,074</b>
<b>Salaries/Benefits</b>				
Office Salaries	27,673	27,673	55,346	(0.5 FTE) Assistant Property Manager, (0.33 FTE) Housing Support Specialist
Manager's Salary	37,595	37,595	75,190	(1.0 FTE) Senior Property Manager
Health Insurance and Other Benefits	34,450	34,450	68,900	Health Insurance and Other Benefits
Other Salaries/Benefits	1,720	1,720	3,440	Other Salaries/Benefits
Administrative Rent-Free Unit	0	0	0	Administrative Rent-Free Unit
<b>Sub-total Salaries/Benefits</b>	<b>101,437</b>	<b>101,437</b>	<b>202,874</b>	<b>PUPA: 2,742</b>

<b>Administration</b>				
Advertising and Marketing	1,095	1,095	2,190	
Office Expenses	9,672	9,672	19,344	
Office Rent	0	0	0	Projected LOSP Split
Legal Expense - Property	2,500	2,500	5,000	Legal Expense - Property
Audit Expense	5,625	5,625	11,250	
Bookkeeping/Accounting Services	5,475	5,475	10,950	Projected LOSP Split
Bad Debts	0	0	0	Bad Debts
Miscellaneous	0	0	0	
<b>Sub-total Administration Expenses</b>	<b>24,367</b>	<b>24,367</b>	<b>48,733</b>	<b>PUPA: 659</b>

<b>Utilities</b>				
Electricity	53,584	53,584	107,168	Electricity
Water	12,776	12,776	25,551	
Gas	0	0	0	
Sewer	30,600	30,600	61,200	
<b>Sub-total Utilities</b>	<b>96,960</b>	<b>96,960</b>	<b>193,919</b>	<b>PUPA: 2,621</b>

<b>Taxes and Licenses</b>				
Real Estate Taxes	1,925	1,925	3,850	Real Estate Taxes
Payroll Taxes	0	0	0	Payroll Taxes
Miscellaneous Taxes, Licenses and Permits	0	0	0	
<b>Sub-total Taxes and Licenses</b>	<b>1,925</b>	<b>1,925</b>	<b>3,850</b>	<b>PUPA: 52</b>

<b>Insurance</b>				
Property and Liability Insurance	77,500	77,500	155,000	
Fidelity Bond Insurance	0	0	0	Alternative LOSP Split
Worker's Compensation	0	0	0	Worker's Compensation
Director's & Officers' Liability Insurance	0	0	0	
<b>Sub-total Insurance</b>	<b>77,500</b>	<b>77,500</b>	<b>155,000</b>	<b>PUPA: 2,095</b>

<b>Maintenance &amp; Repair</b>				
Payroll	57,768	57,768	115,536	Payroll
Supplies	4,878	4,878	9,756	Supplies
Contracts	22,325	22,325	44,649	Contracts
Garbage and Trash Removal	32,266	32,266	64,532	Alternative LOSP Split
Security Payroll/Contract	135,690	45,230	180,920	(4.5 FTE) Desk Clerk/ Community Coordinator Hybrid + Benefits + Contract Security
HVAC Repairs and Maintenance	6,030	6,030	12,060	
Vehicle and Maintenance Equipment Operation and Repairs	750	750	1,500	
Miscellaneous Operating and Maintenance Expenses	0	0	0	
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>259,706</b>	<b>169,246</b>	<b>428,952</b>	<b>PUPA: 5,797</b>

<b>Supportive Services</b>	0	33,516	33,516	Alternative LOSP Split
<b>Commercial Expenses</b>	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

**TOTAL OPERATING EXPENSES 601,628 544,684 1,146,312 PUPA: 15,491**

<b>Reserves/Ground Lease Base Rent/Bond Fees</b>				
Ground Lease Base Rent	7,500	7,500	15,000	Ground lease with MOHCD Provide additional comments here, if needed.
Bond Monitoring Fee	1,250	1,250	2,500	
Replacement Reserve Deposit	18,500	18,500	37,000	SuperNOFA minimum
Operating Reserve Deposit	0	0	0	Operating Reserve Deposit
Other Required Reserve 1 Deposit	0	0	0	Other Required Reserve 1 Deposit
Other Required Reserve 2 Deposit	0	0	0	
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>PUPA: 736</b>

**TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 628,878 571,934 1,200,812 PUPA: 16,227**

**NET OPERATING INCOME (INCOME minus OP EXPENSES) 74,108 84,506 158,613 PUPA: 2,143**

<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>				
Hard Debt - First Lender	0	0	0	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	59,473	59,473	118,945	HCD-MHP
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>TOTAL HARD DEBT SERVICE</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>PUPA: 1,607</b>

<b>CASH FLOW (NOI minus DEBT SERVICE)</b>	<b>14,635</b>	<b>25,033</b>	<b>39,668</b>	
Commercial Only Cash Flow	0	0	0	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	14,635	25,033	39,668	Allocation of Commercial Surplus to LOSP/non-

<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>				
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>				
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0	
Partnership Management Fee (see policy for limits)	12,135	12,135	24,270	1st
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	2,500	2,500	5,000	2nd
Other Payments	0	0	0	3rd
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt => Max Fee from cell F130)	0	0	0	Def. Develop. Fee split: 0%
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>14,635</b>	<b>14,635</b>	<b>29,270</b>	<b>PUPA: 396</b>

<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>	<b>0</b>	<b>10,398</b>	<b>10,398</b>	
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**Residual Receipts Calculation**

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

Will Project Defor Developer Fee? No

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 33%

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

Sum of DD F from LOSP and non-LOSP: Ratio of Sum of DDF and calculated 50%:

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$16,000,000	35.98%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.34%
HCD (soft debt loan) - Lender 3	HCD-MHP	\$28,320,125	63.68%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>				
MOHCD Residual Receipts Amount Due	2,518	2,518	2,518	67% of residual receipts, multiplied by 36.32% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	0	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

**REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 7,881 Total Resid Receipts due not allocated, please revise F142**

<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>				
HCD Residual Receipts Amount Due	4,415	4,415	4,415	67% of residual receipts, multiplied by 63.68% -- HCD-MHP's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	0	0	
Lender 5 Residual Receipts Due	0	0	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>4,415</b>	<b>4,415</b>	<b>4,415</b>	

<b>REMAINDER (Should be zero unless there are distributions below)</b>				
Owner Distributions/Incentive Management Fee	3,466	3,466	3,466	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	0	0	
<b>Final Balance (should be zero)</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Application Date: 8/2/2023  
 Total # Units: 74  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	non-LOSP		
Residential - LOSP Tenant Assistance Payments			
Commercial Spaces			
Residential Parking			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income			
Interest Income - Project Operations			
Laundry and Vending	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges			
Miscellaneous Residential Income			
Other Commercial Income	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)	to operating account		
<b>Gross Potential Income</b>			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
<b>EFFECTIVE GROSS INCOME</b>			

OPERATING EXPENSES			
<b>Management</b>			
Management Fee	LOSP	non-LOSP	Approved By (reqd)
Asset Management Fee			
<b>Sub-total Management Expenses</b>			
<b>Salaries/Benefits</b>			
Office Salaries			
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Rent-Free Unit			
<b>Sub-total Salaries/Benefits</b>			
<b>Administration</b>			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	50.00%	50.00%	
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts			
Miscellaneous			
<b>Sub-total Administration Expenses</b>			
<b>Utilities</b>			
Electricity	50.00%	50.00%	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water			
Gas			
Sewer			
<b>Sub-total Utilities</b>			
<b>Taxes and Licenses</b>			
Real Estate Taxes			Approved By (reqd)
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
<b>Sub-total Taxes and Licenses</b>			
<b>Insurance</b>			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
<b>Sub-total Insurance</b>			
<b>Maintenance &amp; Repair</b>			
Payroll			Approved By (reqd)
Supplies	50.00%	50.00%	(LOSP-specific expenses must be tracked at entry level in project's)
Contracts			
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract	75.00%	25.00%	
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
<b>Sub-total Maintenance &amp; Repair Expenses</b>			
Supportive Services	0.00%	100.00%	Approved By (reqd)
Commercial Expenses			

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

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

NET OPERATING INCOME (INCOME minus OP EXPENSES)			
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>			
Hard Debt - First Lender	0.00%	100.00%	Approved By (reqd)
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	42% pymt, or other 2nd Lender		
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	n, or other 3rd Lender		
Hard Debt - Fourth Lender			
Commercial Hard Debt Service			
<b>TOTAL HARD DEBT SERVICE</b>			

CASH FLOW (NOI minus NET DEBT SERVICE)			
Commercial Only Cash Flow			
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	non-LOSP (residual income)		
<b>AVAILABLE CASH FLOW</b>			
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>			
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	LOSP	non-LOSP	Approved By (reqd)
Other Payments			
Non-amortizing Loan Pymt - Lender 1 (select lender in comments field)	lender in comments field		
Non-amortizing Loan Pymt - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt => Max Fee from cell I130)	0.00%	100.00%	
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>			

**RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)**

*Residual Receipts Calculation*  
 Does Project have a MOHCD Residual Receipt Obligation?  
 Will Project Defor Developer Fee?  
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 0  
 % of Residual Receipts available for distribution to soft debt lenders in #VALUE!

Soft Debt Lenders with Residual Receipts Obligations	
MOHCD/OCDI - Soft Debt Loans	
MOHCD/OCDI - Ground Lease Value or Land Acq Cost	
HCD (soft debt loan) - Lender 3	
Other Soft Debt Lender - Lender 4	
Other Soft Debt Lender - Lender 5	

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

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	
<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>	
HCD Residual Receipts Amount Due	
Lender 4 Residual Receipts Due	
Lender 5 Residual Receipts Due	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	

**REMAINDER (Should be zero unless there are distributions below)**

Owner Distributions/Incentive Management Fee	
Other Distributions/Uses	
<b>Final Balance (should be zero)</b>	

**Attachment L: 20-year Operating Proforma**



INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 1 2026			Year 2 2027			Year 3 2028			
	74	LOSP Units		Non-LOSP Units	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		50.00%		37									
Other Reserve 2 Withdrawals	annual inc LOSP	% annual increase											
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													



2530 18th Street

Total # Units:	LOSP Units		Non-LOSP Units		Year 4 2029			Year 5 2030			Year 6 2031		
	74	37	37										
		50.00%	50.00%										
INCOME	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
Residential - Tenant Rents	1.0%	2.5%		137,236	741,568	878,805	136,608	760,108	896,716	139,995	779,110	919,105	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a											
Residential - LOSP Tenant Assistance Payments	n/a	n/a		635,595		635,595	657,577		657,577	680,361		680,361	
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%											
Interest Income - Project Operations	2.5%	2.5%											
Laundry and Vending	2.5%	2.5%		2,424	2,424	4,848	2,485	2,485	4,970	2,547	2,547	5,094	
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										
<b>Gross Potential Income</b>				<b>775,255</b>	<b>743,993</b>	<b>1,519,248</b>	<b>798,670</b>	<b>762,592</b>	<b>1,561,262</b>	<b>822,903</b>	<b>781,657</b>	<b>1,604,560</b>	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(6,862)	(37,078)	(43,940)	(6,930)	(38,005)	(44,936)	(7,000)	(38,958)	(45,955)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a											
Vacancy Loss - Commercial	n/a	n/a											
<b>EFFECTIVE GROSS INCOME</b>				<b>768,393</b>	<b>706,914</b>	<b>1,475,308</b>	<b>791,740</b>	<b>724,587</b>	<b>1,516,327</b>	<b>815,903</b>	<b>742,702</b>	<b>1,558,605</b>	
<b>OPERATING EXPENSES</b>													
<b>Management</b>													
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule	30,594	30,594	61,188	31,665	31,665	63,329	32,773	32,773	65,546	
Asset Management Fee	3.5%	3.5%	per MOHCD policy	13,460	13,460	26,920	13,931	13,931	27,862	14,419	14,419	28,837	
<b>Sub-total Management Expenses</b>				<b>44,054</b>	<b>44,054</b>	<b>88,108</b>	<b>45,596</b>	<b>45,596</b>	<b>91,191</b>	<b>47,192</b>	<b>47,192</b>	<b>94,383</b>	
<b>Salaries/Benefits</b>													
Office Salaries	3.5%	3.5%		30,681	30,681	61,363	31,755	31,755	63,510	32,867	32,867	65,733	
Manager's Salary	3.5%	3.5%		41,682	41,682	83,363	43,141	43,141	86,281	44,650	44,650	89,301	
Health Insurance and Other Benefits	3.5%	3.5%		38,195	38,195	76,390	39,532	39,532	79,064	40,916	40,916	81,831	
Other Salaries/Benefits	3.5%	3.5%		1,907	1,907	3,814	1,974	1,974	3,947	2,043	2,043	4,086	
Administrative Rent-Free Unit	3.5%	3.5%											
<b>Sub-total Salaries/Benefits</b>				<b>112,465</b>	<b>112,465</b>	<b>224,930</b>	<b>116,401</b>	<b>116,401</b>	<b>232,803</b>	<b>120,476</b>	<b>120,476</b>	<b>240,951</b>	
<b>Administration</b>													
Advertising and Marketing	3.5%	3.5%		1,214	1,214	2,428	1,257	1,257	2,513	1,301	1,301	2,601	
Office Expenses	3.5%	3.5%		10,723	10,723	21,446	11,098	11,098	22,197	11,487	11,487	22,973	
Office Rent	3.5%	3.5%											
Legal Expense - Property	3.5%	3.5%		2,772	2,772	5,544	2,869	2,869	5,738	2,969	2,969	5,938	
Audit Expense	3.5%	3.5%		6,237	6,237	12,473	6,455	6,455	12,910	6,681	6,681	13,361	
Bookkeeping/Accounting Services	3.5%	3.5%		6,070	6,070	12,140	6,283	6,283	12,565	6,503	6,503	13,005	
Bad Debts	3.5%	3.5%											
Miscellaneous	3.5%	3.5%											
<b>Sub-total Administration Expenses</b>				<b>27,016</b>	<b>27,016</b>	<b>54,031</b>	<b>27,961</b>	<b>27,961</b>	<b>55,922</b>	<b>28,940</b>	<b>28,940</b>	<b>57,880</b>	
<b>Utilities</b>													
Electricity	3.5%	3.5%		59,410	59,410	118,819	61,489	61,489	122,978	63,641	63,641	127,282	
Water	3.5%	3.5%		14,164	14,164	28,327	14,660	14,660	29,320	15,173	15,173	30,347	
Gas	3.5%	3.5%											
Sewer	3.5%	3.5%		33,927	33,927	67,854	35,114	35,114	70,228	36,343	36,343	72,686	
<b>Sub-total Utilities</b>				<b>107,501</b>	<b>107,501</b>	<b>215,001</b>	<b>111,263</b>	<b>111,263</b>	<b>222,527</b>	<b>115,157</b>	<b>115,157</b>	<b>230,315</b>	
<b>Taxes and Licenses</b>													
Real Estate Taxes	3.5%	3.5%		2,134	2,134	4,269	2,209	2,209	4,418	2,286	2,286	4,573	
Payroll Taxes	3.5%	3.5%											
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%											
<b>Sub-total Taxes and Licenses</b>				<b>2,134</b>	<b>2,134</b>	<b>4,269</b>	<b>2,209</b>	<b>2,209</b>	<b>4,418</b>	<b>2,286</b>	<b>2,286</b>	<b>4,573</b>	
<b>Insurance</b>													
Property and Liability Insurance	3.5%	3.5%		85,926	85,926	171,851	88,933	88,933	177,866	92,046	92,046	184,091	
Fidelity Bond Insurance	3.5%	3.5%											
Worker's Compensation	3.5%	3.5%											
Director's & Officers' Liability Insurance	3.5%	3.5%											
<b>Sub-total Insurance</b>				<b>85,926</b>	<b>85,926</b>	<b>171,851</b>	<b>88,933</b>	<b>88,933</b>	<b>177,866</b>	<b>92,046</b>	<b>92,046</b>	<b>184,091</b>	
<b>Maintenance &amp; Repair</b>													
Payroll	3.5%	3.5%		64,048	64,048	128,097	66,290	66,290	132,580	68,610	68,610	137,221	
Supplies	3.5%	3.5%		5,408	5,408	10,816	5,597	5,597	11,194	5,793	5,793	11,586	
Contracts	3.5%	3.5%		24,752	24,752	49,503	25,618	25,618	51,236	26,515	26,515	53,029	
Garbage and Trash Removal	3.5%	3.5%		35,774	35,774	71,548	37,026	37,026	74,052	38,322	38,322	76,644	
Security Payroll/Contract	3.5%	3.5%		150,442	150,442	300,883	155,707	155,707	311,414	161,557	161,557	323,114	
HVAC Repairs and Maintenance	3.5%	3.5%		6,686	6,686	13,371	6,820	6,820	13,639	7,162	7,162	14,323	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		832	832	1,663	861	861	1,721	891	891	1,782	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%											
<b>Sub-total Maintenance &amp; Repair Expenses</b>				<b>287,941</b>	<b>287,941</b>	<b>575,882</b>	<b>298,019</b>	<b>298,019</b>	<b>596,032</b>	<b>306,449</b>	<b>306,449</b>	<b>612,916</b>	
<b>Supportive Services</b>	3.5%	3.5%			37,160	37,160		38,460	38,460		39,806	39,806	
<b>Commercial Expenses</b>													
from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%													
<b>TOTAL OPERATING EXPENSES</b>				<b>667,036</b>	<b>603,901</b>	<b>1,270,937</b>	<b>690,382</b>	<b>625,038</b>	<b>1,315,420</b>	<b>714,546</b>	<b>646,914</b>	<b>1,361,459</b>	
<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>													
PUPA (w/o Reserves/GL Base Rent/Bond Fees)													
Ground Lease Base Rent				7,500	7,500	15,000	7,500	7,500	15,000	7,500	7,500	15,000	
Bond Monitoring Fee				1,250	1,250	2,500	1,250	1,250	2,500	1,250	1,250	2,500	
Replacement Reserve Deposit				18,500	18,500	37,000	18,500	18,500	37,000	18,500	18,500	37,000	
Operating Reserve Deposit													
Other Required Reserve 1 Deposit													
Other Required Reserve 2 Deposit													
Required Reserve Deposits, Commercial													
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>				<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>				<b>694,286</b>	<b>631,151</b>	<b>1,325,437</b>	<b>717,632</b>	<b>652,288</b>	<b>1,369,920</b>	<b>741,796</b>	<b>674,164</b>	<b>1,415,959</b>	
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>													
				<b>74,108</b>	<b>75,763</b>	<b>149,871</b>	<b>74,107</b>	<b>72,299</b>	<b>146,407</b>	<b>74,107</b>	<b>68,538</b>	<b>142,645</b>	
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>													
Hard Debt - First Lender													
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)													
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)													
Hard Debt - Fourth Lender													
Commercial Hard Debt Service													
<b>TOTAL HARD DEBT SERVICE</b>				<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>				<b>14,635</b>	<b>16,291</b>	<b>30,926</b>	<b>14,635</b>	<b>12,827</b>	<b>27,462</b>	<b>14,635</b>	<b>9,065</b>	<b>23,700</b>	
Commercial Only Cash Flow													
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)													
<b>AVAILABLE CASH FLOW</b>				<b>14,635</b>	<b>16,291</b>	<b>30,926</b>	<b>14,635</b>	<b>12,827</b>	<b>27,462</b>	<b>14,635</b>	<b>9,065</b>	<b>23,700</b>	
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>													
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>													
"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	12,135	12,135	24,270	12,135	12,135	24,270	12,135	12,135	24,270	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	2,500	2,500	5,000	2,500	2,500	5,000	2,500	2,500	5,000	
Other Payments													
Non-amortizing Loan Pmnt - Lender 1													
Non-amortizing Loan Pmnt - Lender 2													
Deferred Developer Fee (Enter amt <= Max Fee from row 131)													
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>				<b>14,635</b>	<b>14,635</b>	<b>29,270</b>	<b>14,635</b>	<b>14,635</b>	<b>29,270</b>	<b>14,635</b>	<b>14,635</b>	<b>29,270</b>	
<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>					<b></b>								

INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 4 2029			Year 5 2030			Year 6 2031			
	74	37		37	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													

2530 18th Street

Total # Units:	LOSP Units		Non-LOSP Units		Year 7 2032			Year 8 2033			Year 9 2034		
	74	37	37										
	50.00%	50.00%	50.00%										
INCOME	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
Residential - Tenant Rents	1.0%	2.5%		141,394	798,588	939,983	142,808	818,553	961,361	144,237	839,017	983,253	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments	n/a	n/a		703,977	-	703,977	728,453	-	728,453	753,819	-	753,819	
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%		-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%	2.5%		2,611	2,611	5,221	2,676	2,676	5,352	2,743	2,743	5,485	
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	-	-	-	-	-	-	-	-	-	
<b>Gross Potential Income</b>				<b>847,982</b>	<b>801,199</b>	<b>1,649,180</b>	<b>873,937</b>	<b>821,229</b>	<b>1,695,166</b>	<b>900,799</b>	<b>841,759</b>	<b>1,742,558</b>	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(7,070)	(39,929)	(46,999)	(7,140)	(40,928)	(48,068)	(7,212)	(41,951)	(49,163)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-	
<b>EFFECTIVE GROSS INCOME</b>				<b>840,912</b>	<b>761,269</b>	<b>1,602,181</b>	<b>866,797</b>	<b>780,301</b>	<b>1,647,098</b>	<b>893,587</b>	<b>799,808</b>	<b>1,693,395</b>	
<b>OPERATING EXPENSES</b>													
<b>Management</b>													
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule	33,920	33,920	67,840	35,107	35,107	70,215	36,336	36,336	72,672	
Asset Management Fee	3.5%	3.5%	per MOHCD policy	14,923	14,923	29,846	15,445	15,445	30,891	15,966	15,966	31,972	
<b>Sub-total Management Expenses</b>				<b>48,843</b>	<b>48,843</b>	<b>97,686</b>	<b>50,553</b>	<b>50,553</b>	<b>101,105</b>	<b>52,322</b>	<b>52,322</b>	<b>104,644</b>	
<b>Salaries/Benefits</b>													
Office Salaries	3.5%	3.5%		34,017	34,017	68,034	35,208	35,208	70,415	36,440	36,440	72,880	
Manager's Salary	3.5%	3.5%		46,213	46,213	92,426	47,831	47,831	95,661	49,505	49,505	99,010	
Health Insurance and Other Benefits	3.5%	3.5%		42,348	42,348	84,695	43,830	43,830	87,660	45,364	45,364	90,728	
Other Salaries/Benefits	3.5%	3.5%		2,114	2,114	4,229	2,188	2,188	4,377	2,265	2,265	4,530	
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Salaries/Benefits</b>				<b>124,692</b>	<b>124,692</b>	<b>249,384</b>	<b>129,056</b>	<b>129,056</b>	<b>258,113</b>	<b>133,573</b>	<b>133,573</b>	<b>267,147</b>	
<b>Administration</b>													
Advertising and Marketing	3.5%	3.5%		1,346	1,346	2,692	1,393	1,393	2,786	1,442	1,442	2,884	
Office Expenses	3.5%	3.5%		11,889	11,889	23,777	12,305	12,305	24,610	12,736	12,736	25,471	
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%		3,073	3,073	6,146	3,181	3,181	6,361	3,292	3,292	6,584	
Audit Expense	3.5%	3.5%		6,915	6,915	13,829	7,157	7,157	14,313	7,407	7,407	14,814	
Bookkeeping/Accounting Services	3.5%	3.5%		6,730	6,730	13,460	6,966	6,966	13,931	7,210	7,210	14,419	
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Administration Expenses</b>				<b>29,953</b>	<b>29,953</b>	<b>59,905</b>	<b>31,001</b>	<b>31,001</b>	<b>62,002</b>	<b>32,086</b>	<b>32,086</b>	<b>64,172</b>	
<b>Utilities</b>													
Electricity	3.5%	3.5%		65,868	65,868	131,737	68,174	68,174	136,348	70,560	70,560	141,120	
Water	3.5%	3.5%		15,704	15,704	31,409	16,254	16,254	32,508	16,823	16,823	33,646	
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Sewer	3.5%	3.5%		37,615	37,615	75,230	38,932	38,932	77,863	40,294	40,294	80,589	
<b>Sub-total Utilities</b>				<b>119,188</b>	<b>119,188</b>	<b>238,376</b>	<b>123,360</b>	<b>123,360</b>	<b>246,719</b>	<b>127,677</b>	<b>127,677</b>	<b>255,354</b>	
<b>Taxes and Licenses</b>													
Real Estate Taxes	3.5%	3.5%		2,366	2,366	4,733	2,449	2,449	4,898	2,535	2,535	5,070	
Payroll Taxes	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Taxes and Licenses</b>				<b>2,366</b>	<b>2,366</b>	<b>4,733</b>	<b>2,449</b>	<b>2,449</b>	<b>4,898</b>	<b>2,535</b>	<b>2,535</b>	<b>5,070</b>	
<b>Insurance</b>													
Property and Liability Insurance	3.5%	3.5%		95,267	95,267	190,535	98,602	98,602	197,203	102,053	102,053	204,105	
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Insurance</b>				<b>95,267</b>	<b>95,267</b>	<b>190,535</b>	<b>98,602</b>	<b>98,602</b>	<b>197,203</b>	<b>102,053</b>	<b>102,053</b>	<b>204,105</b>	
<b>Maintenance &amp; Repair</b>													
Payroll	3.5%	3.5%		71,012	71,012	142,023	73,497	73,497	146,994	76,069	76,069	152,139	
Supplies	3.5%	3.5%		5,996	5,996	11,991	6,206	6,206	12,411	6,423	6,423	12,845	
Contracts	3.5%	3.5%		27,443	27,443	54,885	28,403	28,403	56,806	29,397	29,397	58,794	
Garbage and Trash Removal	3.5%	3.5%		39,663	39,663	79,326	41,051	41,051	82,103	42,498	42,498	84,976	
Security Payroll/Contract	3.5%	3.5%		168,798	168,798	337,597	172,636	172,636	345,272	178,678	178,678	357,356	
HVAC Repairs and Maintenance	3.5%	3.5%		7,412	7,412	14,824	7,672	7,672	15,344	7,940	7,940	15,881	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		922	922	1,844	954	954	1,908	988	988	1,975	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Maintenance &amp; Repair Expenses</b>				<b>319,245</b>	<b>319,245</b>	<b>638,490</b>	<b>330,419</b>	<b>330,419</b>	<b>660,897</b>	<b>341,983</b>	<b>341,983</b>	<b>683,948</b>	
<b>Supportive Services</b>	3.5%	3.5%		-	41,200	41,200	-	42,642	42,642	-	44,134	44,134	
<b>Commercial Expenses</b>													
from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%				-	-	-	-	-	-	-	-	-	
<b>TOTAL OPERATING EXPENSES</b>				<b>739,555</b>	<b>669,556</b>	<b>1,409,111</b>	<b>765,439</b>	<b>692,990</b>	<b>1,458,429</b>	<b>792,229</b>	<b>717,245</b>	<b>1,509,474</b>	
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>													
Ground Lease Base Rent				7,500	7,500	15,000	7,500	7,500	15,000	7,500	7,500	15,000	
Bond Monitoring Fee				1,250	1,250	2,500	1,250	1,250	2,500	1,250	1,250	2,500	
Replacement Reserve Deposit				18,500	18,500	37,000	18,500	18,500	37,000	18,500	18,500	37,000	
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%				-	-	-	-	-	-	-	-	-	
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>				<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>				<b>766,805</b>	<b>696,806</b>	<b>1,463,611</b>	<b>792,689</b>	<b>720,240</b>	<b>1,512,929</b>	<b>819,479</b>	<b>744,495</b>	<b>1,563,974</b>	
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>				<b>74,108</b>	<b>64,463</b>	<b>138,571</b>	<b>74,108</b>	<b>60,061</b>	<b>134,168</b>	<b>74,108</b>	<b>55,313</b>	<b>129,421</b>	
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>													
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	59,473	59,473	118,945	59,473	59,473	118,945	59,473	59,473	118,945	
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%	-	-	-	-	-	-	-	-	-	
<b>TOTAL HARD DEBT SERVICE</b>				<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>				<b>14,635</b>	<b>4,991</b>	<b>19,626</b>	<b>14,635</b>	<b>88</b>	<b>15,223</b>	<b>14,635</b>	<b>(4,159)</b>	<b>10,476</b>	
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-	
<b>AVAILABLE CASH FLOW</b>				<b>14,635</b>	<b>4,991</b>	<b>19,626</b>	<b>14,635</b>	<b>88</b>	<b>15,223</b>	<b>14,635</b> </			

	<b>Total # Units:</b> 74	LOSP Units		Non-LOSP Units		Year 7 2032			Year 8 2033			Year 9 2034					
		37		37		annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		50.00%	50.00%														
<b>INCOME</b>																	
Other Reserve 2 Withdrawals																	
Other Reserve 2 Interest																	
<b>Other Required Reserve 2 Running Balance</b>																	

2530 18th Street

INCOME	Total # Units:		Year 10 2035			Year 11 2036			Year 12 2037		
	LOSP Units	Non-LOSP Units	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
	74	37	50.00%	50.00%							
INCOME	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)								
Residential - Tenant Rents	1.0%	2.5%	146,679	859,992	1,006,671	147,136	881,492	1,028,627	148,607	903,529	1,052,136
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a	-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a	780,109	-	780,109	807,353	-	807,353	835,586	-	835,586
Commercial Space	n/a	2.5%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%	2,811	2,811	5,623	2,882	2,882	5,763	2,954	2,954	5,907
Tenant Charges	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			<b>928,599</b>	<b>862,803</b>	<b>1,791,402</b>	<b>957,370</b>	<b>884,373</b>	<b>1,841,744</b>	<b>987,147</b>	<b>906,483</b>	<b>1,893,629</b>
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(7,284)	(43,000)	(50,284)	(7,357)	(44,075)	(51,431)	(7,430)	(45,176)	(52,607)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>			<b>921,315</b>	<b>819,804</b>	<b>1,741,119</b>	<b>950,013</b>	<b>840,299</b>	<b>1,790,312</b>	<b>979,716</b>	<b>861,306</b>	<b>1,841,023</b>
<b>OPERATING EXPENSES</b>											
<b>Management</b>											
Management Fee	3.5%	3.5%	37,608	37,608	75,216	38,924	38,924	77,848	40,286	40,286	80,573
Asset Management Fee	3.5%	3.5%	16,546	16,546	33,091	17,125	17,125	34,249	17,724	17,724	35,448
<b>Sub-total Management Expenses</b>			<b>54,153</b>	<b>54,153</b>	<b>108,307</b>	<b>56,049</b>	<b>56,049</b>	<b>112,097</b>	<b>58,010</b>	<b>58,010</b>	<b>116,021</b>
<b>Salaries/Benefits</b>											
Office Salaries	3.5%	3.5%	37,715	37,715	75,430	39,035	39,035	78,070	40,401	40,401	80,803
Manager's Salary	3.5%	3.5%	51,237	51,237	102,475	53,031	53,031	106,062	54,887	54,887	109,774
Health Insurance and Other Benefits	3.5%	3.5%	46,952	46,952	93,903	48,595	48,595	97,190	50,296	50,296	100,592
Other Salaries/Benefits	3.5%	3.5%	2,344	2,344	4,688	2,426	2,426	4,852	2,511	2,511	5,022
Administrative Rent-Free Unit	3.5%	3.5%	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>			<b>138,248</b>	<b>138,248</b>	<b>276,497</b>	<b>143,087</b>	<b>143,087</b>	<b>286,174</b>	<b>148,095</b>	<b>148,095</b>	<b>296,190</b>
<b>Administration</b>											
Advertising and Marketing	3.5%	3.5%	1,492	1,492	2,985	1,545	1,545	3,089	1,599	1,599	3,197
Office Expenses	3.5%	3.5%	13,181	13,181	26,363	13,643	13,643	27,285	14,120	14,120	28,240
Office Rent	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%	3,407	3,407	6,814	3,526	3,526	7,053	3,650	3,650	7,300
Audit Expense	3.5%	3.5%	7,666	7,666	15,333	7,935	7,935	15,869	8,212	8,212	16,425
Bookkeeping/Accounting Services	3.5%	3.5%	7,462	7,462	14,924	7,723	7,723	15,446	7,993	7,993	15,987
Bad Debts	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%	-	-	-	-	-	-	-	-	-
<b>Sub-total Administration Expenses</b>			<b>33,209</b>	<b>33,209</b>	<b>66,418</b>	<b>34,371</b>	<b>34,371</b>	<b>68,743</b>	<b>35,574</b>	<b>35,574</b>	<b>71,149</b>
<b>Utilities</b>											
Electricity	3.5%	3.5%	73,029	73,029	146,059	75,586	75,586	151,171	78,231	78,231	156,462
Water	3.5%	3.5%	17,412	17,412	34,823	18,021	18,021	36,042	18,652	18,652	37,304
Gas	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%	41,705	41,705	83,409	43,164	43,164	86,329	44,675	44,675	89,350
<b>Sub-total Utilities</b>			<b>132,146</b>	<b>132,146</b>	<b>264,292</b>	<b>136,771</b>	<b>136,771</b>	<b>273,542</b>	<b>141,558</b>	<b>141,558</b>	<b>283,116</b>
<b>Taxes and Licenses</b>											
Real Estate Taxes	3.5%	3.5%	2,624	2,624	5,247	2,715	2,715	5,431	2,810	2,810	5,621
Payroll Taxes	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%	-	-	-	-	-	-	-	-	-
<b>Sub-total Taxes and Licenses</b>			<b>2,624</b>	<b>2,624</b>	<b>5,247</b>	<b>2,715</b>	<b>2,715</b>	<b>5,431</b>	<b>2,810</b>	<b>2,810</b>	<b>5,621</b>
<b>Insurance</b>											
Property and Liability Insurance	3.5%	3.5%	105,625	105,625	211,249	109,321	109,321	218,643	113,148	113,148	226,295
Fidelity Bond Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			<b>105,625</b>	<b>105,625</b>	<b>211,249</b>	<b>109,321</b>	<b>109,321</b>	<b>218,643</b>	<b>113,148</b>	<b>113,148</b>	<b>226,295</b>
<b>Maintenance &amp; Repair</b>											
Payroll	3.5%	3.5%	78,732	78,732	157,464	81,487	81,487	162,975	84,340	84,340	168,679
Supplies	3.5%	3.5%	6,648	6,648	13,295	6,880	6,880	13,760	7,121	7,121	14,242
Contracts	3.5%	3.5%	30,426	30,426	60,852	31,491	31,491	62,982	32,593	32,593	65,186
Garbage and Trash Removal	3.5%	3.5%	43,975	43,975	87,950	45,514	45,514	91,029	47,107	47,107	94,215
Security Payroll/Contract	3.5%	3.5%	184,932	184,932	369,864	191,404	191,404	382,808	198,103	198,103	396,138
HVAC Repairs and Maintenance	3.5%	3.5%	8,218	8,218	16,437	8,506	8,506	17,012	8,804	8,804	17,607
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%	1,022	1,022	2,044	1,058	1,058	2,116	1,095	1,095	2,190
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%	-	-	-	-	-	-	-	-	-
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>353,953</b>	<b>353,953</b>	<b>707,906</b>	<b>366,341</b>	<b>366,341</b>	<b>732,690</b>	<b>379,163</b>	<b>379,163</b>	<b>758,257</b>
<b>Supportive Services</b>	3.5%	3.5%	-	45,679	45,679	-	47,278	47,278	-	48,932	48,932
<b>Commercial Expenses</b>											
<b>TOTAL OPERATING EXPENSES</b>			<b>819,957</b>	<b>742,349</b>	<b>1,562,306</b>	<b>848,656</b>	<b>768,331</b>	<b>1,616,987</b>	<b>878,359</b>	<b>795,222</b>	<b>1,673,581</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>											
Ground Lease Base Rent			7,500	7,500	15,000	7,500	7,500	15,000	7,500	7,500	15,000
Bond Monitoring Fee			1,250	1,250	2,500	1,250	1,250	2,500	1,250	1,250	2,500
Replacement Reserve Deposit			18,500	18,500	37,000	18,500	18,500	37,000	18,500	18,500	37,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>			<b>847,207</b>	<b>769,599</b>	<b>1,616,806</b>	<b>875,906</b>	<b>795,581</b>	<b>1,671,487</b>	<b>905,609</b>	<b>822,472</b>	<b>1,728,081</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>74,107</b>	<b>50,205</b>	<b>124,313</b>	<b>74,107</b>	<b>44,718</b>	<b>118,825</b>	<b>74,108</b>	<b>38,834</b>	<b>112,941</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>											
Hard Debt - First Lender			-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			59,473	59,473	118,945	59,473	59,473	118,945	59,473	59,473	118,945
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>			<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>			<b>14,635</b>	<b>(9,267)</b>	<b>5,368</b>	<b>14,635</b>	<b>(14,755)</b>	<b>(120)</b>	<b>14,635</b>	<b>(20,639)</b>	<b>(6,004)</b>
Commercial Only Cash Flow			-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)			-	-	-	-	-	-	-	-	-
<b>AVAILABLE CASH FLOW</b>			<b>14,635</b>	<b>(9,267)</b>	<b>5,368</b>	<b>14,635</b>	<b>(14,755)</b>	<b>(120)</b>	<b>14,635</b>	<b>(20,639)</b>	<b>(6,004)</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>											
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>											
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	12,135	12,135	24,270	12,135	12,135	24,270	12,135	12,135	24,270
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			2,500	2,500	5,000	2,500	2,500	5,000	2,500	2,500	5,000
Other Payments			-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			-	-	-	-					

INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 10 2035			Year 11 2036			Year 12 2037			
	74	37		37	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													

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Total # Units:	LOSP Units		Non-LOSP Units		Year 13 2038			Year 14 2039			Year 15 2040			
	74	37	37		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
		50.00%	50.00%		annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
<b>INCOME</b>														
Residential - Tenant Rents		1.0%	2.5%		150,093		926,117	1,076,210	151,594	949,270	1,100,864	153,110	973,002	1,126,112
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a											
Residential - LOSP Tenant Assistance Payments		n/a	n/a		864,843		864,843	864,843	895,160	895,160	926,575			926,575
Commercial Space		n/a	2.5%											
Residential Parking		2.5%	2.5%											
Miscellaneous Rent Income		2.5%	2.5%											
Supportive Services Income		2.5%	2.5%											
Interest Income - Project Operations		2.5%	2.5%											
Laundry and Vending		2.5%	2.5%		3,027		3,027	6,055	3,103	3,103	6,206	3,181	3,181	6,381
Tenant Charges		2.5%	2.5%											
Miscellaneous Residential Income		2.5%	2.5%											
Other Commercial Income		n/a	2.5%											
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a											
<b>Gross Potential Income</b>					<b>1,017,964</b>		<b>929,145</b>	<b>1,947,108</b>	<b>1,049,857</b>	<b>952,373</b>	<b>2,002,231</b>	<b>1,082,865</b>	<b>976,183</b>	<b>2,059,048</b>
Vacancy Loss - Residential - Tenant Rents		n/a	n/a		(7,505)	(46,306)	(53,811)	(7,580)	(47,464)	(55,043)	(7,655)	(48,650)	(56,306)	
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a											
Vacancy Loss - Commercial		n/a	n/a											
<b>EFFECTIVE GROSS INCOME</b>					<b>1,010,459</b>		<b>882,839</b>	<b>1,893,298</b>	<b>1,042,278</b>	<b>904,910</b>	<b>1,947,187</b>	<b>1,075,210</b>	<b>927,533</b>	<b>2,002,742</b>
<b>OPERATING EXPENSES</b>														
<b>Management</b>														
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	41,696		41,696	83,393	43,156	43,156	86,312	44,666	44,666	89,333
Asset Management Fee		3.5%	3.5%	per MOHCD policy	18,344		18,344	36,689	18,986	18,986	37,973	19,651	19,651	39,302
<b>Sub-total Management Expenses</b>					<b>60,041</b>		<b>60,041</b>	<b>120,082</b>	<b>62,142</b>	<b>62,142</b>	<b>124,284</b>	<b>64,317</b>	<b>64,317</b>	<b>128,634</b>
<b>Salaries/Benefits</b>														
Office Salaries		3.5%	3.5%		41,815		41,815	83,631	43,279	43,279	86,558	44,794	44,794	89,588
Manager's Salary		3.5%	3.5%		56,808		56,808	113,616	58,796	58,796	117,592	60,854	60,854	121,708
Health Insurance and Other Benefits		3.5%	3.5%		52,056		52,056	104,112	53,878	53,878	107,756	55,764	55,764	111,528
Other Salaries/Benefits		3.5%	3.5%		2,599		2,599	5,198	2,690	2,690	5,380	2,784	2,784	5,568
Administrative Rent-Free Unit		3.5%	3.5%											
<b>Sub-total Salaries/Benefits</b>					<b>153,279</b>		<b>153,279</b>	<b>306,557</b>	<b>158,643</b>	<b>158,643</b>	<b>317,287</b>	<b>164,196</b>	<b>164,196</b>	<b>328,392</b>
<b>Administration</b>														
Advertising and Marketing		3.5%	3.5%		1,655		1,655	3,309	1,713	1,713	3,425	1,772	1,772	3,545
Office Expenses		3.5%	3.5%		14,614		14,614	29,229	15,126	15,126	30,252	15,655	15,655	31,310
Office Rent		3.5%	3.5%											
Legal Expense - Property		3.5%	3.5%		3,778		3,778	7,555	3,910	3,910	7,820	4,047	4,047	8,093
Audit Expense		3.5%	3.5%		8,500		8,500	17,000	8,797	8,797	17,595	9,105	9,105	18,210
Bookkeeping/Accounting Services		3.5%	3.5%		8,273		8,273	16,546	8,563	8,563	17,125	8,862	8,862	17,725
Bad Debts		3.5%	3.5%											
Miscellaneous		3.5%	3.5%											
<b>Sub-total Administration Expenses</b>					<b>36,819</b>		<b>36,819</b>	<b>73,639</b>	<b>38,108</b>	<b>38,108</b>	<b>76,216</b>	<b>39,442</b>	<b>39,442</b>	<b>78,884</b>
<b>Utilities</b>														
Electricity		3.5%	3.5%		80,969		80,969	161,938	83,803	83,803	167,606	86,736	86,736	173,472
Water		3.5%	3.5%		19,305		19,305	38,609	19,980	19,980	39,961	20,680	20,680	41,359
Gas		3.5%	3.5%											
Sewer		3.5%	3.5%		46,239		46,239	92,477	47,857	47,857	95,714	49,532	49,532	99,064
<b>Sub-total Utilities</b>					<b>146,512</b>		<b>146,512</b>	<b>293,025</b>	<b>151,640</b>	<b>151,640</b>	<b>303,281</b>	<b>156,948</b>	<b>156,948</b>	<b>313,896</b>
<b>Taxes and Licenses</b>														
Real Estate Taxes		3.5%	3.5%		2,909		2,909	5,818	3,011	3,011	6,021	3,116	3,116	6,232
Payroll Taxes		3.5%	3.5%											
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%											
<b>Sub-total Taxes and Licenses</b>					<b>2,909</b>		<b>2,909</b>	<b>5,818</b>	<b>3,011</b>	<b>3,011</b>	<b>6,021</b>	<b>3,116</b>	<b>3,116</b>	<b>6,232</b>
<b>Insurance</b>														
Property and Liability Insurance		3.5%	3.5%		117,108		117,108	234,216	121,207	121,207	242,413	125,449	125,449	250,898
Fidelity Bond Insurance		3.5%	3.5%											
Worker's Compensation		3.5%	3.5%											
Director's & Officers' Liability Insurance		3.5%	3.5%											
<b>Sub-total Insurance</b>					<b>117,108</b>		<b>117,108</b>	<b>234,216</b>	<b>121,207</b>	<b>121,207</b>	<b>242,413</b>	<b>125,449</b>	<b>125,449</b>	<b>250,898</b>
<b>Maintenance &amp; Repair</b>														
Payroll		3.5%	3.5%		87,291		87,291	174,583	90,347	90,347	180,693	93,509	93,509	187,017
Supplies		3.5%	3.5%		7,370		7,370	14,740	7,628	7,628	15,256	7,895	7,895	15,790
Contracts		3.5%	3.5%		33,734		33,734	67,468	34,915	34,915	69,829	36,137	36,137	72,273
Garbage and Trash Removal		3.5%	3.5%		46,756		46,756	93,512	50,463	50,463	100,925	52,229	52,229	104,458
Security Payroll/Contract		3.5%	3.5%		205,037		205,037	410,073	212,213	212,213	424,425	219,641	219,641	439,284
HVAC Repairs and Maintenance		3.5%	3.5%		9,112		9,112	18,223	9,431	9,431	18,861	9,761	9,761	19,521
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%		1,133		1,133	2,267	1,173	1,173	2,346	1,214	1,214	2,428
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%											
<b>Sub-total Maintenance &amp; Repair Expenses</b>					<b>392,434</b>		<b>392,434</b>	<b>784,868</b>	<b>406,169</b>	<b>406,169</b>	<b>812,338</b>	<b>420,385</b>	<b>420,385</b>	<b>840,742</b>
<b>Supportive Services</b>														
Commercial Expenses		3.5%	3.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%			50,645	50,645		52,418	52,418		54,252	54,252
<b>TOTAL OPERATING EXPENSES</b>					<b>908,101</b>		<b>823,055</b>	<b>1,732,157</b>	<b>940,920</b>	<b>851,862</b>	<b>1,792,782</b>	<b>973,852</b>	<b>881,677</b>	<b>1,855,529</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>														
Ground Lease Base Rent					7,500	7,500	15,000	7,500	7,500	15,000	7,500	7,500	15,000	7,500
Bond Monitoring Fee					1,250	1,250	2,500	1,250	1,250	2,500	1,250	1,250	2,500	1,250
Replacement Reserve Deposit					18,500	18,500	37,000	18,500	18,500	37,000	18,500	18,500	37,000	18,500
Operating Reserve Deposit														
Other Required Reserve 1 Deposit														
Other Required Reserve 2 Deposit														
Required Reserve Deposits, Commercial														
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>					<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>					<b>936,351</b>	<b>850,305</b>	<b>1,786,657</b>	<b>968,170</b>	<b>879,112</b>	<b>1,847,282</b>	<b>1,001,102</b>	<b>908,927</b>	<b>1,910,029</b>	
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>														
					<b>74,108</b>	<b>32,534</b>	<b>106,641</b>	<b>74,107</b>	<b>25,798</b>	<b>99,905</b>	<b>74,108</b>	<b>18,605</b>	<b>92,713</b>	
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>														
Hard Debt - First Lender														
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)														
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)														
Hard Debt - Fourth Lender														
Commercial Hard Debt Service														
<b>TOTAL HARD DEBT SERVICE</b>					<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>														
Commercial Only Cash Flow					14,635	(26,939)	(12,304)	14,635	(33,675)	(19,040)	14,635	(40,867)	(26,232)	
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)														
<b>AVAILABLE CASH FLOW</b>					<b>14,635</b>	<b>(26,939)</b>	<b>(12,304)</b>	<b>14,635</b>	<b>(33,675)</b>	<b>(19,040)</b>	<b>14,635</b>	<b>(40,867)</b>	<b>(26,232)</b>	
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>														
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>														
"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	12,135	12,135	24,270	12,135	12,135	24,270	12,135	12,135	24,270	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				per MOHCD policy no annual increase	2,500	2,500	5,000	2,500	2,500	5,000	2,500			

INCOME	Total # Units:					Year 13 2038			Year 14 2039			Year 15 2040				
	74	LOSP Units	Non-LOSP Units	50.00%	50.00%	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
		37	37													
Other Reserve 2 Withdrawals																
Other Reserve 2 Interest																
<b>Other Required Reserve 2 Running Balance</b>																





INCOME	Total # Units:					Year 16			Year 17			Year 18		
	74		LOSP	Non-LOSP		2041			2042			2043		
	LOSP	Non-LOSP	Units	Units		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals	50.00%	50.00%	37	37	Comments (related to annual inc assumptions)									
Other Reserve 2 Interest														
<b>Other Required Reserve 2 Running Balance</b>														



	<b>Total # Units:</b>	LOSP		Comments (related to annual inc assumptions)	Year 19 2044			Year 20 2045		
		Units	Units		LOSP	non- LOSP	Total	LOSP	non- LOSP	Total
		74	37							
<b>INCOME</b>		50.00%	50.00%							
Other Reserve 2 Withdrawals		annual inc LOSP	% annual increase							
Other Reserve 2 Interest										
<b>Other Required Reserve 2 Running Balance</b>										

Mayor's Office of Housing and Community Development  
Office of Community Investment and Infrastructure  
Department of Homelessness and Supportive Housing  
Controller's Office of Public Finance

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**MEMORANDUM**

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**DATE:** NOVEMBER 15, 2024  
**TO:** CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE  
**FROM:** ANNE ROMERO, SENIOR PROJECT MANAGER  
**RE:** **2530 18TH STREET HOMELESS PRENATAL PROGRAM**  
**\$2,000,000 ADDITIONAL ACQUISITION LOAN**

NEW SOURCES

ACQUISITION (HPP)	\$2,000,000	OUR CITY OUR HOME (OCOH)
<b>TOTAL NEW SOURCES:</b>	<b>\$2,000,000</b>	

EXISTING SOURCES

PREDEV (MERCY)	\$1,847,900	OUR CITY OUR HOME (OCOH)
	<u>\$3,099,000</u>	HOUSING TRUST FUND
<i>Total existing predev</i>	<b>\$4,946,900</b>	

ACQUISITION LOAN (HPP) \$4,900,000 HOUSING TRUST FUND

**TOTAL EXISTING SOURCES \$9,846,900**

**TOTAL AMENDED MOHCD FUNDING REQUEST**

PREDEVELOPMENT (MERCY)	\$1,847,900	OUR CITY OUR HOME (OCOH)
	<u>\$3,099,000</u>	HOUSING TRUST FUND

ACQUISITION LOAN (HPP)	\$4,900,000	HOUSING TRUST FUND
	<u>\$2,000,000</u>	OUR CITY OUR HOME (OCOH)

**TOTAL PROJECT AMENDED SOURCES \$11,846,900**

**EXECUTIVE SUMMARY**

**Sponsor Information:**

Project Name:	2530 18 <sup>th</sup> Street	Sponsors:	Homeless Prenatal Program, Inc. (HPP) and Mercy Housing California (MHC)
Project Address:	2530 18 <sup>th</sup> Street (at Hampshire), 94110	Borrower Entity for Acquisition Take-Out Loan:	2530 18 <sup>th</sup> , LLC, a California limited liability company (LLC)

**1. SUMMARY OF REQUEST**

Competitively selected for funding under the 2022 Homeless Families Notice of Funding Availability (NOFA) issued jointly by the Department of Homelessness and Supportive Housing (HSH) and MOHCD, 2530 18th Street (Site) initially was conceived as a new construction 74-unit affordable housing development with 50% of the units set aside for families who have experienced homelessness (Project). The Site is currently owned by LLC, an affiliate of HPP, which has partnered on the development with MHC (and HPP together, Sponsors). The Project received a \$16 million preliminary gap commitment from MOHCD on June 24, 2022, in support of its application for funding to the California Department of Housing and Community Development’s (HCD) Multi-family Housing Program (MHP) and Infill Infrastructure Grant (IIG) programs. Sponsors, however, have been unsuccessful in obtaining MHP and IIG awards for the Project.

In order to position the Project to be more competitive for State financing sources, the Sponsors have determined that the building should be redesigned to remove HPP commercial condo on the ground floor. This will allow the Project to increase the unit count to around 96 units. Due to the new MOHCD cost containment measures, the Sponsor will return to MOHCD upon updated concept completion with the updated design, new cost estimate and analysis for competitiveness of State funding. This update is anticipated to be submitted by March 2025. However, since the commercial space is no longer a part of the Project and interest on the acquisition loan is adding to holding costs, the Sponsors have requested for MOHCD / HSH to take out the remaining acquisition loan.

On August 25th, 2023, Loan Committee approved 1) a loan of \$4,946,900 to the LP to repay a predevelopment loan from San Francisco Housing Accelerator Fund (SF HAF) in the original principal amount of up to \$3,000,000 and fund predevelopment expenses through construction close, and 2) a loan in the amount of \$4,900,000 to the LLC to repay an acquisition loan from First Republic Bank (FRB) (\$4,900,000 Existing MOHCD Acquisition Loan). The LLC is the borrower of an acquisition loan from CommonSpirit Health Operating Investment Pool LLC, a Delaware limited liability company (CommonSpirit), in the original principal amount of \$2,000,000, at 2% interest. The LLC is requesting to increase the \$4,900,000 Existing MOHCD Acquisition Loan by the amount of \$2,000,000 to repay the loan from CommonSpirit to save the Project approximately \$3,333 per month in debt service while the Project seeks entitlements and new financing. This would bring the total MOHCD Acquisition loan to \$6,900,000. As is required

in MOHCD underwriting guidelines, upon construction start, the land will transfer to MOHCD, and the \$6,900,000 MOHCD Acquisition Loan will be considered paid in kind, up to the appraised value.

**Updated Sources and Uses Summary Sources and Uses Narrative**

Predevelopment Sources	Amount	Terms	Status
MOHCD - Take out of SFHAF	\$2,818,003	3% at 55 Years / Res Rec	Approved
MOHCD - Predev.	\$2,128,897	3% at 55 Years / Res Rec	Approved
<b>Acquisition Loan</b>			
MOHCD – Take out of FRB Acq. Loan	\$4,900,000	Earlier of 5 years/parcel transfer @ 0%	Approved
MOHCD – Take out of CommonSpirit Acq. Loan	\$2,000,000	Earlier of 5 years/parcel transfer @ 0%	This Request
<b>Total Predev &amp; Acquisition Loans</b>	<b>\$11,846,900</b>		

Permanent Sources	Amount	Terms	Status
MOHCD/HSH	\$9,100,000	55 years at 3% / Res Rec	Committed
MOHCD/HSH Acquisition	\$6,900,000	5 years, 0%	Committed
HCD-MHP	\$28,320,125	55 years at min int. pymt. / Res Rec	Not Committed
HCD-IIG	\$6,048,992	55 years at 3% deferred	Not Committed
AHP	\$1,000,000	15-year grant 0%	Not Committed
Investor Equity	\$36,114,097	\$0.96 per Fed / \$0.92 per State	Not Committed
Deferred Developer Fee	\$1,000,000	0% deferred	
GP Equity	\$100		
<b>Total</b>	<b>\$88,483,315</b>		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$7,332,250	\$99,084	\$83.16
Hard Costs	\$58,547,274	\$791,179	\$664.06
Soft Costs	\$18,365,277	\$248,179	\$208.30
Reserves	\$1,038,514	\$14,034	\$11.78
Developer Fee	\$3,200,000	\$43,243	\$36.30
<b>Total</b>	<b>\$88,483,315</b>	<b>\$1,195,720</b>	<b>\$1,003.60</b>

\* The numbers above are based on the August 18, 2023 Loan Committee approval and not the Project redesign. The sponsor will update numbers at concept design review in March 2025.

**2. PRINCIPAL DEVELOPMENT ISSUES**

- **Project Feasibility:** The Project’s original small size of 74 units does not offer economies of scale for construction nor operations, which has also impacted competitiveness for financing applications. Since then, the Sponsors have agreed to remove the HPP community benefit social service space and redesign the project to increase units to approximately 96 units. The Sponsors will return to Planning for approval and rerun numbers to determine a path forward. Please see Section 5.1.

- **Competition for State Financing:** HCD MHP funding has become increasingly competitive across the State. The Project did not secure an award in 2022 and will face stiff competition in the 2025 round currently as designed. A bond allocation will also be difficult to secure, especially since the Project has high per unit construction costs and is in a moderate resource area. While the Project will qualify for both the Homeless and Extremely Low Income (ELI) set-asides at CDLAC with a more favorable tiebreaker than in previous rounds, the high cost and resource area designation still pose a challenge to competitiveness. The Sponsor will provide an updated scoring analysis in March 2025. Please see Attachment B for more information.
- **Property Value:** LLC purchased the site on June 29, 2020, for \$7M with 37k in closing costs. As is required by the admin code, the Project will need to complete an appraisal within six months of land transfer to MOHCD to validate these costs. Due to market changes in San Francisco, it is unlikely that the appraised value will have the same value as of the time of purchase. In addition, the Sponsor put down \$100,000 of their own funds that they will seek reimbursement from MOHCD at construction close. HPP would also like to be made whole on the interest paid and holding costs. The Sponsor will provide a detailed outline of all acquisition costs and projected holding costs by March 2025 for MOHCD's approval. See Section 5.1.

### 3. **BACKGROUND**

The Site, 2530 18th Street, is a 0.3-acre lot at the corner of 18th and Hampshire Streets in the Mission District. It is adjacent to HPP's main operational building at 2500 18th Street, with which it shares a property line. In June 2020, HPP purchased the Site for \$7 million, financed by a \$4.9 million loan from First Republic Bank, seller carryback financing and HPP funds, and the LLC obtained a subsequent \$2 million loan with Common Spirit Health Operating Investment Pool LLC to take out the seller financing and support their programs and services hub expansion. As MOHCD did not have funding available at the time of acquisition, the San Francisco Housing Accelerator Fund (SF HAF) provided predevelopment financing to the LP to move it forward. The Site underwent a zoning map change through the Board of Supervisors in August 2021 that changed its zoning designation from Production, Distribution and Repair (PDR) to Urban Mixed-Use (UMU). The legislation (co-sponsored by Supervisors Walton, Ronen and Stefani) had over 80 letters of support. The designation allows for residential mixed-use projects and was unanimously approved, which allowed the Site to utilize SB35 for expedited entitlements.

The Sponsor applied for City funding under the joint MOHCD/HSR NOFA in 2022 and was awarded preliminary gap funding in the amount of \$16,000,000. The team had made progress on the design since the original Loan Committee approval on June 17, 2022, with a 60% Construction Drawing set (dated 3/24/23) and cost estimate, and the Site permit is nearly approved. The Sponsors applied for funding in 2022 for MHP and were unsuccessful. At present, in order to increase the feasibility of the Project, the development team has studied increasing the unit count from 74 to 96 units, which would increase the total estimated development cost from about \$88.5M to \$106M. Adding more units will make the Project more competitive for funding, make the building more operationally efficient, and house more families, including those experiencing or at risk of homelessness. This proposed change is significant for HPP, as it means that they will be unable to have new ground-floor social service space in the future building. However, HPP has



supported this new pathway, as the redesign will increase the likelihood that the Project can move forward.

Furthermore, the proforma for 74 units included land cost, but given that the City will purchase the land for the value of the acquisition loans at construction closing, and ground lease the Site back to the LP., the land costs will be removed from the overall Project costs. More financial analysis is needed in order to understand the true Gap above the City’s original commitment of \$16M and what the Project will be competitive for in the HCD SuperNOFA round in 2025. The Sponsor will update numbers in March 2025, before resubmission to Planning for re-entitlement of the new units. This request is to reduce the holding costs by taking out the LLC’s Common Spirit loan of \$2M, which accounts for about \$3,330 per month in costs.

**4. UPDATE ON PROJECT STATUS**

**1. Procurement**

The following team members have been procured.

<b>Development Team</b>			
<b>Consultant Type</b>	<b>Name</b>	<b>SBE/LBE</b>	<b>Outstanding Procurement Issues</b>
Architect	Mithun	N	N
Landscape Architect	Mithun	N	N
General Contractor	Guzman-Suffolk JV LLC	Y	N
Owner’s Rep/Construction Manager	Waypoint	Y	N
Financial Consultant	California Housing Partnership Corporation	N	N
Permit Expediter	Dale Durrett	N	N
EBM	Sitco	N	N
Special Inspections	CEL	N	N
PV	Cal Solar	N	N
Public Art	Nine dot Arts	Y	N
IT/Low Voltage	Salter	Y	N
Joint Trench	UDCE	Y	N
Legal	Goldfarb & Lipman LLP	N	N
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Homeless Prenatal Program	N	N

Mercy met with Contracts Monitoring Division (CMD) to establish goals for the Project, which were set at 20% SBE in October 2022. At present, the Project Team is at 27% SBE for design consultants.

**2. Proposed Unit Mix and Design**

Originally conceived as a 74-unit Project located on an air rights parcel over a two-story commercial space that would be owned by HPP, after unsuccessful financing applications the Sponsors have decided to go through an extensive redesign to maximize units and remove the commercial space. The Sponsor will return to MOHCD with updated concepts due by March 2025 and with updated numbers. The new design will be subject to MOHCD’s newly enacted cost containment measures.

**5. FINANCING**

**1. Predevelopment Sources & Uses Evaluation:**

Predevelopment costs were funded originally by the SFHAF loan. That loan was taken out with MOHCD funds in December 2023, and another \$2.1M in additional MOHCD predevelopment financing was provided at that time. MHC extended a Line of Credit (LOC) in amount of \$250K during the initial years of the Project and were reimbursed at the SFHAF loan closing.

The Sponsors purchased the site on June 29, 2020 for \$7M with \$37k in closing costs. CommonSpirit Health Operating Investment Pool, LLC provided a second loan to 2530 18th LLC, managed by HPP, in the amount of \$2 million dated January 13, 2022, at 2% interest, to take out the original seller carryback financing. The loan term is five years. This was not originally contemplated to be taken out by MOHCD, as HPP was going to maintain the ground floor commercial space and pay for a portion of the acquisition. In order to move the Project forward, the Sponsors decided to integrate the ground floor into the residential portion and increase the overall unit count. Take out of the CommonSpirit loan will decrease holding costs and overall project costs.

Description	Current Cost Per Month	Future Cost Per Month
Common Spirit Loan Interest (\$2M at 2%)	\$3,333	---
Utilities and Pest Control	\$366	\$366
Building Supplies and Maintenance	\$315	\$315
Insurance (Property and Liability)	\$1,055	\$1,055
Accounting and Other Professional Services	\$573	\$573
<b>Total:</b>	<b>\$5,643</b>	<b>\$2,309</b>

MOHCD will hold two notes, one for \$6.9M with the LLC for the acquisition loan take out cost, and another for \$4.9M with the LP for predevelopment.

As is required by the admin code, the Project will need to complete an appraisal within six months of land transfer to MOHCD to validate these costs. Due to market changes in San Francisco, it is unlikely that the appraised value will have the same value as of the time of purchase. In addition, the Sponsor put down \$100,000 of their own funds that they will seek reimbursement from MOHC at construction close. HPP would also like to be made whole on the interest paid and holding costs. The Sponsor will provide a detailed outline of all costs and what ongoing holding costs would be by March 2025 for MOHCD’s approval.

LP has an option agreement to purchase the Site from HPP. However, in the event that the Project team cannot finance the Project within five years, the Sponsor intends to sell the land to pay back the MOHCD acquisition debt.

Original Acquisition Loans	
First Republic Bank	\$4,900,000
Common Spirit Loan	\$2,000,000
<b>Total Acquisition Loans</b>	<b>\$6,900,000</b>

<b>Predevelopment Loans</b>	
Original SF HAF	\$2,818,003
New MOHCD Predev	\$2,128,897
<b>Total Predevelopment Loans</b>	<b>\$4,946,900</b>
<b>Total Loans</b>	<b>\$11,846,900</b>

To date, Mercy has \$1,890,533 left to spend on the predevelopment loan. The Sponsor will also provide a draw down schedule of these funds as well as an analysis of how additional costs will be covered by March 2025.

**2. Permanent Uses Evaluation:**

This request is for the takeout of acquisition funding only. The Sponsor does not have fully approved concept drawings yet. The Sponsor will return to MOHCD by March 2025 with updated concept and numbers before applying to Planning, per MOHCDs new Cost Containment Strategy. To see previous costs, please see Attachment B - August 2023 – Approved Acquisition and Predevelopment Loan Evaluation

**3. Developer Fee Evaluation:** The milestones for the payment of the developer fee to the Sponsor are the same as previously approved by Loan Committee in Attachment B - August 2023 – Approved Acquisition and Predevelopment Loan Evaluation

**4. Operating Costs**

The Sponsor will return to MOHCD by March 2025 with updated operating costs. To see previous costs, please see Attachment B - August 2023 – Approved Acquisition and Predevelopment Loan Evaluation.

**6. STAFF RECOMMENDATIONS**

<b>Financial Description of Proposed Loan (Acquisition)</b>	
Amended Loan Amount:	\$6,900,000
Loan Term:	5 years
Loan Maturity Date:	5 years from the date of execution of the agreement.
Loan Repayment Type:	Forgivable upon transfer of the land to MOHCD
Loan Interest Rate:	0%

**7. STATUS OF PREDEVELOPMENT LOAN CONDITIONS**

1. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on: Community outreach completed, Outcomes achieved related to racial equity goals, and Commercial-use programming.

**Status: Ongoing**

2. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and MOHCD Commercial Space Underwriting Guidelines.

**Status: Ongoing.** Will provide updated operating and development budgets by March 2025. Commercial space is now removed.

3. Sponsor must provide MOHCD with a services plan and proposed staffing levels approved by HSH that meet MOHCD underwriting standards prior to gap loan approval. Any changes to the current proposed staffing will need to be presented to MOHCD at least 90 days prior to gap loan approval.

**Status: In progress.** Updated draft services plan will be submitted to HSH and MOHCD in March 2025.

4. Sponsor must work with MOHCD staff and project's General Contractor to Value Engineer construction budget.

**Status: In progress** with MOHCD CR participation.

5. Sponsor must work with MOHCD staff to revise unit mix so that the project will include a higher number of units serving households at 50% MOHCD AMI.

**Status: In progress.**

6. Sponsor must provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of MOHCD gap loans.

**Status: In progress.**

8. Sponsor must provide the Reciprocal Easement Agreement between the commercial and residential parcels to MOHCD no less than 90 days prior to Loan Committee date for gap loan.

**Status: No Longer Needed. Project is going through redesign to remove commercial space.**

9. Sponsor to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.

**Status: In progress.**

10. Sponsor must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected investors and lenders; and d) provide for MOHCD review and approval of all Letters of Intent from financial partners.

**Status:** Will be submitted at the appropriate time.

11. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.

**Status:** Will be submitted at the appropriate time.

12. Sponsor must provide quarterly updated response to any letters requesting corrective action.

**Status:** Will be provided if a letter requesting corrective action is received.

13. Sponsor must submit an updated 1<sup>st</sup> year operating budget and 20-year cash flow – if any changes have occurred – by November 1<sup>st</sup> before the year the project will achieve TCO so that MOHCD may request the LOSP subsidy.

**Status:** Will be submitted at the appropriate time.

14. Sponsor must apply for any other higher value rent and operating subsidies available including Continuum of Care contracts or Project Based Vouchers.

**Status:** Will be submitted at the appropriate time.

15. Sponsor to provide self-scores for all third-party funding requests.

**Status:** Ongoing.

16. Sponsor to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.

**Status:** In progress.

17. Sponsor must apply for any other higher value rent and operating subsidies available including Continuum of Care contracts or Project Based Vouchers.

**Status:** Will be submitted at the appropriate time.

18. Increase equity pay in assumptions to \$0.98 for updated financial projections, pending discussions with financial advisor on current tax credit investment climate

**Status:** Will be submitted at the appropriate time.

#### **New Conditions:**

19. Sponsor will submit new competitive analysis for HCD and other alternative funding sources by March 2025.
20. Sponsor will provide an updated drawdown schedule of the predevelopment loan and explain how costs will be covered over the rest of the predevelopment period by March 2025.

#### **HPP Loan Conditions:**

21. MOHCD Holding costs are not included in the predevelopment budget and are currently covered by HPP, for reimbursement at construction loan closing for the residential housing portion; MOHCD will review and need to approve them to be included as part of the acquisition cost.

**Status:** Will be submitted at the appropriate time.

22. HPP to provide quarterly fundraising updates on the HPP Campus Expansion

**Status: No longer applicable. HPP will not have commercial space in Project.**

23. In the event that the Project does not move forward within five years, HPP will repay MOHCD's acquisition loan within five years of recording the MOHCD Deed of Trust.

**Status: Ongoing**

## **8. LOAN COMMITTEE MODIFICATIONS**

**9. LOAN COMMITTEE RECOMMENDATION**

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

APPROVE.     DISAPPROVE.     TAKE NO ACTION.

DocuSigned by:  
Daniel Adams  
E09C20545F78457...

Date: 11/15/2024 | 11:30 AM PST

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

APPROVE.     DISAPPROVE.     TAKE NO ACTION.

DocuSigned by:  
Marc Slutzkin  
712ADC1A618C472...

Date: 11/15/2024 | 12:47 PM PST

Marc Slutzkin for Thor Kaslofsky, Deputy Director  
Office of Community Investment and Infrastructure

APPROVE.     DISAPPROVE.     TAKE NO ACTION.

DocuSigned by:  
Salvador Menjivar  
4471E0DF6946486...

Date: 11/15/2024 | 11:32 AM PST

Salvador Menjivar, Director of Housing  
Department of Homelessness and Supportive Housing

APPROVE.     DISAPPROVE.     TAKE NO ACTION.

DocuSigned by:  
Vishal Trivedi  
63D9B705CF594FF...

Date: 11/15/2024 | 11:29 AM PST

Vishal Trivedi for Anna Van Degna, Director  
Controller’s Office of Public Finance

Attachments: Attachment A - Updated Milestones and Project Schedule  
Attachment B - August 2023 – Approved Acquisition and Predevelopment  
Loan Evaluation

**Attachment A – Updated Milestones and Project Schedule**

No.	Performance Milestone	Estimated or Actual Date	Notes
A	Prop I Noticing (if applicable)	<u>6/16/2023</u>	
1	Acquisition/Predev Financing Commitment	<u>12/19/2019</u>	First Republic Bank provided initial land commitment to HPP
2.	Site Acquisition	<u>12/19/2019</u>	Acquired by HPP
3.	Development Team Selection		
a.	Architect	<u>10/21/21</u>	
b.	General Contractor	<u>10/21/21</u>	
c.	Owner’s Representative	<u>10/21/21</u>	
d.	Property Manager	<u>10/21/21</u>	
e.	Service Provider	<u>10/21/21</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>4/11/22</u>	
b.	Submittal of Design Development & Cost Estimate	<u>8/8/22</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>12/16/22</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>6/2/23</u>	
5.	Commercial Space		
a.	Reciprocal Easement Agreement with commercial parcel Submission	<u>N/A</u>	



b.	LOI/s Executed	<u>n/a</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>April 2025</u>	
b.	CEQA Environ Review Submission	<u>n/a</u>	
c.	NEPA Environ Review Submission	<u>n/a</u>	
d.	CUP/PUD/Variances Submission	<u>n/a</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	<u>6/1/22</u>	
b.	Perm Power Application Submission	<u>TBD</u>	
8.	Permits		
a.	Building / Site Permit Application Submitted	<u>10/28/21</u>	
b.	Addendum #1 Submitted	<u>4/10/23</u>	
c.	Addendum #2 Submitted	<u>9/25/23</u>	
9.	Request for Bids Issued	<u>6/5/23</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>12/1/22</u>	
b.	Final	<u>11/29/2</u>	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	<u>12/1/22</u>	
b.	Acquisition Take Out and Predev Financing Application	<u>8/25/23</u>	

	c. Gap Financing Request	<u>4/1/24</u>	
12.	Other Financing		
a.	HCD Application - MHP	<u>4/1/26</u>	
b.	Construction Financing RFP	<u>12/3/26</u>	
c.	AHP Application	<u>3/1/26</u>	
d.	CDLAC Application	<u>7/2/26</u>	
e.	TCAC Application	<u>7/2/26</u>	
f.	Other Financing Application		
g.	LOSP Funding Request	<u>11/29/26</u>	
13.	Closing		
a.	Construction Loan Closing	<u>6/1/27</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>9/1/29</u>	
14.	Construction		
a.	Notice to Proceed	<u>6/1/27</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>11/1/28</u>	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>11/1/27</u>	
b.	Commence Marketing	<u>6/1/28</u>	
c.	95% Occupancy	<u>3/1/29</u>	

Evaluation for Additional Acquisition Funds  
2530 18<sup>th</sup> Street HPP

November 15, 2024  
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16.	Cost Certification/8609	<u>6/1/30</u>	
17.	Close Out MOH/OCII Loan(s)	<u>9/1/30</u>	

Evaluation for Additional Acquisition Funds  
2530 18<sup>th</sup> Street HPP

November 15, 2024  
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**Attachment B –Approved Acquisition and Predevelopment Loan Evaluation**

**Citywide Affordable Housing Loan Committee**

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

**2530 18<sup>th</sup> Street**

Total Request: \$9,846,900

Acquisition Take-Out Loan with Homeless Prenatal Program  
\$4,900,000

Predevelopment Funding for Mercy Housing California  
\$4,946,900

Evaluation of Request for:	Acquisition Take Out and Predevelopment Funding
Loan Committee Date:	August 18, 2023
Prepared By:	Anne Romero, Senior Project Manager
MOHCD Asset Manager:	Carmen Otero
MOHCD Construction Representative:	Sarah Tenpas
Sources and Amounts of New Funds Recommended:	Housing Trust Fund - \$1,846,900 Our City Our Home (OCOH) from HSH: \$8,000,000
Sources and Amounts of Previous City Funds Committed:	\$16,000,000 (preliminary gap commitment June 2022)
NOFA/PROGRAM/RFP:	2022 NOFA for Affordable Rental Housing for Families Including Families Experiencing Homelessness
Applicant/Sponsor(s) Name:	Homeless Prenatal Program (HPP) Mercy Housing California (Mercy)

**EXECUTIVE SUMMARY**

**Sponsor Information:**

Project Name:	2530 18 <sup>th</sup> Street	Sponsors:	Homeless Prenatal Program Mercy Housing California (MHC)
Project Address (w/ cross St):	2530 18 <sup>th</sup> Street (at Hampshire), 94110	Borrower Entity for Acquisition Take-Out Loan:	2530 18th, LLC
		Borrower Entity for Predev Take-Out and Additional Predev Loan:	Mercy Housing California 104, L.P.

**Project Summary:**

Competitively selected for funding under the 2022 Homeless Families Notice of Funding Availability (NOFA) issued jointly by the Department of Homelessness and Supportive Housing (HSH) and MOHCD, 2530 18<sup>th</sup> Street (Site) will be a new construction 74-unit affordable housing development with 50% (37) of the units set aside for families who have experienced homelessness (Project). The Site is currently owned by 2530 18<sup>th</sup>, LLC, an affiliate of the Homeless Prenatal Program (HPP), which has partnered on the development with Mercy Housing California (MHC, and together Sponsor). After subdivision of the parcel, HPP will develop expanded office and services space (HPP Campus Expansion) to expand their program on the ground and second floor, which would connect to their existing adjacent programs and services hub at 2500 18<sup>th</sup> Street at Potrero, funded by New Markets Tax Credits (NMTC) and private fundraising. MHC will develop the residential project in an air rights parcel above and adjacent to HPP’s expanded campus space. Half of the units will be built as permanent supportive housing for families who have experienced homelessness, subsidized by the Local Operating Subsidy Program (LOSP) with residents referred through the Coordinated Entry system. The Project received a \$16 million preliminary gap commitment from MOHCD on June 24, 2022 in support of its application for funding to the California Department of Housing and Community Development’s (HCD) Multi-family Housing Program (MHP) and Infill Infrastructure Grant (IIG) programs. The Project did not receive a funding award from HCD in 2022 and reapplied for MHP and IIG in July 2023. Award notifications of the latest HCD round will be in Winter 2024.

HPP is requesting that MOHCD take out one of its two acquisition loans for the Site provided by First Republic Bank (FRB), which originally was due for repayment at the end of June 2023 and has been extended to September 25, 2023. The MOHCD loan would be considered repaid in full upon transfer of the new, yet to be created residential air rights parcel to the City at construction loan closing. In the event that the Project does not move forward, HPP would repay the MOHCD acquisition loan within five years from the date of the loan (September 2028). In addition, MHC is requesting \$2,435,211 to take out the existing San Francisco Housing Accelerator Fund (SF HAF) predevelopment loan and \$2,511,689 in additional predevelopment funding to cover the Project through construction close.

The Project will have a mix of one, two- and three-bedroom units with half the units affordable to households at 30% of the San Francisco area median income (AMI), and the remainder of units restricted at 50%, 60% and 70% Area Median Income. HPP will provide case management services for the supportive housing units in the Project, funded under a separate contract with San Francisco Department of Homelessness and Supportive Housing (HSH).

**Project Description:**

Construction Type:	Type I-B	Project Type:	New Construction
Number of Stories:	8	Lot Size (acres and sf):	0.31 acres/ 13,504 sf
Number of Units:	74	Architect:	Mithun
Total Residential Area:	50,714 sf	General Contractor:	Suffolk Construction Company
Total Commercial Area:	N/A – separate parcel	Property Manager:	Mercy Housing Management Group
Total Building Area:	88,166 sf	Supervisor and District:	Ronen (Dist. 9)
Land Owner:	2530 18 <sup>th</sup> , LLC		
Total Development Cost (TDC) without acquisition:	\$81,151,064	Total Acquisition Cost:	\$7,332,250
TDC/unit:	\$1,195,720	TDC less land cost/unit:	\$1,096,636
Current Loan Amount Requested:	\$9,846,900	Request Amount / unit:	\$133,066
HOME Funds?	N	Parking?	N

**PRINCIPAL DEVELOPMENT ISSUES**

- **Project feasibility:** The Project as proposed is infeasible and requires additional operating subsidies. The Project’s relatively small size of 74 units does not offer economies of scale for construction nor operations, which also impacts competitiveness for financing applications. The Sponsor is exploring options to increase Project feasibility and obtain additional rental subsidies. See Section 4.10 Project Feasibility.
- **Competition for State Financing:** HCD MHP funding has become increasingly competitive across the State. The Project did not secure an award in 2022, and will face stiff competition in the 2023 round. A bond allocation will also be competitive, especially since the Project has high per unit construction costs and is in a moderate resource area. While the Project will qualify for both the Homeless and Extremely Low Income (ELI) set-asides at CDLAC with a more favorable tiebreaker than in previous rounds, the high cost and resource area designation still pose a challenge to competitiveness. Please see Section 4.10 Project Feasibility and Section 6.5.2 Project Financing.
- **Ownership Structure and dependency on HPP Campus Expansion readiness:** The Site is currently owned by Homeless Prenatal Program, the services partner organization. The Site will be subdivided with an air rights parcel for the residential development, which will be transferred to the City at construction close and ground leased to the limited partnership. The HPP project will fund all of its development costs for its adjacent new program and services hub, including its shell, without MOHCD funds. The HPP project must be financially feasible with all financing commitments in place and an award of New Market Tax Credits before construction can start. Please see Section 4.4. HPP Campus Expansion.

- **Construction Costs:** Through intensive value engineering efforts, the project team has brought construction cost down significantly from earlier estimates; however, the current construction costs are approximately 7% more per square foot higher than to similar Type I buildings. Please see Section 4.5 Construction Representative Evaluation.

**SOURCES AND USES SUMMARY**

Predevelopment Sources	Amount	Per Unit	Terms	Status
MOHCD - Take out of SFHAF Cost	2,435,211	32,908	3% at 55 Years / Res Rec	This Request
MOHCD - Acq. of FRB Loan	4,900,000	66,216	Earlier of 5 years or parcel transfer at 0%	This Request
MOHCD - New Predev. Cost	2,511,689	33,942	3% at 55 Years / Res Rec	This Request
<b>Total</b>	<b>9,846,900</b>	<b>133,066</b>		

Permanent Sources	Amount	Per Unit	Terms	Committed/Not Com
MOHCD/OCII	16,000,000	216,216	55 years at 3% / Res Rec	Committed
HCD-MHP	28,320,125	382,704	55 years at min int. pymt. / Res Rec	Not Committed
HCD-IIG	6,048,992	81,743	55 years at 3% deferred	Not Committed
AHP	1,000,000	13,514	15 year grant 0%	Not Committed
Investor Equity	36,114,097	488,028	\$0.96 per Fed LIHTC / \$0.92 per State LIHTC	Not Committed
Deferred Developer Fee	1,000,000	13,514	0% deferred	
GP Equity	100	1.35		
<b>Total</b>	<b>88,483,315</b>	<b>1,195,720</b>		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	7,389,712	99,861	84
Hard Costs	58,547,274	791,179	664
Soft Costs	18,365,277	248,179	208
Reserves	1,038,514	14,034	12
Developer Fee	3,500,000	47,297	40
<b>Total</b>	<b>88,840,776</b>	<b>1,200,551</b>	<b>1,008</b>

**1. BACKGROUND**

**1.1. Project History Leading to This Request.**

The proposed Site, 2530 18th Street, is a 0.3 acre lot at the corner of 18th and Hampshire Streets in the Mission District. It is adjacent to the Homeless Prenatal Program's (HPP) main operational building at 2500 18th Street, with which it shares a property line. In June 2020, HPP purchased the Site for \$7 million, financed by a \$4.9 million loan from First Republic Bank, seller carryback financing and HPP funds, and HPP obtained a subsequent \$2 million loan with CommonSpirit Health Operating Investment Pool LLC to take out the seller financing and support their programs and services hub expansion. HPP intends to expand their program on the ground and



second level with affordable housing above. As MOHCD did not have funding available at the time of acquisition, the San Francisco Housing Accelerator Fund (SF HAF) provided predevelopment financing to move it forward. The Site underwent a zoning map change through the Board of Supervisors in August 2021 that changed its zoning designation from Production, Distribution and Repair (PDR) to Urban Mixed-Use (UMU). The legislation (co-sponsored by Supervisors Walton, Ronen and Stefani) had over 80 letters of support. The designation allows for residential mixed-use projects and was unanimously approved, which allowed the Site to utilize SB35 for expedited entitlements.

The Sponsor applied for City funding under the joint MOHCD/HSB NOFA in 2022 and was awarded preliminary gap funding in the amount of \$16,000,000. The team has made good progress on the design since the last Loan Committee review, with a 60% Construction Drawing set (dated 3/24/23) and cost estimate, and the Site permit is nearly complete.

- 1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)  
NOFA for Affordable Rental Housing for Families Including Families Experiencing Homelessness, issued jointly by MOHCD and HSH on April 25, 2022. The project was the only qualifying application for the NOFA.
- 1.3. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)
  - 1.3.1. Borrower for acquisition takeout loan. HPP serves 3,500 families annually with a staff of 125+ and an annual budget of around \$16 million. HPP has current contracts with MOHCD, HSH and HSA encompassing Housing Services, transitional housing programs, and child welfare. For HPP take out of the \$4.9 million site acquisition loan provided by FRB, 2530 18<sup>th</sup>, LLC, and affiliate of HPP, will be the borrower, with the MOHCD loan repayment due at the earlier of transfer of residential air rights parcel to the City or September 25, 2028. The proposed interest rate is 0%.
  - 1.3.2. Borrower for predevelopment loan. For SFHAF predevelopment loan takeout and additional predevelopment expenses, the borrower will be Mercy Housing California 104, L.P., with Mercy Housing California 104 LLC as the general partner and Mercy Housing Calwest as the sole member/member thereof, and South of Market Mercy Housing as the initial limited partner. At construction closing, the limited partner will be replaced with the investor limited partner.
  - 1.3.3. Joint Venture Partnership. MHC and HPP have partnered as co-developers for the development of 2530 18<sup>th</sup> Street, collaborating on various aspects of the development of the vision and programming of the project. MHC is taking the lead role on the real estate development responsibilities including design, entitlements, engagement of community on development issues, permitting, budget, securing financing and operating subsidies, construction administration, lease-up, property management, services planning and implementation, and asset management

including regulatory and budget compliance. HPP is actively shaping the community engagement strategy for the overall development and is informing the service delivery. HPP will lead the development of its adjacent program and services hub, including renovating its existing building at 2500 18<sup>th</sup> Street. HPP is not a part of the tax credit ownership entity but will be receiving \$200,000 of the developer fee to support its work on the Project.

#### 1.3.4. Demographics of Board of Directors, Staff and People Served – HPP

- Board
  - 100% straight
  - 87.5% female / 12.5% male
  - 62.5% white / 37.5% AAPI
- Staff of SF-based organization – HPP All Staff
  - 40% Latinx / 30% Black/African American / 20% white / 7% API / 2% Multiracial/Other
  - Sexual orientation- we do not currently ask
- HPP Clients
  - 52% Latinx / 28% - Black/African American / 11% Multiracial/other / 5% API / 4% white
  - Female staff - 91% / Male staff - 9%
- Staff of development team
  - Martha Ryan- Founder
  - Shellena Eskridge- Executive Director
  - Kristin Hatch- Development Director
  - Jessica Iniguez- Communications Manager
  - Liz Gerber- Donor engagement & stewardship officer
  - Sharon Bechtol- Volunteer/Donations Manager
  - Mauro Ruiz- Social and Digital Media Support Specialist
  - Jodie Law- Assistant Volunteer/Donations Coordinator
  - [Wendy Trevino](#)- Grant Writer
  - Trace Carter- Development Operations Associate

#### 1.3.5. Demographics of Board of Directors, Staff and People Served - MHC.

	Sexual Orientation	Gender Identity	Race
Mercy Housing California Board	Question not asked	M: 7 F: 11	Asian: 2 African American: 4 Caucasian: 9 Latinx: 2 Biracial: 1
Mercy Housing, Inc. Board	Question not asked	M: 10 F: 10	Asian: 1 African American: 3 Latinx: 1 Caucasian: 15
Mercy Housing, Inc. - All Staff	Question not asked	Female – 58% Male – 42%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	Question not asked	Female – 57% Male – 43%	American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2% Not specified – 1% White – 22%
Mercy Housing California - Development Staff	Question not asked	Female – 50% Male – 50%	Asian – 20% Not specified – 20% White – 60%

1.3.6. Racial Equity Vision. MHC and HPP are committed to advancing racial equity. Racial equity is central to achieving MHC’s mission and founding values of: Respect, Justice, and Mercy. Nationally, Mercy has established a Racial Equity, Diversity, and Inclusion (REDI) team to create Racial Equity Action Plans for all departments and Mercy Senior Vice President of REDI, Web Brown leads this work and coordinates concrete action across the organization. Mercy launched this REDI Initiative in early 2018, and held conversations about the fair and just inclusion of people of color throughout the organization and within Mercy’s communities. Mercy has established a REDI Collaborative and REDI Steering Committee that are made up of members from all of their geographic areas and departments to guide their organizational REDI work and provide recommendations to senior leadership on concrete ways to achieve improved REDI within the organization. Mercy created a framework to evaluate their progress and growth that focuses on a variety of areas, including Recruitment and Resident Empowerment.

HPP is dedicated to racial equity both internally and externally. HPP recognizes that systems of white supremacy and privilege have negatively impacted their families, staff, and the community, and they are committed to dismantling those systems. HPP acknowledges institutional racism and oppression as a leading contributor to family poverty and homelessness. Beginning back in 2013, HPP staff members began meeting in the form of community meetings to show solidarity and support for staff members experiencing and being affected by community

violence and injustices in our community. The community meetings then transitioned into an Equity workgroup discussing various topics about police brutality, shootings against African Americans, and the racial hate against the Asian community. The workgroup has done All Staff presentations, All Staff equity surveys and unconscious bias training over the last 8 years

- HPP's Equity Task Force is comprised of staff members from across the agency, and continually works to develop action plans and implement initiatives in three staff-identified priority areas:
  - Promote Racial Healing
  - Share Decision Making
  - Distribute Leadership
- HPP's current task force just completed a 2-year term. HPP will prepare to on-board 9 new staff members on to the current racial equity task force.
- In 2020 HPP hired consultant RELAC to assist HPP in creating *The Equity Task Force*. RELAC led all staff in choosing 3 Equity priority areas. RELAC facilitated all of the Equity Task Force Meetings and helped HPP create policies, procedures, and a structure to ensure equity work would be on-going at HPP.
- In the fall of 2022, HPP's board of directors also hired RELAC, to assist HPP's board of directors by leaning into Racial Equity, Diversity, and Inclusion on the board level.

1.3.7. Relevant Experience. MHC will be the lead developer with the HPP as co-developer advising on specific areas of the development approach and on the supportive services model. Mercy has developed over 50 properties in San Francisco over the past 35 years. The success of these developments is a result of strong affordable housing expertise used to innovate and leverage financial structures, construction delivery methods (to reduce cost and increase quality) and service delivery models to make affordable housing more responsive to diverse, vulnerable residents' needs.

MHC has decades of experience developing for low-income families and formerly homeless households. In San Francisco, MHC has developed 22 properties (1,837 units) for families and 20 properties (1,897 units) for formerly homeless households. In California, MHC has developed 81 properties (5,432 units) for families and 39 properties (1,897 units) that serve formerly homeless households. MHC is strong at partnering with other agencies, as demonstrated through many past projects.

The Homeless Prenatal Program is a nationally recognized family resource center in San Francisco that empowers homeless and low-income families, particularly mothers motivated by pregnancy and parenthood, to find within themselves the strength and confidence they need to transform their lives. The agency serves over 3,000 families in-need annually, providing a variety

of programs and services to help families become healthy, stable and self-sufficient. The first agency in San Francisco to hire former clients as staff, HPP’s evolution has been guided by the community it serves. More than half of HPP’s staff of 120+ is formerly homeless mothers and graduates of the agency’s 16-month, paid Community Health Worker Apprenticeship Program, which trains women for careers in the nonprofit sector.

1.3.8. Project Management Capacity. 2580 18<sup>th</sup> Street is staffed by Mercy’s Kion Sawney (40% FTE) as Project Developer, Lilia Rohmann (25% FTE) as Assistant Project Manager, with supervision by Ramie Dare, Director of Real Estate Development.

HPP’s Development Director, Kristin Hatch (35% FTE) and Rachel Stoltzfus, Director of Housing and Partnerships (60% FTE), staffs bi-weekly project check-ins with MOHCD and coordinates on facility’s needs as they relate to the programming through construction of the project, with supervision and support by Martha Ryan, Founder. The financing and development of the HPP addition at the Site is being staffed by Equity Community Builders. See individual staff resumes attached.

1.3.9. Past Performance.

1.3.9.1. City audits/performance plans. HPP has contracts with MOHCD, HSH and HSA. There have been no contract issues or performance issues identified by Citywide Monitoring nor by the MOHCD Community Development team for HPP. There are no performance issues for MHC.

1.3.9.2. Marketing/lease-up/operations. Recent marketing at Mercy projects has been overall successful and positive. Some issues have arisen due to reliance for some tasks on national staff for compliance and lease up, as national staff are not very familiar with San Francisco policies. Increased local staff participation in lease-ups will be required.

The below chart represents the number of people currently living in MHC owned properties in San Francisco, disaggregated by race. MHC owns 4,217 units of affordable housing in San Francisco.

Race	Count of	Ethnicity	Count of
Asian	2995	Not-Hispanic or Latino	5576
White	1385	Hispanic or Latino	1383
Black or African American	1155	Member did not specify	180
Other	1092	Blank	32
Member Did Not Specify	212		
Native Hawaiian or Other Pacific Isl	173		
American Indian or Alaska Native	154		
Blank	10		
	7176		7171

Through end of 2021 there were 5 evictions in Mercy’s 4,217-unit portfolio. Mercy does not currently track move out reasons, including evictions, by race.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	<p>The Site is located in the Urban Mixed Use (UMU) zoning district and the 58-X Height and Bulk District. The UMU district is intended to promote a vibrant mix of uses while maintaining the characteristics of this formerly industrially zoned area. Within the UMU, permitted uses include, but are not limited to retail, educational facilities, and housing, with family-sized dwelling units encouraged. Under UMU, 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. However, this does not apply to the Project, as it is 100% affordable.</p> <p>The site underwent a zoning change in August 2021 from Production, Distribution, and Repair (PDR) to Urban Mixed Use (UMU). It received a Notice of Final Approval of an SB 35 Project on June 29, 2022.</p>
Maximum units allowed by current zoning (N/A if rehab):	Maximum housing units is not controlled by the size of the lot, but form-based density—the controls for height, bulk, massing, and unit mix set the “density” of the Site.
Seismic (if applicable):	Seismic Zone 4; Probable Maximum Loss (PML) calculations are not applicable because there are no existing structures that will be retained, and the project will be new construction conforming to seismic building codes.
Soil type:	<p>Geotechnical Engineering firm Rockridge Geotechnical undertook borings and cone penetration tests (CPTs) at the site and compiled a report in November 2021. Rockridge reported that the fill consists of loose to medium dense clayey sand and clayey gravel and stiff sandy clay. The fill extends to depths of about 10 feet bgs near the eastern property line and 13 to 15 feet bgs near the western property line. Harris and Lee Environmental Sciences, LLC has performed a Phase I Environmental Site Assessment which revealed no evidence of Recognized Environmental Conditions in connection with the property.</p> <p>The fill is underlain by native alluvium consisting of very stiff to hard clay with variable sand content and dense to very dense clayey sand. The alluvium extends to top of claystone. Along the eastern property line, borings encountered top of claystone at depths of 35 and 39 feet bgs. The claystone encountered in is soft, friable, and deeply weathered. The western portion of the site, has likely bedrock, at depths of 32 to 35 feet. Groundwater was encountered in the borings at depths of 18.7 and 19.8 feet bgs at the end of drilling.</p>

	The primary geotechnical concerns are: 1) the presence of undocumented fill that is susceptible to erratic static settlement, and 2) providing adequate vertical and lateral support for the proposed building.
Environmental Review:	Harris and Lee Environmental Sciences, LLC completed a Phase I report on December 15, 2021. The report found no evidence of recognized environmental conditions on the property.
Adjacent uses (North):	2445 Mariposa Street is a 69-unit affordable housing building managed by Mission Housing Development Corporation
Adjacent uses (South):	626 Potrero is a parking lot
Adjacent uses (East):	593 Potrero is a three story mixed use building with ground floor commercial
Adjacent uses (West):	2600 18 <sup>th</sup> Street is a 24-unit live/work condo building
Neighborhood Amenities within 0.5 miles:	John O'Connell Technical High School is 0.4 miles away, Safeway is 0.3 miles away, Franklin Square Park is .17 miles away, Downtown High School is 0.2 miles away, Zuckerberg SF General Hospital is 0.5 miles away
Public Transportation within 0.5 miles:	Bus lines 9, 22, 27, 55, 90, 292, 397 are within 0.5 miles
Article 34:	Article 34 Authority was obtained on July 8, 2022.
Article 38:	Not Exempt. Compliance with Article 38 is provided by all fresh air being provided via mechanical ventilation with MERV-13 filtration at the point of air intakes.
Accessibility:	Per updated TCAC minimum building standards, 15% will be mobility units, 10% will be accessible for households with hearing and/or visual impairments. All units will be adaptable. Sponsor is working to meet a high-level of universal design standards intended to include additional mobility features within the residential units to ease modification to meet residents' specific needs.
Green Building:	Will target GreenPoint Gold rating
Recycled Water:	Exempt
Storm Water Management:	The stormwater management plan is under development and has not yet been submitted to the PUC.

**2.1 Description.** The Site is a rectangular shaped parcel slightly sloped in an uphill eastern direction starting at Hampshire Street and along 18th Street. The Site is situated at the northeast corner of 18th Street and Hampshire Street in the Mission neighborhood and is currently a vacant warehouse.

The Sponsor is in the process of merging 2 lots and subdividing the vertical lot into 3 air rights parcels. The subdivision will ultimately create a separate commercial parcel for HPPs programs and service space, and residential air rights parcel. The existing warehouse will need to be demolished during the predevelopment phase before the air rights subdivision, and demolition costs are included in the predevelopment budget.



2.2 Zoning. The Project received its Notice of Final Approval of an SB 35 Project on June 29, 2022 from the Planning Department.

2.3 Local/Federal Environmental Review. A NEPA consultant has been engaged for this project and that cost is reflected in the predevelopment budget. There is no current requirement for NEPA review, but the project is structured to easily pivot towards a federal funding source, such as Continuum of Care operating subsidies, if they become available.

2.4 Environmental Issues.

- Phase I/II Site Assessment Status and Results. Phase I found no recognized environmental issues.
- Potential/Known Hazards. N/A

2.5 Green Building. Environmentally preferable products are prioritized for incorporation throughout the building including: materials which are sourced locally and/or high in recycled content; non-toxic paints, as well as coating and materials that are free of VOCs and phthalates. Prioritization of healthy, non-toxic materials will begin within the residential unit, where people spend the most time and have the highest levels of exposure.

Another area of emphasis is energy performance. In order to reduce energy & fossil fuel usage, the Sponsor is proposing an all-electric building, with photovoltaic arrays on the roofs. Together with an upgraded envelope design, energy recovery ventilation units (ERVs) for fresh air within the residential units & the use of electric heat-pump systems for hot water heating, this strategy is a cost effective way to meet the energy goals and low-maintenance needs of affordable housing projects. The project will target, at a minimum, GreenPoint Gold rating.

### 3 COMMUNITY SUPPORT

3.1 Prior Outreach. MHC and HPP began community outreach ahead of the zoning change on the Site. Two community meetings in 2021 and 2022 were hosted as well as a meeting with Supervisor Walton and numerous conversations with stake holders. The zoning change ultimately had 80 letters of support at the public hearing.

3.2 Future Outreach. The 2530 18<sup>th</sup> Street development team has endeavored to communicate with the Project's neighbors through a combination of community mailing efforts and community meetings. The team has held four community meetings, occurring in August 2021, December 2021, July 2022, and February 2023. Additionally, the team has communicated the zoning change undergone for the project area to neighbors, as well as HPP building tour opportunities, by mailing letters to households. Mail communications on both community meeting dates and project updates have been made available in several languages so that the information is accessible and understandable to more of the neighbors. Future meetings will be held prior to start of construction. The development team



posts all community meeting materials and mailing/updates to the project’s website <https://www.2530-18th.org/>

3.3 1998 Proposition I Citizens’ Right-To-Know. Chapter 79 of the City’s Administrative Code requires public noticing (Prop I) for initial City funding made to any new construction project. The Sponsor posted the Prop I sign on June 16, 2023.

4. DEVELOPMENT PLAN

4.1. Acquisition and Site Control. HPP acquired the parcel on June 29, 2020, for \$7 million plus \$37,000 in closing costs. The acquisition was financed by First Republic Bank, Seller Takeback Financing and HPP funds. HPP took out the seller takeback financing with a low interest loan from CommonSpirit when SF HAF provided the predevelopment financing.

Original Acquisition Sources	Total
First Republic Bank	\$ 4,900,000
Seller Take Back Financing	\$ 1,250,000
HPP	\$ 887,000
<b>Total Sources for acquisition and closing</b>	<b>\$ 7,037,000</b>

Mercy Housing California 104, L.P. entered into an option agreement to purchase the Site from 2530 18<sup>th</sup>, LLC, on December 1, 2021. The initial term of the option expires January 1, 2024, with an option to extend for 12-month period. The purchase price is sized at the residential project’s allocation of a \$7 million purchase price (\$6,020,000) based on square footage plus the residential project’s allocation of the Seller’s reasonable holding costs, currently estimated at \$7.3 million. This amount will cover 100% of entitlement costs, as they were required for the residential use only. The chart below represents currently estimated residential acquisition costs.

Cost	Total	Allocation		Notes
		Residential	Commercial	
Sale of Land	\$ 7,000,000	\$ 6,020,000	\$ 980,000	Value of the land is based on the appraised value at the time of purchase, split per the pro-rata square footage split
Holding Cost	\$ 1,180,938	\$ 1,015,607	\$ 165,331	Holding cost is split per the pro-rata square footage split, and includes acquisition loan interest, legal, taxes and utilities from 2020 - 2024

				Entitlement cost will be fully covered by the residential project. At the time of the August 2023 Loan Evaluation submission, how these cost should be represented and reimbursed wasn't resolved by HPP and Mercy and therefore weren't included in the predevelopment budget submission.
Entitlement	\$ 252,165	\$ 252,165	\$0	
<b>TOTAL</b>	<b>\$ 8,433,103</b>	<b>\$ 7,287,772</b>	<b>\$ 1,145,331</b>	

4.1.1.1. Proposed Property Ownership Structure. Prior to closing, HPP and MHC will conduct an air rights subdivision of the building, to separate the HPP Campus Expansion and limited partner’s residential portions. The residential air rights parcel will be acquired by MOHCD and ground leased to Mercy Housing California 104, L.P. in exchange for loan forgiveness for the acquisition takeout loan plus residual amount needed to meet the final purchase price. The commercial parcel will be sold to the New Markets Tax Credit special purpose entity.

4.2. Proposed Design. The Project, located at the border of the Mission and Potrero Hill neighborhoods, will provide 74 affordable homes, 50% of which will be targeted for formerly homeless families. The approximately 88,000 sq. ft. 8-story building includes a mix of 1, 2 and 3 bedroom apartment homes, residential support and amenity spaces, and community serving social services parcel on the lower two floors owned by HPP, to enable expansion of the critical services and programs they provide to the community. Sited on a sloping urban infill site at the NE corner of Hampshire and 18th streets, the project provides accessible entries for both the residential and social service programs that are accessed via the relatively flat frontage along Hampshire Street. The building will have two elevators dedicated to the residential portion of the building, serving units and residential amenity spaces. No off-street parking is proposed but the project includes the requisite 73 fully compliant class 1 bicycle parking spaces.

Residential SF:	75,398
Commercial SF:	12,768
<b>Building Total SF:</b>	<b>88,166</b>

UNIT TYPES	Avg Unit SF - This Project	CTCAC-Required Minimum SF
1BR:	538	450
2BR:	759	700
3BR:	1086	900
Do all units meet CTCAC minimum SF?	Y	

**4.3 Construction Supervisor/Construction Representative's Evaluation.** The project comprises 74 units in a mix of 36 One-BR, 31 Two-BR and 6 Three-BR units, plus one, 2-BR manager unit, dedicated residential services, property management, developed above the HPP Campus Expansion that is financed separately. There are three landscaped courtyards and terraces. The HPP space is significant at 12,800 s.f. on levels 1 & 2, and there is a connecting HPP serving elevator with a bridged walkway from the new HPP Community Service space to their main building. The courtyard on floor 2 and terrace located over the existing utility shed will support HPP users and act as a natural connector for the HPP campus.

On level 1 is the entrance to the HPP Campus Expansion Space, the residential first floor lobby, mail, management, resident services, and utility spaces. The 2<sup>nd</sup> floor consists of 5 residential units, HPP office space and an HPP courtyard which also provides access to the existing HPP campus through a secondary outdoor terrace. The Project has a unique vertical means of access necessary to connect HPP to its existing campus. Because of this, HPP will pay for the dedicated 3-stop elevator servicing their community service spaces, walkway connector to the existing HPP campus, and the connector staircase between levels 1 & 2. Mercy is financially responsible for the two stairwells and elevators supporting resident access.

Floors 3 through 8 are stacked units in 1, 2 and 3 bedroom configurations, and each floor also features a "study" overlooking the courtyard. The interior space accessing the resident-only courtyard on floor 3 offers community space along with laundry and small porch overlooking 18<sup>th</sup> Street.

The building façade up to the 6<sup>th</sup> floor presents a "crinkled" design with a mixture of thin brick tile, metal panel cladding and glazing areas of varied sizes, while the 7<sup>th</sup> and 8<sup>th</sup> floors receive a cement plaster finish. The courtyard facades will also have an economical cement plaster finish and will have a storefront exterior at the study overhang.

The 60% Construction Drawing set (dated 3/24/23) incorporates an HPP Expanded Campus space consisting of approximately 12,200 sf interior, 420 sf exterior covered space and 670 sqft of HPP garden space. The residential courtyard is 1,900 sf and one of the two proposed family childcare units includes a dedicated 170 sf patio.

Project team has navigated most issues through City review agencies and the Site Permit is nearing completion. The last design hurdle the team is navigating is the permitting of the connector walkway between the new building and HPP's existing building. This walkway will have to be under a separate building permit and will be submitted in parallel with the new building's Addenda 1, structural scope

A recent challenge the design team addressed was the enlargement of the north lightwell which will address the last major site permit concern from DBI. The team had initially planned on an easement with the neighboring affordable housing property to allow a reduced lightwell and have a larger three-bedroom unit. Unfortunately, DBI did not agree this was a correct interpretation of the code, so the team had to increase the lightwell size, reduce the unit size, and use shared light for one of the bedrooms. The design team did a good job maintaining the unit and bedroom counts and navigating the coordination efforts with city agencies.

Another change since schematic design was the addition of another unit to the 2<sup>nd</sup> floor, enabled through HPP & Mercy's development of shared spaces for their staff. Overall unit layouts are efficiently designed. The exterior design has been detailed significantly since 100% Design Drawings, and the significant review of the finishes' costs will be needed as the project transitions to construction. The team is actively evaluating two million dollars in value engineering opportunities identified by Suffolk, with the objective of reducing overall cost of the building before the next milestone, 95% Construction Drawings.

The Project faces challenges in cost containment in an environment of a highly volatile construction market combined with a unique set of program challenges. However, through VE over the past three months, the project team has removed approximately \$900k from construction costs. The current construction budget is approximately 19% more per unit, and 17% more per bedroom than similar Type I buildings. This has significantly improved since the last loan evaluation but does not diminish the need for the project to incorporate savings wherever possible. Construction cost per square foot is 7% higher than projects of similar building type, Type 1, which is tolerable. The overall total development cost is similarly above average at approximately 36% per unit and 23% per square foot. This is primarily driven by acquisition and soft costs. An area for cost improvement is with soft costs, which are approximately 66% more per unit than similar projects. Soft costs have increased by over one million dollars to support the additional permit packages, additional value engineering work, and the potential of additional units to make the project financially viable for funding.

#### 4.4 HPP Community Campus Expansion.

4.4.1. Space Description. The HPP Campus Expansion will be built in a separate commercial parcel on the lower two levels and will be financed entirely by HPP through New Markets Tax Credits (NMTC) and other sources. The approximately 12,800 sf space will include flexible, multi-use office, program and training spaces along with other supportive spaces. This space will have own dedicated elevator. The commercial space will be an air rights parcel.

- 4.4.2. HPP Parcel Development Plan. Homeless Prenatal Program will be the tenant and equity partner of the NMTC partnership for the commercial air rights parcel.
- 4.4.3. Operating Pro Forma. The HPP Campus Expansion will be separately financed using New Markets Tax Credits and thus commercial income will not be included in the residential project financing.
- 4.4.4. Tenant Improvement Build Out. All tenant improvements will be separately funded by HPP, which will also cover a pro rata share of building envelope costs.
- 4.4.5. Capital Campaign to fund buildout. HPP began the Pre-Planning Phase of its capital campaign in 2021, with pro-bono support from the nationally recognized firm, CCS Fundraising. The agency then hired Theresa Nelson & Associates to help the team design and execute the campaign's Planning Phase, which involved considerable policy planning, project development and leadership engagement.

HPP is currently conducting the campaign's Quiet Phase and is actively soliciting Board support and leadership gifts. The Quiet Phase is slated to be the longest and most involved phase, as HPP seeks to secure ~75% of the goal before launching the Public Phase of the campaign, which promotes the project externally.

The Sponsor partners have agreed that HPP should have at least \$16M secured at groundbreaking, including secured pledges and bank financing. HPP currently has \$5.5M in cash/pledges toward this total. While the agency is ramping up its capital campaign major donor strategy as part of the Quiet Phase, HPP does not anticipate having secured all funding by the anticipated start of construction if the Project receives State funding in the 2023 round. HPP is in conversation with its Board and financial institutions to be able to secure a capital campaign bridge loan if needed.

- 4.4.6. New Market's Tax Credits. HPP is working with Equity Community Builders (ECB) on securing New Markets Tax Credits (NMTC) for the project. ECB/HPP are in conversation with various CDEs (Community Development Entities) that are interested in funding this project. The total anticipated NMTC equity of likely-awarded NMTCs would be ~\$4.6M.

The CY2022 New Markets Tax Credit (NMTC) Award is expected to be announced in Fall 2023. Several CDE's have included HPP in their applications and are very interested in funding the HPP commercial project should they receive allocation. Prospective CDE lenders include San Francisco Community Investment Fund (SFCIF), TELACU, Corporation for Supportive Housing (CSH), Local Initiative Support Corporation (LISC), Nonprofit Finance Fund (NFF), and Axion Opportunity Fund

(AOF). Prospective NMTC Investors include Capital One, JP Morgan Chase, PNC Bank, Wells Fargo and US Bank. We expect the project to require 2 CDE's for a total NMTC allocation of \$20-25M. The transaction will be ready to close Spring 2024, or the following year, depending on the overall Project schedule.

In the event that the Project does not move forward due to feasibility, HPP would repay MOHCD's acquisition loan within 5 years, and the loan will be secured by a deed of trust in first position.

4.4.7. Funding Overview

FUNDING SOURCES	AMOUNT
Cash Received to Date	\$ 5,183,500
Pledges Received	\$407,000
Fundraising Remaining	\$6,109,500
NMTC Equity	\$4,600,000
<b>TOTAL</b>	<b>\$16,300,000*</b>

\*\$16.3 needed for groundbreaking; HPP will continue to fundraise toward the \$20M total goal (which includes tenant improvements at the existing HPP hub on Potrero)

- 4.5. Service Space. Amenity and support spaces include a community room, kitchen, outdoor common space, common laundry, small on-floor lounges or studies, management offices, lobby, circulation, and supportive service spaces designed to serve the intended population. The ground-floor residential amenity space is intended for resident gathering, mail, stroller/bike storage, resident services, maintenance, and residential management.
- 4.6. Communications Wiring and Internet Access. The Project will comply with the MOHCD Communication Systems Design Standards, in conformance with the Fiber to Housing (FTH) program implemented by MOHCD and DTIS. Service to the building from Public Right of Way to a MPOE and to IDF is designed to adequately accommodate City fiber and cabling for City DTIS and multiple service providers. Owner, Property Manager and Services Provider(s) shall coordinate adoption of FTH services by residents to the greatest extent feasible to ensure residents receive high quality free internet service.

Temporary power service will be provided by PG&E with permanent power service provided by SF PUC. A waiver has already been approved for the temporary power service.

4.7. Public Art Component. Public Art is required and the development team is interested in introducing innovative and impactful artwork into the Project that will have a positive impact to the building's inhabitants, the Mission community and greater San Francisco. An important aspect of this process is the creation of a curatorial statement that will guide public art selection and potentially art within the property. The team is interested in exploring how art can advance the HPP Theory of Change and the project goal of ending the cycle of poverty for homeless families. The project team selected Denver based *Nine Dot Arts* as its consultant. The total public art budget is currently \$117,263.

4.8. Marketing, Occupancy, and Lease-Up. The 50% of the units funded with LOSP will be leased up through HSH's Coordinated Entry system. The remaining lottery units will be leased through the City's DALHLIA process with anticipated additional limitations on preferences due to HCD funds in the transaction. Mercy's final marketing plan should address specifically any challenges that may arise from the 70% AMI units and large number of 1-bedroom units. Per Section 4.9 below, the Sponsor proposes that two of the 70% AMI units be Family Childcare Units operated as a pilot, benefiting from the higher income restriction.

Anticipated preferences in the DAHLIA units include

- 1) Certificate of Preference
- 2) Displaced Tenant Housing Preference Program for up to 20% of lottery units
- 3) Neighborhood Resident Housing Preference assumed at 25% given assumed HCD funding
- 4) Live or Work in San Francisco

4.9. Proposed Family Childcare (FCC) Units. The Sponsor proposes two family childcare units at the Project in the 70% AMI units through a new partnership with Faces SF (Family and Childhood Empowerment Services), as a pilot initiative. For over 10 years, Faces SF has provided childcare, family, and workforce services, primarily in the Bayview/Hunter's Point, Excelsior, Portola, and Visitacion Valley communities. It operates four centers, but its network of 37 FCC units is spread across the City. The organization provides training and technical assistance to providers, and ensures high quality FCC environments that are compliant with health and safety codes by conducting team visits to FCCs. The organization invests in its providers' success and encourages the adoption of FCC best practices by providing one-on-one coaching services and free training. Faces SF was created through the merging of two

organizations with a long history of providing child and family services: Florence Crittenton Services (est. 1882) and the Whitney Young Child Development Center (est. 1953).

Recognizing the challenges of leasing FCC units to qualified, licensed and income eligible households in affordable housing, the Sponsor proposal for the pilot is that Faces SF would select providers and refer them to a separate FCC lottery. Faces would provide technical assistance to the operators and ensure high quality services, as well as subsidies for the childcare slots. Families living at the Project would be prioritized, with a focus on 0 – 2 years olds, where demand far exceeds the supply of licensed childcare providers. The goal of the pilot is to provide access to affordable, high quality childcare for families, increasing female labor force participation and driving economic growth and financial stability for families. MOHCD staff are reviewing the proposal with the MOHCD Marketing & Lottery Manager on the merits and feasibility of this proposal.

- 4.10. Project Feasibility. The Sponsor is exploring multiple options to increase feasibility of the Project given the challenges of lack of economies of scale at 74 units, state financing competitiveness and operating cashflow. In the event that the Project is not selected for funding under the current HCD SuperNOFA application or continues to have a gap above and beyond the MOHCD preliminary gap commitment, the strategies include the following:
- The project submitted a 2023 SuperNOFA application for \$34,369,117. To fill any remaining financing gaps, the Sponsor is contemplating an application to the National Housing Trust Fund (NHTF) upon NOFA release assumed for this summer. The Sponsor has another application pending with the Community Care Expansion program through the California Department of Social Services (CDSS) for \$13M and has not received a response.
  - If the project is unable to secure funding through the 2023 SuperNOFA, the Sponsor is evaluating how to designate the residential parcel as HCD recognized surplus land, increase the unit count through varied methods and improve access to set aside categories within the NOFA.
  - Alternatively, the Sponsor proposes that AHSC could provide an alternative path to feasibility due to the project's proximity to transit and high density of family units, and will provide the analysis to MOHCD.



5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Mithun	N	N
Landscape Architect	Mithun	N	N
General Contractor	Guzman-Suffolk JV LLC	Y	N
Owner's Rep/Construction Manager	Waypoint	Y	N
Financial Consultant	California Housing Partnership Corporation	N	N
Permit Expediter	Dale Durrett	N	N
EBM	Sitco	N	N
Special Inspections	CEL	N	N
PV	Cal Solar	N	N
Public Art	Nine dot Arts	Y	N
IT/Low Voltage	Salter	Y	N
Joint Trench	UDCE	Y	N
Legal	Gubb & Barshay LLP	N	N
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Homeless Prenatal Program	N	N

5.1. Procurement Plan. Mercy met with Contracts Monitoring Division (CMD) to establish goals for the project, which were set at 20%.

5.2. Opportunities for BIPOC-Led Organizations. HPP's vision for the project and key role in the development reflects Project impact and leadership by a BIPOC majority Board. HPP has a strong tradition of hiring and promoting from their clients whom are majority BIPOC resulting in the majority of their staff being BIPOC and clients.

To increase contracting with BIPOC-led firms, the Sponsor is doing the following:

- Partnering with the San Francisco National Organization of Minority Architects to identify opportunities for participation in projects, in this case for architect subcontracts.

- Creating a BIPOC-led or -owned professional firms list for distributing contracting opportunities (building on efforts from The Kelsey Civic Center project)

- Including meaningful scoring in RFQ and RFP procurements for professional services (i.e. Owner's Rep, Architect and Engineers, and General Contractor) for firms with racial and gender equity-centered initiatives in regards to advancement within the organization, hiring and

subcontracting.

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Prior MOHCD/OCII Funding. There is no existing MOHCD loan.

6.2. Disbursement Status. The project has incurred costs dating back to December 1, 2019, with predevelopment costs funded by SF HAF. The Sponsor requests Loan Committee approval of payment of costs no earlier than December 1, 2019 so long as these costs are deemed acceptable and correspond to gap budget attached herein.

6.3. Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this project was at Loan Committee for the preliminary gap request on June 24, 2022:

1. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on: Community outreach completed, Outcomes achieved related to racial equity goals, and Commercial-use programming.

**Status: Ongoing** and MOHCD Monthly Project Update reporting is in need of improvement

2. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and MOHCD Commercial Space Underwriting Guidelines.

**Status: Completed** for this request; the operating budget does no cashflow for 15 years without more rental subsidy, and is a work in progress; the Commercial Space Policy does not apply as the HPP Campus Expansion is not being financed with residential sources including the MOHCD loan.

3. Sponsor must provide MOHCD with a services plan and proposed staffing levels approved by HSH that meet MOHCD underwriting standards prior to gap loan approval. Any changes to the current proposed staffing will need to be presented to MOHCD at least 90 days prior to gap loan approval.

**Status: Completed.** Updated draft services plan was submitted to HSH and MOHCD in April 2023 and has incorporated HSH and MOHCD comments.

4. Sponsor must work with MOHCD staff and project's General Contractor to Value Engineer construction budget.

**Status: In progress** with MOHCD CR participation.

5. Sponsor must work with MOHCD staff to revise unit mix so that the project will include a higher number of units serving households at 50% MOHCD AMI.

**Status: In progress.**

6. Sponsor must provide signed LOI from commercial tenant prior to MOHCD's gap loan closing. Status:

**Status: Not applicable**, as the HPP Campus Expansion is no longer contemplated to be structured as a commercial tenant of the residential; however, the development agreement between Mercy and the Homeless

Prenatal Program is being developed and will be shared, as well as a Reciprocal Easement Agreement.

7. Sponsor must provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of MOHCD gap loans.

**Status: In progress.**

8. Sponsor must provide the Reciprocal Easement Agreement between the commercial and residential parcels to MOHCD no less than 90 days prior to Loan Committee date for gap loan.

**Status: In progress.**

9. Sponsor to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.

**Status: In progress.**

10. Sponsor must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected investors and lenders; and, d) provide for MOHCD review and approval of all Letters of Intent from financial partners.

**Status: Will be submitted at the appropriate time.**

11. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.

**Status: Will be submitted at the appropriate time.**

12. Sponsor must provide quarterly updated response to any letters requesting corrective action.

**Status: Will be provided if letter requesting corrective action is received.**

13. Sponsor must submit an updated 1<sup>st</sup> year operating budget and 20-year cash flow – if any changes have occurred – by November 1<sup>st</sup> before the year the project will achieve TCO so that MOHCD may request the LOSP subsidy.

**Status: Will be submitted at the appropriate time.**

14. Sponsor must apply for any other higher value rent and operating subsidies available including Continuum of Care contracts or Project Based Vouchers.

**Status: Will be submitted at the appropriate time.**

15. Sponsor to provide self-scores for all third party funding requests.

**Status: Ongoing.**

16. Sponsor to work with MOHCD to find a land ownership and ground lease structure that complies with MOHCD policies. Land purchase will be contingent on MOHCD reviewing the appraisal and Purchase and Sale Agreement (PSA).

**Status: Complete.**

**6.4. Proposed Predevelopment Financing**

6.4.1. Predevelopment Sources Evaluation Narrative. Predevelopment costs have been funded to date by the SFHAF loan that is being requested to be taken out, as well as \$2.5M in additional MOHCD predevelopment financing that make up this request. MHC extended a Line of Credit (LOC) in amount of \$250K during the initial years of the Project, and were reimbursed at the SFHAF loan closing.

<b>Predevelopment Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Acquisition Cost is based on appraisal	Y	The entire site was acquired by HPP for \$7M supported by an appraisal.  This request includes takeout of the FRB acquisition loan in the amount of \$4.9 million excluding interest; the loan terms are 3.25% fixed rate with loan term ending June 2023 with an extension until end of September 2023; interest paid on the loan will be included in project costs at construction loan closing.
Holding costs are reasonable	N/A	Holding costs are not included in the predevelopment budget and are currently covered by HPP, for reimbursement at construction loan closing for the residential housing portion; MOHCD will review and need to approve holding costs to be included as part of the acquisition cost, which is a proposed loan condition
Architecture and Engineering Fees are within standards	Y	Architect design fees are budgeted at \$2.3 million in predev which includes third party design consultants and \$34K for potential redesign to look at the option of increasing unit density.
Consultant and legal fees are reasonable	Y	Consultant and legal fees are reasonable
Entitlement fees are accurately estimated	Y	Entitlement fees reflect actual costs to get through zoning change and SB35 approval
Construction Management Fees are within standards	Y	Construction management fees are reasonable at \$160K, reflecting 3.5 years of predevelopment work and assisting with the allocation of design and cost between the two projects
Developer Fee is within standards	Y	Requested developer fee is within UG standards at \$550K, one half of Project Management Fee prior to construction loan closing

Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is currently 10%
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6.4.2. Predevelopment Uses Evaluation:

6.4.2.1. Acquisition - First Republic Bank Acquisition Loan Takeout : \$4.9 million is proposed to take out the acquisition provided by First Republic Bank (FRB) to 2530 18<sup>th</sup> Street, LP, an affiliate of HPP, dated June 25, 2020. The loan term expired on June 25, 2023 and was extended until September 25, 2023. While the loan has a low fixed interest rate of 3.25%, negotiating a new term with the FRB takeover bank would have a far higher interest rate, which would increase the cost of the residential and HPP projects, as well as the future MOHCD gap for the residential project. The MOHCD Deed of Trust will be recorded in first position on the parcel and will be due and payable at the earlier of 5 years, or at transfer of the air rights parcel to the City to ground lease to the residential limited partnership.

CommonSpirit Health Operating Investment Pool, LLC provided a second loan to 2530 18<sup>th</sup> LLC, managed by HPP, in the amount of \$2 million dated January 13, 2022, at 2% interest, to take out the original seller carryback financing. The loan term is five years, and HPP will keep these low cost funds in their HPP development project and it is not included in the request.

6.4.2.2. SF HAF Predev Loan Takeout: \$2,435,211 of the proposed MOHCD predevelopment loan is proposed for takeout of the SF HAF Predev Loan to the residential limited partnership, which funded architecture and engineering, legal, entitlements and financial consultants. This predevelopment loan has a fixed interest rate of 3.25%; taking it out now with committed MOHCD funds will provide cost savings to the project by reducing interest carry. MHC will provide backup documentation demonstrating the eligibility of predevelopment costs for the MOHCD takeout loan prior to loan closing.

6.4.2.3. Other predevelopment costs to be funded by the MOHCD loan total \$2,511,689, and are lean and reasonable. These funds include standard architecture, engineering and environmental studies, legal and financing application costs.

6.5. Proposed Permanent Financing. The perm budget included is preliminary as the Sponsor is exploring options to increase feasibility given the challenges of economies of scale at 74 units, state financing competitiveness and operating cashflow (see Section 4.10, Project Feasibility).

6.5.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project.

- **4% Tax Credit Equity (\$36,11,097):** Investor TBD, Sponsor assumes \$0.93 per federal LIHTC and \$0.85 per State LIHTC. Considering the market and more recent projects in MOHCD pipeline that have closed, this equity amount appears conservative. Any increases in equity would assist in reducing the overall gap. See Section 9.2, Loan Conditions.
- **MHP Loan (\$28,320,125):** The sponsor applied for HCD MHP and IIG in 2023, and upon receiving an award, would apply for the next round of CDLAC / Tax Credit financing. The MHP loan terms are 55 years, 3% simple interest with a 0.42% mandatory payment, residual receipts, \$500 PUPA replacement reserve requirement, minimum of 6 months of operating reserves.

This Project does not meet the MHP scoring priorities of high resource area or surplus land. The Sponsor’s Scoring Analysis for the 2023 application is a score of 105 out of 113 maximum points, and a tie breaker score of 153.72%, which is not highly competitive. As outlined in Section 4.9 Project Feasibility, the Sponsor is exploring options to increase the Project’s competitiveness for MHP, including making the air rights parcel surplus land and increasing density.

Scoring Summary - MHP Round 2023		Project Points	Max Points
Affordability   30 points		30	30
State Policy Priorities   18 points		10	18
Sponsor Experience/ Applicant and Property Management experience   20 points		20	20
Project Readiness   20 points; negative 5 points		20	20
Financing Commitments (10 pt max)		10	10
Local & Environmental Approvals (7 pt max)		0	2
Organizational Documents (3 pt max)		3	3
TCAC Hybrid Projects (-5 pts max)		0	0
Adaptive Reuse / Infill / Proximity to Amenities / Sust Bldng Methods   21 points		20	20
Infill Development & Net Density(5 pt max)		5	5
Proximity to Amenities (6 pt max)		5	5
Broadband Access (5 pt max)		5	5
Sustainable Building Methods (5 pt max)		5	5
Cost Containment   5 points		5	5
<b>TOTAL POINTS (85 minimum score required)</b>		<b>105</b>	<b>113</b>

<b>Tiebreaker</b>	<b>153.72%</b>
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- IIG Sponsor Loan (\$6,048,992): 55 years, 3% simple interest, deferred payment, \$500 PUPA replacement reserve requirement, minimum of 6 months of operating reserves; IIG will not be funded if MHP is not awarded.
- MOHCD/HSR Loan (\$16,000,000): 55 years, 3% simple interest, residual receipts, and committed under the Preliminary Gap Request in 2022.
- AHP (\$1,000,000): Bank TBD, 15 years, 0% simple interest, disbursement into project in 2024
  - Mercy expects to make a future request for a bridge loan from MOHCD for the AHP at the final gap request since the project will not score maximum points until permanent conversion.
- Deferred Developer Fee (\$1,000,000): deferred developer in the amount of \$1,000,000 to be paid over 15 years if there is cashflow.
- Construction Loan (\$41,991,000): While not a permanent source, the construction loan terms are lender TBD, 33 month term, projected all in rate with cushion 6.91%. It would be funded through proceeds from a bond allocation.
- Other potential funding: As outlined in Section 4.9 Project Feasibility, MHC and HHP are pursuing other financing sources to increase the feasibility of both projects. The Sponsor applied for \$13 million in “Community Care Expansion Program” (CCE), a new state funding grant for construction of facilities / housing to address homelessness, in Spring 2023, and an award would be divided between the two projects.

**6.5.2 CDLAC Tax-Exempt Bond Application:**

The Project’s basis boost from their previous DDA / QCT placeholder application with CMFA is expiring at the end of 2023, and CMFA has indicated that it is not possible to extend it. Nonetheless, if the Sponsor secures an MHP award, they would be somewhat competitive for a CDLAC allocation, although less competitive with the current inclusion of State tax credits. They would not apply until they have received an MHP award.

<b>CDLAC Self-Score</b>	
Opportunity Map Resource Level	TCAC/HCD Opportunity Map: Moderate
TCAC Housing Type (new construction only)	TCAC regs: Large Family

Bond Allocation Request Amount	\$40,725,663
Total Self-Score (out of 120 points)	119
Tiebreaker Score	10.29

6.5.3 Residential Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	N	\$791K /unit which is high compared to similar projects; this is due to size and site conditions, and the hard cost is 7% higher per square foot than comparable projects (see
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%; in addition, Design Contingency is held at 2% due to potential redesign to increase density, bid contingency is held at 2%, plan check contingency is held at 2%
Architecture and Engineering Fees are within standards	Y	Total A&E costs of \$3.2 million include potential redesign analysis to increase project density, and is within standards
Construction Management Fees are within standards	Y	CM Fee of \$260K for the multiyear project with complex division between residential and HPP service projects is warranted and within standards; HPP is paying for its portion of CM fee
Developer Fee is within standards, see also disbursement chart below	N	Project management fee: \$1.1 million At risk fee: \$1.1 million Deferred developer fee \$1 million Total fee: \$3,200,000
Consultant and legal fees are reasonable	Y	Consultant and legal fees appear reasonable
Entitlement fees are accurately estimated	Y	Entitlement fees are based on actual costs and are being fully paid by the residential project as they pertain to residential entitlements
Construction Loan interest is appropriately sized	Y	Construction loan interest is appropriate for conservative assumptions of interest rate environment
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%;
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 6 months in compliance with MHP requirements



6.5.4 Developer Fee Evaluation: The milestones for the payment of the developer fee to the sponsor are specified below:

Total Developer Fee:	\$2,200,000	
Project Management Fee Paid to Date:	\$ 494,000	
Amount of Remaining Project Management Fee:	\$ 606,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Acquisition/Predev		.
Predevelopment closing	\$494,000 (paid)	45%
Submission of HCD funding application	-	-
Submission of Joint CDLAC/TCAC app post award of MHP	\$100,000	10%
Construction close	\$225,000	20%
Construction Completion	\$225,000	20%
Project close-out	\$56,000	5%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$220,000	20%
Permanent conversion	\$550,000	50%
Project close-out	\$330,000	30%

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

7.1. Annual Operating Budget. The Project is currently estimating operating expenses of \$1.2 million, around \$16.2K PUPA, not including ground lease and minimum HCD debt payments. The Sponsor indicates that more revenue is needed to properly operate the property, and under the current budget, the Project cashflow goes negative in Year 5 and is not currently feasible. The Sponsor would like to discuss cost allocations with MOHCD in Fall 2023 to demonstrate the higher burden that PSH units place on operating budgets based on MHC comparable projects. The relatively small project with half PSH units, and 24 hour desk clerk coverage will result in higher than average operating costs. CoC for a portion or all of the PSH units, or SFHA project-based vouchers on non-PSH units, could help address this gap.

- The Project is requesting 37 LOSP subsidies
  - LOSP subsidy is projected at \$574K, or \$7,800 PUPA

- The preliminary operating budget assumes a per unit pro rata split for all operating costs except for:
  - Security/Front Desk Coverage costs 75% to LOSP. This will need to be reviewed with MOHCD staff prior to approval.
- Staffing is assumed at 1 Senior Property Manager, .5 Assistant Property Manager, .33 Housing Support Specialist, 4.5 FTE Desk Clerk coverage for 24 hour presence, and 2 FTE janitor and maintenance staff.
- Insurance budgeted at \$155,000 and is reasonable
- Supportive services for the non-LOSP units is budgeted at \$33,500 (0.4 FTE) and is well within standards seen at other projects.
- Reserves
- Replacement reserves are set at \$500 per unit in line with HCD's requirement for MHP

7.2. Annual Operating Expenses Evaluation.

<b>Operating Proforma</b>		
<b>Underwriting Guidelines Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	N/A	No perm debt, but project goes negative in year 5.
Vacancy rate meets TCAC Standards	Y	Vacancy rate is 5% for all units, which is compliant with TCAC.
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5% for non LOSP, 1% growth shown for LOSP units
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	<p>Total Operating Expenses are proposed at \$15,500 PUPA before reserves for project operating feasibility; however, the sponsor believes that accurate operating costs would be higher, that more project income is needed, and that LOSP needs to pay for a higher percentage of operating cost. Even this reduced operating budget goes negative in Year 5.</p> <p>MOHCD's family PSH portfolio between 50 – 100 units with 30% – 70% homeless set-aside, new construction projects, built between 2003 – 2023, indicate an average per unit cost of \$17,000, escalated to 2023 (1036 Mission, Broadway Sansome, 1100 Ocean are excellent family project comps). However, the 3.5% cost escalation from 2020 will not capture big</p>

		<p>jumps in operating cost that affordable projects have encountered over the last several years such as insurance and minimum wage compensation increases.</p> <p>MOHCD and MHC will meet to review MHC’s analysis for PSH unit costs, and this is addressed as a proposed loan condition.</p>
Property Management Fee is at allowable <a href="#">HUD Maximum</a>	Y	Total Property Management Fee is \$55,188 or \$63 PUPM
Property Management staffing level is reasonable per comparables	Y	<p>Proposed staffing:</p> <p>1 FTE Senior Property Manager (PM)</p> <p>.5 FTE Assistant PM</p> <p>0.33 FTE Housing Support Specialist</p> <p>4.5 FTE Desk Clerk/ Community Coordinator (24 hour coverage)</p> <p>1 FTE Maintenance Manager</p> <p>1 FTE Janitor</p>
Asset Management and Partnership Management Fees meet standards	Y	<p>Annual AM Fee is \$24,270/yr, and increases annually by 3.5%.</p> <p>Annual PM Fee is \$24,280/yr</p>
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year as required by State MHP funding
Limited Partnership Asset Management Fee meets standards	Y	\$5,000 and does not escalate over time per Underwriting Guidelines

**7.3. Target population and Income Restrictions for All Sources.** The Project is proposed at 74 units, with half of the units (37) as permanent supportive housing units for families. The remaining 37 DAHLIA units have income restrictions at 50% - 70% MOHCD AMI. The Sponsor proposes that two of the 70% AMI units serve as family childcare units, utilizing a new partnership with Faces SF.

The table below summarizes the affordability restrictions from all funders, including those proposed to HCD in the recent MHP/IIG applications, and will be used at the time of marketing to determine the most restrictive income and rent levels.

UNIT SIZE		MAXIMUM INCOME LEVEL		
NON-LOTTERY	No. of Units	MOHCD	TCAC	HCD
1 BR – LO SP	18	50% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
2 BR – LO SP	16	50% MOHCD AMI	30% TCAC AMI	30% TCAC AMI

3 BR – LOSP	3	50% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
<b>Sub-Total</b>	<b>37</b>			
<b>LOTTERY</b>				
1 BR	10	50% MOHCD AMI	40% TCAC AMI	40% TCAC AMI
1 BR	8	60% MOHCD AMI	50% TCAC AMI	50% TCAC AMI
<b>Sub-Total</b>	<b>18</b>			
2 BR	6	50% MOHCD AMI	40% TCAC AMI	40% TCAC AMI
2 BR	7	60% MOHCD AMI	50% TCAC AMI	50% TCAC AMI
2 BR	2	70% MOHCD AMI	80% TCAC AMI	80% TCAC AMI
<b>Sub-Total</b>	<b>15</b>			
3 BR	1	50% MOHCD AMI	40% TCAC AMI	40% TCAC AMI
3 BR	2	70% MOHCD AMI	60% TCAC AMI	60% TCAC AMI
<b>Sub-Total</b>	<b>3</b>			
<b>STAFF UNITS</b>				
2 BR	1			
<b>TOTAL</b>	<b>74</b>			

7.4. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
1BR	28	50% of Median Income
2BR	22	50% of Median Income
3BR	4	50% of Median Income
1BR	8	60% of Median Income
2BR	7	60% of Median Income
2BR	2	70% of Median Income
3BR	2	70% of Median Income
2BR	1	Manager's Unit

8. SUPPORT SERVICES

8.1. Services Plan.

This project seeks to assist families in maintaining independence, stability and functioning within a safe and affordable housing community, resulting in improved health and well-being while establishing and maintaining long-term housing. HPP will provide services for the 37 formerly homeless households

and MHC will provide services to the entire property, or 74 households. Both agencies will work together to provide client-centered services steeped in the Strengthening Factors Framework (parental resilience, social connections, knowledge of parenting and child development, concrete support in times of need, social and emotional competence of children).

HPP's main outcome for the project is that families will stabilize. HPP understands that families face unique challenges, and will join this housing community at different places along the spectrum of healing from the trauma of homelessness and/or any additional underlying stress and need. Using PSH best practices, such as harm reduction, de-escalation, and trauma-informed practices, the team will support residents throughout their tenancy. Larger building programming will be designed with residents and with consideration of the needs of the tenant population as a whole. Additional services will be individualized to meet specific family needs. Stabilization of households in an environment conducive to their success is core to this model.

HPP and MHC are proposing the following on-site support services staff to support the households referred from Coordinated Entry (funded by HSH) and the lottery units referred from the DAHLIA program (funded by building operations):

- Coordination with Property Management
- Housing Retention Services
- Service Coordination
- Social Engagement and Youth Programming

With HPP and MHC support, families will have comprehensive support. HPP will offer a layered program that provides continuity of care including individualized intensive case management; outreach and engagement; intake and assessment; benefits advocacy and assistance; referrals and coordination of services; wellness checks; support groups and social events; housing stability support; clinical services; and exit planning. Holistic services will be conducted collaboratively to integrate services/treatment, including with tenants' off-site case managers/care team. HPP will coordinate closely with MHC to ensure tenant stability. This project offers an innovative approach to family homelessness against HPP's track record for success: 95% of families housed by HPP remain housed a year later.

**8.2 Services Budget.** The .4 FTE Resident Services Coordinator (RSC) will be available to support the non-PSH households and will be funded from the

operating budget, which includes \$43,500 for RSC staffing in Year 1. This conforms to MOHCD’s Underwriting Guidelines.

For the PSH units, the 2 FTE Case Management will be funded through a separate services contract between the Sponsor and HSH. The Project will receive HSH’s Tier 5 annual services funding level, which is \$12,900/unit or \$477K total. The total supportive services budget including PSH and non-PSH units totals \$531K in Year 1.

						TOTAL HSH	TOTAL Op Budg	TOTAL
Staffing	Manager	Dir of Hsg	Clinical Sup.	CM	CM (MSW)		RSCII	
Funder	HSH	HSH	HSH	HSH	HSH		Op Budget	
FTE	0.90	0.12	0.30	1	1	3.32	0.5	\$ 3.82
								\$ -
Salary	98,846	145,251	130,555	68,000	87,137	529,789	25,000	554,789
Salary (FTE Adjusted)	88,961	17,430	39,167	68,000	87,137	300,695		300,695
								0
Benefits @28%*	24,909	4,880	10,967	19,040	24,398	84,195	5,000	89,195
Subtotal Salary	113,871	22,311	50,133	87,040	111,535	384,890	30,000	414,890
<b>Total Salary</b>	<b>113,871</b>	<b>22,311</b>	<b>50,133</b>	<b>87,040</b>	<b>111,535</b>	<b>384,890</b>	<b>30,000</b>	<b>414,890</b>
Client Supplies & Programming						26,000		26,000
Training						5,000		5,000
Travel						3,677		3,677
Indirect Cost @ 15%	17,081	3,347	7,520	13,056	16,730	57,733	3,516	61,249
<b>TOTAL</b>	<b>130,951</b>	<b>25,657</b>	<b>57,653</b>	<b>100,096</b>	<b>128,266</b>	<b>477,300</b>	<b>33,516</b>	<b>510,816</b>
Cost Per Unit						12,900 per 37 PSH Units	453 per 74 TI Units	6,903 per 74 TI Units

8.3 HSH Assessment of Service Plan and Budget. 2530 18<sup>th</sup> Street is a new construction affordable housing project with 74 units, expected to break ground in 2024. 37 of the units will be designated as Permanent Supportive Housing (PSH)

units which are set aside for families experiencing homelessness. Referrals into these units will be provided via the City and County of San Francisco’s Coordinated Entry system. The project will be subsidized for ongoing operations and supportive services by the Local Operating Subsidy Program (LOSP).

Through the MOHCD procurement process, Homeless Prenatal Program (HPP) was selected to be the Supportive Services provider, and Mercy Housing was selected to be the Property Management provider and to provide Resident Services coordination. HPP’s services will be dedicated to serve the 37 households who will reside in the PSH units. The HSH will manage the contract and budget for these services to be provided.

HPP submitted a robust Supportive Services Plan that outlines the plan for coordination with Property Management and the Resident Services teams, to assist families in successfully adjusting to permanent housing, and help them to maintain housing for the long-term. The plan speaks to community building strategies and ongoing planning and coordination at the site level to ensure the needs of individual residents are balanced with the safety and security of the property. The plan also speaks to HPP’s partnerships with community agencies to be able to bring services into the building to address food security, educational goals, mental health and financial goals, among other things. HPP also seeks to address the personal challenges and goals of individual families by conducting assessments prior to move-in, and conducting ongoing assessments and creating individualized service plans.

**9 STAFF RECOMMENDATIONS**

**9.1 Proposed Loan/Grant Terms**

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$4,900,000 acquisition take out loan
Borrower:	<b>2530 18<sup>th</sup> LLC</b>
Loan Term:	5 years
Loan Maturity Date:	Earlier of construction loan closing and transfer or residential air rights parcel to City or September 30, 2028
Loan Repayment Type:	Deferred
Loan Interest Rate:	0%
Date Loan Committee approves prior expenses can be paid:	12/1/2019

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$4,946,900 Predevelopment Loan
Borrower:	<b>Mercy Housing California 104, L.P.</b>

Loan Term:	5 years (to be wrapped into perm 55 year loan at construction loan closing)
Loan Maturity Date:	2078
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	12/1/2019

**9.2. Recommended Loan Conditions**

*Continuance of previous loan conditions that are in progress:*

1. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on: Community outreach completed, Outcomes achieved related to racial equity goals, and Commercial-use programming.
2. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and MOHCD Commercial Space Underwriting Guidelines.
3. Sponsor must work with MOHCD staff and project’s General Contractor to Value Engineer construction budget.
4. Sponsor must work with MOHCD staff to revise unit mix and affordability restrictions so that the project will include a higher number of units serving households at 50% MOHCD AMI.
5. Sponsor must provide signed LOI from commercial tenant prior to MOHCD’s gap loan closing.
6. Sponsor must provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of MOHCD gap loans.
7. Sponsor must provide the Reciprocal Easement Agreement between the HPP Campus Expansion and residential parcels to MOHCD no less than 90 days prior to Loan Committee date for gap loan.
8. Sponsor to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.
9. Sponsor must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected



investors and lenders; and, d) provide for MOHCD review and approval of all Letters of Intent from financial partners.

10. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans. Increased local staff participation in the lease up will be required.
11. Sponsor must provide quarterly updated response to any letters requesting corrective action.
12. Sponsor must submit an updated 1<sup>st</sup> year operating budget and 20-year cash flow – if any changes have occurred – by November 1<sup>st</sup> before the year the project will achieve TCO so that MOHCD may request the LOSP subsidy.
13. Sponsor must apply for any other higher value rent and operating subsidies available including Continuum of Care contracts or Project Based Vouchers.
14. Sponsor to provide self-scores for all third party funding requests.

*New Conditions:*

1. Increase equity pay in assumptions to \$0.98 for updated financial projections, pending discussions with financial advisor on current tax credit investment climate
2. MHC will provide updated operating budget and proposed LOSP Cost Split by November 1, 2023, to review with MOHCD and HSH.

*HPP Loan Conditions:*

1. MOHCD Holding costs are not included in the predevelopment budget and are currently covered by HPP, for reimbursement at construction loan closing for the residential housing portion; MOHCD will review and need to approve them to be included as part of the acquisition cost
2. HPP to provide quarterly fundraising updates on the HPP Campus Expansion
3. In the event that the Project does not move forward within five years, HPP will repay MOHCD's acquisition loan within five years of recording the MOHCD Deed of Trust

o LOAN COMMITTEE RECOMMENDATION

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

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

\_\_\_\_\_,  
Daniel Adams, Director  
Mayor’s Office of Housing

Date: \_\_\_\_\_

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

\_\_\_\_\_  
Salvador Menjivar, Director of Housing  
Department of Homelessness and Supportive Housing

Date: \_\_\_\_\_

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

\_\_\_\_\_  
Marc Slutzkin for Thor Kaslofsky, Executive Director  
Office of Community Investment and Infrastructure

Date: \_\_\_\_\_

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

\_\_\_\_\_  
Vishal Trivedi for Anna Van Degna, Director  
Controller’s Office of Public Finance

Date: \_\_\_\_\_

- Attachments:
- A. Project Milestones/Schedule
  - B. Borrower Org Chart
  - C. Developer Resumes
  - D. Asset Management Analysis of Sponsor
  - E. Threshold Eligibility Requirements and Ranking Criteria
  - F. Site Map with amenities
  - G. Elevations and Floor Plans, if available
  - H. Comparison of City Investment in Other Housing Developments
  - I. Predevelopment Budget – N/A
  - J. Development Budget
  - K. 1<sup>st</sup> Year Operating Budget
  - L. 20-year Operating Pro Forma

## RE: 2530 18th St ACQUISITION TAKE OUT AND PREDEVELOPMENT FINANCING

Shaw, Eric (MYR)

Fri 8/25/2023 1:00 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I approve

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**From:** Shaw, Eric (MYR) <[eric.shaw@sfgov.org](mailto:eric.shaw@sfgov.org)>

**Sent:** Friday, August 25, 2023 11:47 AM

**To:** Amaya, Vanessa (MYR) <[Vanessa.Amaya@sfgov.org](mailto:Vanessa.Amaya@sfgov.org)>

**Subject:** ACQUISITION TAKE OUT AND PREDEVELOPMENT FINANCING

approve

Eric D. Shaw

Director/ Interim Director HopeSF

Mayor's Office of Housing and Community Development

City and County of San Francisco

1 South Van Ness Avenue, 5th Floor

## 2530 18th Street

Menjivar, Salvador (HOM)

Fri 9/1/2023 3:18 PM

To: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Cc: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I conditionally approve Mercy Housing California (MHC) and Homeless Prenatal Program (HPP) request for acquisition and predevelopment take-out financing in support of 2530 18th Street, a new construction of 74-unit of affordable housing development with 50% (37) of the units set aside for families who have experienced homelessness, in the total amount of \$9,846,900. The sponsors of the project have at times expressed that some of the PSH units will not be filled with referrals from the SF Coordinated Entry (CE) System. My approval of this loan is conditioned to the sponsors eventually agreeing that all PSH units will be filled with homeless families referred by CE.

Best,

salvador



Salvador Menjivar

Director of Housing

*Pronouns: He/Him*

San Francisco Department of Homelessness and Supportive Housing

[salvador.menjivar1@sfgov.org](mailto:salvador.menjivar1@sfgov.org) | 415-308-2843

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## 2530 18th Street Acquisition Take-Out and Predevelopment Loan Request Loan

Colomello, Elizabeth (CII)

Fri 8/25/2023 11:46 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>; Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>

Hi Vanessa-

I approve the subject request on behalf of OCII.

Thanks-

Elizabeth



**Elizabeth Colomello**  
**Housing Program Manager**

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📍 One South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103  
📞 415.749-2488, Cell 415.407-1908  
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**2530 18th Street**

**Van Degna, Anna (CON)**

Fri 8/25/2023 11:46 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Approved

**Anna Van Degna** (*she/her/hers*)

Director, Controller's Office of Public Finance

City & County of San Francisco

1 Dr. Carlton B. Goodlett Place

City Hall, Room 338

San Francisco, CA 94102

Phone: (415) 554-5956

Email: [anna.vandegna@sfgov.org](mailto:anna.vandegna@sfgov.org)

**Attachment A: Project Milestones and Schedule**

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	<u>6/16/2023</u>	
1	Acquisition/Predev Financing Commitment	<u>12/19/2019</u>	First Republic Bank provided initial land commitment to HPP
2.	Site Acquisition	<u>12/19/2019</u>	Acquired by HPP
3.	Development Team Selection		
a.	Architect	<u>10/21/21</u>	
b.	General Contractor	<u>10/21/21</u>	
c.	Owner's Representative	<u>10/21/21</u>	
d.	Property Manager	<u>10/21/21</u>	
e.	Service Provider	<u>10/21/21</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>4/11/22</u>	
b.	Submittal of Design Development & Cost Estimate	<u>8/8/22</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>12/16/22</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>6/2/23</u>	
5.	Commercial Space		
a.	Reciprocal Easement Agreement with commercial parcel Submission	<u>9/25/23</u>	
b.	LOI/s Executed	<u>n/a</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>10/28/21</u>	
b.	CEQA Environ Review Submission	<u>n/a</u>	
c.	NEPA Environ Review Submission	<u>n/a</u>	
d.	CUP/PUD/Variances Submission	<u>n/a</u>	
7.	PUC/PG&E		

a.	Temp Power Application Submission	<u>6/1/22</u>	
b.	Perm Power Application Submission	<u>6/1/22</u>	
8.	Permits		
a.	Building / Site Permit Application Submitted	<u>10/28/21</u>	
b.	Addendum #1 Submitted	<u>4/10/23</u>	
c.	Addendum #2 Submitted	<u>9/25/23</u>	
9.	Request for Bids Issued	<u>6/5/23</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>12/1/22</u>	
b.	Final	<u>11/29/24</u>	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	<u>12/1/22</u>	
b.	Acquisition Take Out and Predev Financing Application	<u>8/25/23</u>	
c.	Gap Financing Request	<u>2/1/24</u>	
12.	Other Financing		
a.	HCD Application - MHP	<u>6/1/23</u>	
b.	Construction Financing RFP	<u>5/3/24</u>	
c.	AHP Application	<u>3/1/25</u>	
d.	CDLAC Application	<u>5/2/24</u>	
e.	TCAC Application	<u>5/2/24</u>	
f.	Other Financing Application		
g.	LOSP Funding Request	<u>11/29/24</u>	
13.	Closing		
a.	Construction Loan Closing	<u>11/29/24</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>7/16/27</u>	
14.	Construction		
a.	Notice to Proceed	<u>12/1/24</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>8/7/26</u>	
15.	Marketing/Rent-up		



Evaluation of Request for Financing  
 2530 18<sup>th</sup> Street

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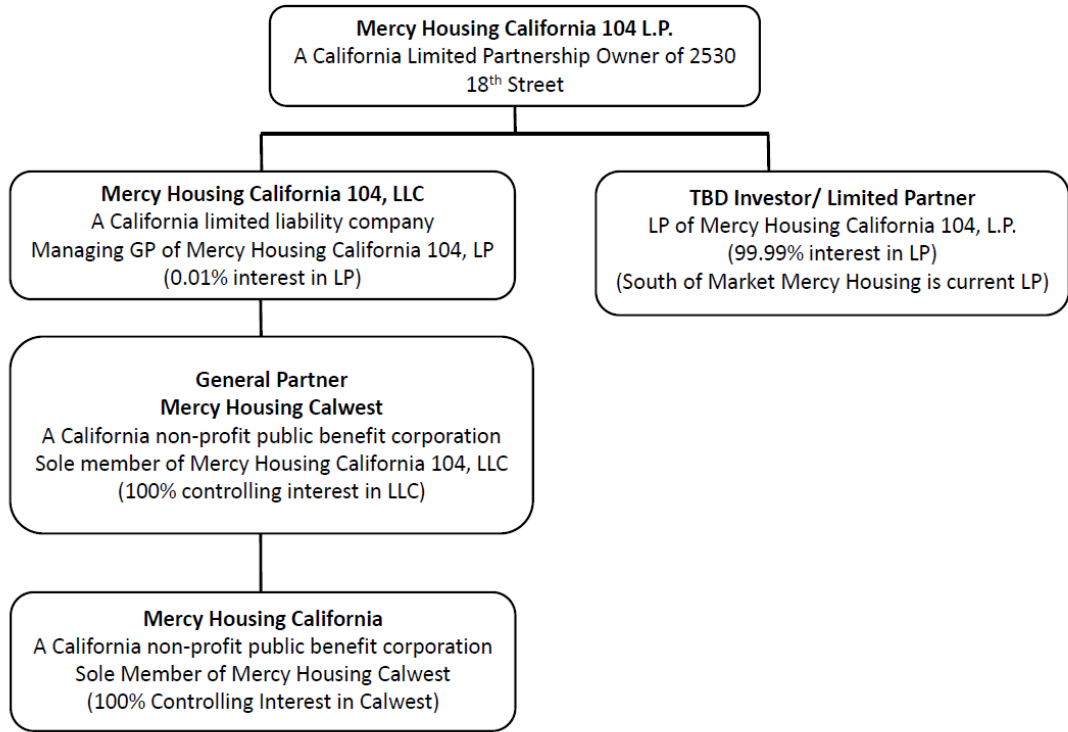
a.	Marketing Plan Submission	<u>11/29/25</u>	
b.	Commence Marketing	<u>2/1/26</u>	
c.	95% Occupancy	<u>12/1/26</u>	
16.	Cost Certification/8609	<u>10/30/27</u>	
17.	Close Out MOH/OCII Loan(s)		

**Attachment B Borrower Org Chart:**

Homeless Prenatal Program (HPP) Expansion Program Borrower Entity: 2530 18<sup>th</sup>, LLC

Residential Borrower Entity: Mercy Housing California 104, L.P.

**Borrower Org Chart**



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**Attachment C: Development Staff Resumes**



## **KION SAWNEY**

Project Developer

### **PROFESSIONAL EXPERIENCE**

**Mercy Housing California, San Francisco, California**

*Project Developer I, July 2020 to present*

- Manage and perform all tasks related to the development of affordable housing associated with acquisition and new construction.
- Responsible for reviewing sites for potential housing developments, preliminary land use analysis to determine feasibility; secure local approvals and neighborhood acceptance; prepare financial analysis and secure project funding; oversee design and construction process and close out with the investors and lender.
- Projects include: 600 7<sup>th</sup> Street - 221 units of affordable PSH and family housing; 2530 18<sup>th</sup> Street with Homeless Prenatal Program - 73 units of affordable family housing.

**Beacon Development Group, San Francisco, California**

*Housing Developer, August 2016 to 2019*

- Directly managed an affordable housing development portfolio worth over \$150 million in Northern California and concurrently supporting projects in Southern California and Washington State - the portfolio included urban infill construction, re-syndications, acquisition rehabs, new markets TC and 4% non-competitive.
- Oversaw all aspects of project development, working closely with clients and project teams on site acquisition, predevelopment, entitlements, design, financing, construction, and project close out. Negotiated development, loan, and partnership agreements with public and private equity partners.

**Nashville Civic Design Center, Nashville, Tennessee**

*Research Fellow, May 2014 to 2016*

- Authored, "Creating Inclusive Communities," a publication describing 7 topic areas for Nashville to pursue that improve housing accessibility for low to moderate-income individuals. The report assembled statistical demographic changes, engaged with over 50 community stakeholders, and showcased national best practices.
- Advised and consulted with the Mayor's Office, government agencies and officials, community organizations and trade groups on tools to increase the city's affordable housing stock and improve non-profit capacity.
- In partnership with the Chamber of Commerce and the Urban Land Institute, proposing an innovation district in the city's midtown and began preliminary work for its creation.

### **EDUCATION**

BA, Urban Planning, Vanderbilt University, 2014

### **CURRENT PROFESSIONAL AFFILIATIONS & COMMUNITY INVOLVEMENT**

Commissioner, San Francisco Residential Rent Stabilization and Arbitration Board

Board Member, Yimby Action: San Francisco Board

Tree Planting Leader, Friends of the Urban Forest

**Attachment D: Asset Management Evaluation of Project Sponsor**

Mercy Housing California (MHC) will assume asset management duties for 2530 18<sup>th</sup> Street. Asset Management falls under the National Portfolio Management department of Mercy Housing Inc, which is led by Senior Vice President Melissa Clayton.

**Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio**

California represents the largest portion of the portfolio with 156 operating properties across the state; 55 Mercy owned and occupied properties are located in the City of San Francisco.

**Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)**

Yelena Zilberfayn is the Vice President of Asset Management at Mercy Housing where she has worked for the past 22 years, 9 of which in the Asset Management Department, and is responsible for a portfolio of real estate assets serving families, seniors, and special needs individuals. She leads a team of five Asset Managers, four in San Francisco, one in Sacramento.

Two Asset Management Analysts and one Commercial Asset Management Analyst based in the National Office in Denver, CO, and one Commercial Asset Manager based in San Francisco are supporting Yelena's team. In addition, there are two Asset Managers overseeing other regions in CA and one Capital Project Investment Manager, reporting directly to Melissa Clayton. Yelena is located in the San Francisco office and interfaces directly with Doug Shoemaker, President of Mercy Housing California (MHC), and Jennifer Dolin, Vice President of Operations of MHC. Yelena and her team act as Mercy Housing's representatives in relation to the physical and financial status of each asset and protect its financial health and long-term viability. Mercy's portfolio management also includes Transaction Team comprised of 2 staff devoted to other specialized needs such as the Year 15 buy out and the refinance of properties. All positions are currently filled and they are all full time.

The breakdown of the Bay Area asset management staff positions is as follows:

- (1) Vice President of Asset Management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (2) Asset Management Analysts
- (1) Commercial Asset Management Analyst
- (1) Commercial Asset Manager

Each Asset Manager oversees a portfolio of up to 25 assets. The 4 Asset Managers in the San Francisco office currently have 90 assets in their portfolio. Eight of these properties are in predevelopment, under construction or in rehab in the City of San Francisco or Bay Area. In San Francisco, Asset Managers manage fewer than the maximum of 25 assets in order to free up capacity for future developments. Once development is complete, a San Francisco based Asset Manager will assume asset management duties for 1530 18<sup>th</sup> Street.

**Description of Scope and Range of Duties of Developer's Asset Management Team**

Asset Management staff has oversight over all operations of the properties. The portfolio is analyzed monthly through the Portfolio Scorecard, which looks at physical and economic occupancy, trade and intercompany payables. In addition, the team performs quarterly risk ratings according to Affordable Housing Investment Council (AHIC) standards, of every property to evaluate occupancy, reserves, management, capital needs and available reserves. If a property is placed on the watchlist, there is a quarterly meeting with the Asset Management team, Mercy Housing Management Group and Mercy Housing California President to find a solution to get the property off the watchlist.

Asset Managers are responsible for tracking all capital needs on their portfolio on a quarterly basis as part of Mercy's watchlist process. They are assisted by various staff of Mercy Housing Management Group, including the Regional Facilities Manager and the various Area Directors of Operations assigned to the properties. Using various analysis including our watchlist and budget planning, reviewing CNAs, and Reserve analysis, the Asset Managers determine when the necessary capital needs can be completed in the short and long term.

The analyst team submits reserve replacement requests bi-annually. In addition, the analyst team helps with the compliance with financing requirements and various reporting regulatory requirements by sending quarterly and annual reporting to investors and funders. Portfolio preservation planning is accomplished through balancing the use of reserves with the payment of scheduled partnership and deferred development fees through cash flow. The transaction team handles some of the longer term needs of the portfolio such as Year 15 analysis and investor buyout and a property restructuring such as a refinance.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is ongoing coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center (nationwide)

Asset Management staffing budget is \$2,460,839.

Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

Mercy Housing anticipates that the portfolio will grow from 156 buildings to approximately 170 buildings in the next 5 years. Two new Asset Manager positions based in San Francisco were added in 2017 and one in 2019.

**MOHCD Asset Management staff assessment of Sponsor's asset management capacity:** The Sponsor's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 7 FTE asset managers statewide and a portfolio of 156 projects in California, the project/asset management staff ratio is 22, which is in line with the industry standard of 20-25 recommended by NeighborWorks America. In addition, the Sponsor's asset management staff also includes Asset Management Analysts who support the Asset Managers. The full range of asset management responsibilities are covered by the asset managers and the analysts. With an increase of 15-16 projects in the Sponsor's portfolio anticipated over the next 5 years, the ratio will increase but remain within the industry standard.

**Attachment E: Threshold Eligibility Requirements and Ranking Criteria**

**Minimum Qualifications and Scoring from Homeless Family NOFA 2022**

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

	<b>Category</b>	<b>Points</b>
<b>A.</b>	<b>EXPERIENCE:</b>	<b>40</b>
i.	<b>Developer (12 pts)</b> <ul style="list-style-type: none"> <li>➤ Experience with the following:                             <ul style="list-style-type: none"> <li>○ Completing projects on time and on budget</li> <li>○ Obtaining competitive financing terms</li> <li>○ Developing Type V/I or III/I construction</li> <li>○ Developing housing for low-income families and those experiencing homelessness</li> </ul> </li> <li>➤ Building community support through outreach</li> <li>➤ Current staff capacity and experience to take on this project type</li> </ul>	
ii.	<b>Owner (4 pts)</b> <ul style="list-style-type: none"> <li>➤ Track record successfully owning housing financed with Low-Income Housing Tax Credits                             <ul style="list-style-type: none"> <li>○ Experience owning affordable housing for low-income families and those experiencing homelessness</li> </ul> </li> <li>➤ Effectiveness of current asset management structure and staffing, given portfolio size</li> <li>➤ Capacity for assuming asset management of an expanded portfolio once the development is complete</li> </ul>	
iii.	<b>Property Manager (8 pts)</b> <ul style="list-style-type: none"> <li>➤ Experience managing property for low-income families and those experiencing homelessness</li> <li>➤ Experience achieving high rates of housing retention</li> <li>➤ Implements low barrier tenant selection policies consistent with Housing First principles and the HSH Documentation Policy</li> <li>➤ Contributes to long-term sustainability of the development</li> <li>➤ Achieves cost efficiencies in operations</li> </ul>	
iv.	<b>Service Providers (8 pts)</b> <ul style="list-style-type: none"> <li>➤ Experience delivering services to low-income families and those experiencing homelessness</li> <li>➤ Experience linking residents to the City’s safety net of services</li> <li>➤ Works with property management to achieve high rates of housing retention</li> <li>➤ Supports positive outcomes for residents around health and economic mobility</li> <li>➤ If applicable, provides explanation for service contracts terminated prematurely within the last 5 years</li> </ul>	



	<ul style="list-style-type: none"> <li>➤ Capacity to attract and retain adequate staffing to take on this project</li> </ul>	
v.	<p><b>Racial Equity (8 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes level of racial equity awareness</li> <li>➤ Experience providing housing to COP and neighborhood preference holders</li> <li>➤ Uses innovative approaches to engagement with COP and neighborhood preference holders</li> <li>➤ Demonstrates commitment to racially diverse project development teams</li> <li>➤ Demonstrates experience with serving historically excluded communities of color, including formerly homeless households</li> <li>➤ Describes approaches to overcoming historical obstacles to communities of color obtaining high quality affordable housing</li> <li>➤ Describes experience providing access and implementing effective service delivery strategies to historically excluded communities of color, including formerly homeless households</li> </ul>	
<b>B. VISION:</b>		<b>60</b>
i.	<p><b>Program Concept (20 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Proposes site whose location, size, configuration, and zoning support the development of affordable and permanent supportive housing, including ability to maximize unit yield in a cost-effective construction type and make use of entitlement expediting such as SB 35.</li> <li>➤ Describes vision for a development program at this site, while best achieving the project goals, and includes: <ul style="list-style-type: none"> <li>○ A residential program and other envisioned uses;</li> <li>○ Indicates how the proposed uses and amenities will enhance the lives of the proposed target population and the surrounding neighborhood.</li> </ul> </li> <li>➤ Indicates particular groups served by the programs and spaces (families, families experiencing homelessness, young adults, children etc.).</li> <li>➤ Describes how the program will contribute to lowering barriers to persons of color seeking and retaining quality housing.</li> </ul>	
ii.	<p><b>Community Engagement Strategy (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes community engagement strategy and includes: <ul style="list-style-type: none"> <li>○ The team's philosophy on community engagement;</li> <li>○ Process for establishing and/or building positive relationships with surrounding neighbors and the larger community;</li> <li>○ Efforts designed to engage all interested community members - particularly BIPOC members of the target populations - and including monolingual non-English speaking members of the community;</li> <li>○ How the Development Team intends to comply with the City's Language Access Ordinance.</li> </ul> </li> </ul>	

	<ul style="list-style-type: none"> <li>➤ Describes the Team’s approach to achieving entitlements for the project expeditiously and the approach to maintaining and building community relationships after entitlements have been achieved and the development is in operations.</li> <li>➤ 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.</li> </ul>	
<p>iii.</p>	<p><b>Services Delivery Strategy (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes the Development Team’s services delivery strategy and includes:                             <ul style="list-style-type: none"> <li>○ The overall service philosophy;</li> <li>○ Model for providing services to formerly homeless residents (including case management ratio and provision of amenities such as front desk clerks, if applicable);</li> <li>○ The services goals of the proposed vision.</li> </ul> </li> <li>➤ 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.</li> <li>➤ Describes how services for residents will be coordinated with the existing network of services in the neighborhood and community.</li> </ul>	
<p>iv.</p>	<p><b>Finance &amp; Cost Containment Approach (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Describes the Development Team’s financing approach to the project.</li> <li>➤ Includes the Team’s process for structuring the project and controlling development costs.</li> <li>➤ Includes innovative strategies intended to minimize MOHCD’s projected capital gap financing.</li> <li>➤ 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.</li> <li>➤ Does not include proforma financials.</li> </ul>	
<p>v.</p>	<p><b>Racial Equity Strategy (10 pts)</b></p> <ul style="list-style-type: none"> <li>➤ Explains how vision aligns with the primary goals of this NOFA set forth in the Introduction and Project Expectations.</li> <li>➤ Proposes a substantive partnership that increases opportunity/capacity for growth of smaller and Black, Indigenous and people of color, (BIPOC)-led organizations</li> <li>➤ Explains 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.</li> </ul>	

	➤ 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 self-sufficiency.	
<b>TOTAL POSSIBLE POINTS</b>		<b>100</b>

### Attachment F: Site Map with amenities



**Attachment G: Elevation**



Evaluation of Request for Financing  
2530 18<sup>th</sup> Street

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**Attachment H: Comparison of City Investment in Other Housing Developments**



**Affordable Multifamily Housing New Construction Cost Comparison - San Francisco**

Updated 8/18/2023

	Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/ sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/ sq.ft <sup>6</sup>	Gross TDC/unit	Gross TDC/BR	Gross TDC/ sq.ft <sup>6</sup>	Subsidy / unit	Leveraging <sup>7</sup>
Delta of Subject and Comparable Projects	\$ 78,299	\$ 48,466	\$ 425	\$ 121,088	\$ 68,082	\$ 38	\$ 121,130	\$ 73,339	\$ 84	\$ 318,957	\$ 188,901	\$ 184	\$ (74,442)	123.3%
Delta Percentage	377%	369%	358%	18%	16%	6%	66%	63%	49%	36%	34%	23%	-26%	185%
<b>SUBJECT PROJECT</b>	<b>\$ 99,084</b>	<b>\$ 61,616</b>	<b>\$ 543</b>	<b>\$ 791,179</b>	<b>\$ 491,994</b>	<b>\$ 664</b>	<b>\$ 305,457</b>	<b>\$ 189,948</b>	<b>\$ 256</b>	<b>\$ 1,195,720</b>	<b>\$ 743,557</b>	<b>\$ 1,004</b>	<b>\$ 216,216</b>	<b>81.9%</b>
<b>Comparable Projects Average:</b>	<b>\$ 20,786</b>	<b>\$ 13,149</b>	<b>\$ 118.47</b>	<b>\$ 670,092</b>	<b>\$ 423,912</b>	<b>\$ 626</b>	<b>\$ 184,327</b>	<b>\$ 116,608</b>	<b>\$ 172</b>	<b>\$ 876,764</b>	<b>\$ 554,657</b>	<b>\$ 819</b>	<b>\$ 290,658</b>	<b>66.8%</b>

Costs **lower** than comparable average (within 10%)      Costs **higher** than comparable average (within 10%)

	Lot sq.ft	Completion/ start date	# of Units	# of BR <sup>1</sup>	Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
					Res. <sup>2</sup>	Non-Res. Sq. ft.	Total sq. ft.	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost							
<b>ALL PROJECTS Average:</b>	<b>31,513</b>		<b>120</b>	<b>191</b>	<b>120,323</b>	<b>13,545</b>	<b>132,205</b>	<b>\$ 1,671,187</b>	<b>\$ 80,541,800</b>	<b>\$ 18,824,491</b>	<b>\$ 101,144,660</b>	<b>\$ 29,006,149</b>	<b>\$ 99,484,962</b>				
Comparable Projects Completed (filtered)	Average: 18,635		106	171	100,418	12,246	112,664	\$5,185,149	\$64,430,523	\$15,072,442	\$84,688,113	\$27,788,500	\$79,502,964				
Comparable Projects Under Construction (filtered)	Average: 21,830		116	189	110,171	21,465	131,637	\$3,333	\$78,458,038	\$23,574,096	\$102,035,467	\$39,512,240	\$102,032,134				
Comparable Projects In Predevelopment (filtered)	Average: 13,609		86	127	79,792	6,965	85,562	\$1,217,458	\$63,627,300	\$18,161,189	\$83,486,658	\$22,277,214	\$82,472,110				
<b>Total Comparable Projects Average:</b>	<b>18,025</b>		<b>103</b>	<b>162</b>	<b>96,794</b>	<b>13,559</b>	<b>109,954</b>	<b>\$2,135,313</b>	<b>\$68,838,620</b>	<b>\$18,935,909</b>	<b>\$90,070,080</b>	<b>\$29,859,318</b>	<b>\$88,002,403</b>				
Homeless Prenatal Program (HPP) & Family Housing	2530 18th St	4/12/2024	74	119	79,010	12,768	88,166	\$ 7,332,250	\$ 58,547,274	\$ 22,603,791	\$ 88,483,315	\$ 16,000,000	\$ 81,151,065	4%, MHP, IIG, AHP	Type IB	8	60% CDs Dated 3/24/23 Assuming land cost is \$7M
Delta of Subject and Comp Project Averages	-4,521		-29	-43	-17,784	-791	-21,788	\$5,196,937	(\$10,291,346)	\$3,667,882	(\$1,586,765)	(\$13,859,318)	(\$6,851,338)				
Delta Percentage	-25%		-28%	-27%	-18%	-6%	-20%	243%	-15%	19%	-2%	-46%	-8%				

**PROJECTS COMPLETED**

Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
						Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost							
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	\$ 5,551,029	\$ 48,898,433	\$ 6,583,453	\$ 61,032,915	\$ 17,704,400	\$ 55,481,886	2 HCD Loans (MHP & TOD)	Type IB	9	
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 67,488,078	\$ 14,837,459	\$ 91,625,537	\$ 22,187,436	\$ 82,325,537	2 HCD Loans (MHP & TOD)	Type IB	8	Extensive PG&E regional switch required
1296 Shotwell Senior	1296 Shotwell	11,667	Jan-20	94	94	66,153	-	66,153	\$ 831,098	\$ 53,709,722	\$ 231,384	\$ 54,772,204	\$ 27,812,014	\$ 53,941,106	4% LHTC HOME AHF	Type IA	9	seismic damper
490 South Van Ness	490 S. Van Ness Avenue	14,250	Apr-21	81	121	51,639	28,985	80,624	\$ 18,500,000	\$ 55,840,878	\$ 13,393,811	\$ 87,734,689	\$ 28,892,030	\$ 69,234,689	4% LHTC HOME AHF	Type IA	7 +	Over partial basement
2060 Folsom Street	2060 Folsom	29,075	May-21	127	252	155,648	11,810	167,458	\$ 134,931	\$ 86,578,395	\$ 20,100,172	\$ 106,813,498	\$ 31,697,110	\$ 106,878,567	HCD AHSC Loan	Type IB	9	\$6MM
500 Turk Street (555 Larkin)	500 Turk Street	18,906	Dec-22	108	186	101,752	7,639	109,391	\$ 1,853,895	\$ 59,418,267	\$ 29,815,020	\$ 91,087,182	\$ 32,400,000	\$ 89,233,287	HCD AHSC Loan	Type I	8	Type I 8 stories on constrained site
681 Florida	681 Florida Street	19,000	Oct-22	130	199	126,830	9,250	136,080	\$ 125,091	\$ 79,079,886	\$ 20,545,793	\$ 99,750,770	\$ 33,826,507	\$ 99,625,679	HCD MHP Loan	Type IB	9	8,400+/- PDR
<b>Completed Projects (average):</b>	<b>Average:</b>	<b>33,232</b>		<b>114</b>	<b>180</b>	<b>107,052</b>	<b>13,623</b>	<b>120,706</b>	<b>2,804,446</b>	<b>70,321,397</b>	<b>15,199,643</b>	<b>88,325,486</b>	<b>24,478,457</b>	<b>85,521,040</b>				

**PROJECTS UNDER CONSTRUCTION**

Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
						Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost							
BPUY - Balboa Park Upper Yard	2430 San Jose Ave	30,699	Jul-23	131	217	164,636	10,741	175,377	\$ -	\$ 91,871,410	\$ 25,523,152	\$ 117,394,562	\$ 30,493,722	\$ 117,394,562	4% Credits; HCD IIG & AHSC	Type IB	8-9	not incl. (GMP Draft Contract 5/21)
180 Jones Street	180 Jones Street	4,853	Nov-24	70	70	36,166	3,304	39,470	\$ 10,000	\$ 38,293,496	\$ 15,262,708	\$ 53,566,204	\$ 12,858,477	\$ 53,566,204	4% LHTC + MHP	Type I	9	Small very tight site, studios (95% CD est. updated est at close)
Mission Bay S. Bl. 9A-HomeOwn	400 China Basin Street	29,939	Jul-24	148	281	129,712	50,351	180,063	\$ -	\$ 105,209,208	\$ 29,936,428	\$ 135,145,636	\$ 75,184,522	\$ 135,145,636	OClI, IIG	Type I	8	Homeownership, (Loan Eval August 2021 data)
730 Stanyan	730 Stanyan Street	37,813	Aug-25	160	282	173,030	19,728	192,758	\$ -	\$ 125,664,665	\$ 25,943,948	\$ 153,252,004	\$ 68,528,927	\$ 153,252,004	4% Credits; HCD MHP	Type I	8	Svcs spaces, complex dsgr (4/21/2023; Gap, 85% CD)
<b>Under Construction:</b>	<b>Average:</b>	<b>37,427</b>		<b>126</b>	<b>218</b>	<b>138,118</b>	<b>17,817</b>	<b>151,509</b>	<b>1,676,449</b>	<b>88,461,759</b>	<b>22,733,792</b>	<b>112,971,729</b>	<b>36,552,197</b>	<b>111,296,457</b>				

**PROJECTS IN PREDEVELOPMENT**

Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR <sup>1</sup>	Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
						Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost							
266 4th Steet (4th & Folsom)	266 4th Street	8,400	TBD	70	99	60,515	1,580	62,095	\$ 133,100	\$ 49,982,213	\$ 13,943,417	\$ 64,058,730	\$ 15,629,817	\$ 63,925,630	4% Credits; AHSC, St. Credits	Type I	8	Unlikely to move forward (6/2022) Over MUNI substation tunnel, structurally complex, small footprint
The Kelsey	240 Van Ness	18,313	Dec-24	112	144	94,001	1,349	95,350	\$ 24,590	\$ 69,202,040	\$ 19,297,224	\$ 88,523,854	\$ 27,103,503	\$ 88,499,264	4% LHTC, IIG, AHSC	Type IB	8	11/15/2022 gap eval; bid set 80% CD
2550 Irving	2550 Irving Street	19,125	Apr-24	90	161	107,821	-	107,821	\$ -	\$ 70,979,265	\$ 24,946,857	\$ 95,926,122	\$ 25,573,912	\$ 95,926,122	4% LHTC; HCD - IIG, MHP,	Type I	7	not 11 stories; PG&E regional switch; or forzz estimate with no bid/decision date/assessments/400k CD
772 Pacific Avenue	772 Pacific Avenue	9,219	Apr-24	86	86	45,458	8,847	54,305	\$ -	\$ 58,265,200	\$ 17,129,912	\$ 75,395,112	\$ 25,176,182	\$ 75,395,112	4% Credits; MHP, AHP	Type IA	8	Comm'l rpl of Asia SF rest (9/30/21 Loan Eval)
160 Freelon	160 Freelon	13,091	May-24	85	154	91,944	10,282	102,226	\$ 20,000	\$ 75,256,791	\$ 19,236,327	\$ 98,614,847	\$ 20,077,591	\$ 98,594,846	4% Credits; MHP, AHP	Type IB	9	100% DD cost estimate and 50% CD set
Homeless Prenatal Program Hsg (2530 18th)	2530 18th Street	13,504	Feb-24	73	117	79,010	12,768	91,778	\$ 5,909,600	\$ 58,078,289	\$ 14,413,395	\$ 78,401,284	\$ 20,102,281	\$ 72,491,684	4% Credits; MHP, IIG, AHP	Type I	8	100% SD 3/17/22
<b>In Predevelopment</b>	<b>Average:</b>	<b>23,881</b>		<b>119</b>	<b>176</b>	<b>115,798</b>	<b>9,196</b>	<b>124,400</b>	<b>532,666</b>	<b>82,842,245</b>	<b>18,540,036</b>	<b>102,136,764</b>	<b>25,987,793</b>	<b>101,637,389</b>				

Evaluation of Request for Financing  
2530 18<sup>th</sup> Street

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**Attachment I: Predevelopment Budget**



Application Date: 8/2/23 # Units: 74  
 Project Name: 2530 18th Street # Bedrooms: 119  
 Project Address: 2530 18th St # Beds: n/a  
 Project Sponsor: Mercy Housing Calwest, Mercy Housing California LOSP Project

SOURCES	2,435,211	4,900,000	2,511,689	-	-	Total Sources	9,846,900	Comments
MOHCD - Take out of SFHAF Cost								
MOHCD - Acq. of FRB Loan								
MOHCD - New Predev. Cost								

USES

Name of Sources:	MOHCD/OCII
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ACQUISITION

Acquisition cost or value			4,900,000			4,900,000	Value of the FRB Loan
Legal / Closing costs / Broker's Fee						0	
Holding Costs						0	
Transfer Tax						0	
<b>TOTAL ACQUISITION</b>	<b>0</b>	<b>0</b>	<b>4,900,000</b>	<b>0</b>	<b>0</b>	<b>4,900,000</b>	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab				357,500		357,500	Cost includes temp + perm switchgear/ perm. taxes, Insurance, SDO, OHP Fee, Contingency
Commercial Shell Construction						0	
Demolition				190,610		190,610	Pre-NTP Demolition and Shoring
Environmental Remediation				100,000		100,000	
Onsite Improvements/Landscaping						0	
Offsite Improvements						0	
Infrastructure Improvements						0	HOPE SF/OCII costs for streets etc.
Parking						0	
GC Bond Premium/GC Insurance/GC Taxes						0	
GC Overhead & Profit						0	
CG General Conditions						0	
<i>Sub-total Construction Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>648,110</i>	<i>0</i>	<i>648,110</i>	
Design Contingency (remove at DD)						0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)						0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)						0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency						0	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>648,110</b>	<b>0</b>	<b>648,110</b>	

Construction line item costs as a % of hard costs  
 0.0%  
 0.0%  
 0.0%

SOFT COSTS

Architecture & Design

Architect design fees		1,765,764		400,000		2,165,764	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)				127,174		127,174	Early Design Subcontractors to the GC (Shoring, Fire Alarm, Earthwork)
Architect Construction Admin						0	
Reimbursables				15,163		15,163	
Additional Services				34,242		34,242	Alternative feasibility analysis + design
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>1,765,764</i>	<i>0</i>	<i>576,579</i>	<i>0</i>	<i>2,342,343</i>	
Other Third Party design consultants (not included under Architect contract)						184,246	Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>0</b>	<b>1,912,010</b>	<b>0</b>	<b>614,579</b>	<b>0</b>	<b>2,526,589</b>	

Engineering & Environmental Studies

Survey		34,500		20,000		54,500	
Geotechnical studies		33,675		50,000		83,675	
Phase I & II Reports		66,812		50,000		116,812	
CEQA / Environmental Review consultants		3,000		30,000		33,000	
NEPA / 105 Review		24,461		50,000		74,461	
CNA/PNA (rehab only)						0	
Other environmental consultants						0	Name consultants & contract amounts
<b>Total Engineering &amp; Environmental Studies</b>	<b>0</b>	<b>162,447</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>362,447</b>	

Financing Costs

<b>Construction Financing Costs</b>							
Construction Loan Origination Fee						0	
Construction Loan Interest		88				88	
Title & Recording						0	
CDLAC & CDAAC fees						1,200	
Bond Issuer Fees		2,500				2,500	
Other Bond Cost of Issuance						0	
Other Lender Costs (specify)		2,979				2,979	MHC LOC Fees
<i>Sub-total Const. Financing Costs</i>	<i>0</i>	<i>6,766</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>6,766</i>	
<b>Permanent Financing Costs</b>							
Permanent Loan Origination Fee						0	
Credit Enhance. & Appl. Fee						0	
Title & Recording						0	
<i>Sub-total Perm. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
<b>Total Financing Costs</b>	<b>0</b>	<b>6,766</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,766</b>	

Legal Costs

Borrower Legal fees		30,946				30,946	
Land Use / CEQA Attorney fees						0	
Tax Credit Counsel						0	
Bond Counsel						0	
Construction Lender Counsel						0	
Permanent Lender Counsel						0	
HAF Legal		34,470				34,470	
<b>Total Legal Costs</b>	<b>0</b>	<b>65,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,416</b>	

Other Development Costs

Appraisal		8,500		15,000		23,500	
Market Study		12,098		15,000		27,098	
Insurance						0	
Property Taxes						0	
Accounting / Audit						0	
Organizational Costs		73				73	
Entitlement / Permit Fees		66,648				66,648	
Marketing / Rent-up		11,758				11,758	
Furnishings						0	\$2,000/unit. See MOHCD U/W Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PGE / Utility Fees						0	
TCAC App / Alloc / Monitor Fees		25,409		55,000		80,409	
Financial Consultant fees		35,552		40,000		75,552	
Construction Management fees / Owner's Rep		70,175		90,000		160,175	
Security during Construction						0	
Relocation						0	
Pre-Development Loan Interest		2,766				2,766	
Takeout of the SFHAF Loan				0		0	
<b>Total Other Development Costs</b>	<b>0</b>	<b>232,979</b>	<b>0</b>	<b>215,000</b>	<b>0</b>	<b>447,979</b>	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)				340,000		340,000	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>0</b>	<b>2,379,619</b>	<b>0</b>	<b>1,369,579</b>	<b>0</b>	<b>3,749,198</b>	10.0%

Total Soft Cost Contingency as % of Total Soft Costs  
 10.0%

RESERVES

Operating Reserves						0	
Replacement Reserves						0	
Tenant Improvements Reserves						0	
Other (specify)						0	
Other (specify)						0	
Other (specify)						0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones		55,592		494,000		549,592	
Developer Fee - Cash-out At Risk						0	
Commercial Developer Fee						0	
Developer Fee - GP Equity (also show as source)						0	
Developer Fee - Deferred (also show as source)						0	
Development Consultant Fees						0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)						0	
<b>TOTAL DEVELOPER COSTS</b>	<b>0</b>	<b>55,592</b>	<b>0</b>	<b>494,000</b>	<b>0</b>	<b>549,592</b>	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	0	2,435,211	4,900,000	2,511,689	0	0	9,846,900
Development Cost/Unit as % of TDC by Source	0.0%	24.7%	49.8%	25.5%	0.0%	0.0%	100.0%

Acquisition Cost/Unit by Source

	0	0	66,216	0	0	0	66,216
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Construction Cost (inc Const Contingency)/Unit By Source

	0	0	0	8,758	0	0	8,758
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	7.35	0.00	0.00	7.35

\*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	0
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Tax Credit Equity Pricing:

Construction Bond Amount:	N/A
Construction Loan Term (in months):	0 months
Construction Loan Interest Rate (as %):	0.00%

Evaluation of Request for Financing  
2530 18<sup>th</sup> Street

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**Attachment J: Development Budget**

Application Date: 8/2/23 # Units: 74  
 Project Name: 2530 18th Street # Bedrooms: 119  
 Project Address: 2530 18th St # Beds: n/a  
 Project Sponsor: Mercy Housing Calwest, Mercy Housing California LOSP Project

SOURCES	16,000,000	28,320,125	6,048,992	1,000,000	36,114,097	1,000,000	100	-	Total Sources	Comments
Name of Sources:	MOHCD/OCII	HCD-MHP	HCD-JIG	AHP	Investor Equity	Deferred Dev. Fee	GP Equity		88,483,315	

**USES**

**ACQUISITION**

Acquisition cost or value	6,020,000								6,020,000	Purchase price for land: \$6,020,000
Legal / Closing costs / Broker's Fee	21,500								21,500	
Holding Costs	1,180,938								1,180,938	
Transfer Tax	109,812								109,812	
<b>TOTAL ACQUISITION</b>	<b>7,332,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,332,250</b>	

**CONSTRUCTION (HARD COSTS)**

* Unit Construction/Rehab	0	6,045,178	6,048,992	1,000,000	32,829,750		100		45,924,020	Include FF&E, Contractor Contingency, Owner 2% Escalation, 60% CD VE
* Commercial Shell Construction									0	
* Demolition									0	
* Environmental Remediation									0	
* Onsite Improvements/Landscaping									0	
* Offsite Improvements									0	
* Infrastructure Improvements									0	HOPE SF/OCII costs for streets etc.
* Parking									0	
GC Bond Premium/GC Insurance/GC Taxes		2,393,370							2,393,370	BR/ GL/ Subguard/ P&P/ Taxes
GC Overhead & Profit	1,564,692								1,564,692	
GC General Conditions	876,891	1,928,217			83,575				2,888,683	
Sub-total Construction Costs	2,441,583	10,366,765	6,048,992	1,000,000	32,913,325	0	100	0	52,770,765	
Design Contingency (remove at DD)	1,050,274								1,050,274	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)	1,050,274								1,050,274	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)	1,050,274								1,050,274	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency		2,625,687							2,625,687	5% new construction / 15% rehab
Sub-total Construction Contingencies	3,150,822	2,625,687	0	0	0	0	0	0	5,776,509	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>5,592,405</b>	<b>12,992,452</b>	<b>6,048,992</b>	<b>1,000,000</b>	<b>32,913,325</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>58,547,274</b>	

**SOFT COSTS**

**Architecture & Design**

Architect design fees		2,348,194							2,348,194	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)									0	
Architect Construction Admin									0	
Reimbursables									0	
Additional Services	300,000	86,000			492,258				878,258	
Sub-total Architect Contract	300,000	2,434,194	0	0	492,258	0	0	0	3,226,452	
Other Third Party design consultants (not included under Architect contract)									0	Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>300,000</b>	<b>2,434,194</b>	<b>0</b>	<b>0</b>	<b>492,258</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,226,452</b>	

**Engineering & Environmental Studies**

Survey		41,280							41,280	
Geotechnical studies									0	
Phase I & II Reports		45,666							45,666	
CEQA / Environmental Review consultants		315,868							315,868	
NEPA / 106 Review		43,175							43,175	
CNA/PNA (rehab only)									0	
Other environmental consultants									0	Name consultants & contract amounts
<b>Total Engineering &amp; Environmental Studies</b>	<b>0</b>	<b>445,989</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>445,989</b>	

**Financing Costs**

**Construction Financing Costs**

Construction Loan Origination Fee		264,426							264,426	
Construction Loan Interest		6,936,369							6,936,369	
Title & Recording		30,000							30,000	
CDIAC & CDIAC fees									0	
Bond Issuer Fees		830,104							830,104	
Other Bond Cost of Issuance	154,488	100,000							254,488	
MOHCD Pre-Development Loan Origination Fee	160,000								160,000	
Sub-total Const. Financing Costs	314,488	8,160,899	0	0	0	0	0	0	8,475,387	

**Permanent Financing Costs**

Permanent Loan Origination Fee									0	
Credit Enhance. & Appl. Fee									0	
Title & Recording	45,000								45,000	
Sub-total Perm. Financing Costs	45,000	0	0	0	0	0	0	0	45,000	
<b>Total Financing Costs</b>	<b>359,488</b>	<b>8,160,899</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,520,387</b>	

**Legal Costs**

Borrower Legal fees									0	
Land Use / CEQA Attorney fees									0	
Tax Credit Counsel									0	
Bond Counsel		30,000							30,000	
Construction Lender Counsel		107,500							107,500	
Permanent Lender Counsel		75,000							75,000	
Other Legal (specify)									0	
<b>Total Legal Costs</b>	<b>0</b>	<b>212,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>212,500</b>	

**Other Development Costs**

Appraisal		21,500							21,500	
Market Study		38,700							38,700	
Insurance		700,000							700,000	
Property Taxes									0	
Accounting / Audit		40,000							40,000	
Organizational Costs									0	
Entitlement / Permit Fees		2,143,263							2,143,263	
Marketing / Rent-up		421,464							421,464	
Furnishings		250,000							250,000	\$2,000/unit; See MOHCD UIW Guidelines on: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PGE / Utility Fees									0	
TCAC App / Alloc / Monitor Fees		129,930							129,930	
Financial Consultant fees		65,000							65,000	
Construction Management fees / Owner's Rep		264,235							264,235	
Security during Construction									0	
Relocation									0	
Public Art	117,283								117,283	
Lender Inspectors	15,000								15,000	
Pre-Dev Financing	83,594								83,594	
<b>Total Other Development Costs</b>	<b>215,857</b>	<b>4,074,092</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,289,949</b>	

**Soft Cost Contingency**

Contingency (Arch, Eng, Fin, Legal & Other Dev)		0	0	0	1,670,000	0	0	0	1,670,000	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>875,345</b>	<b>15,327,674</b>	<b>0</b>	<b>0</b>	<b>2,162,258</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,365,277</b>	<b>10.0%</b>

**RESERVES**

* Operating Reserves					1,038,514				1,038,514	
* Replacement Reserves									0	
* Tenant Improvements Reserves									0	
* Other (specify)									0	
* Other (specify)									0	
* Other (specify)									0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,038,514</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,038,514</b>	

**DEVELOPER COSTS**

Developer Fee - Cash-out Paid at Milestones	1,100,000								1,100,000	
Developer Fee - Cash-out At Risk	1,100,000								1,100,000	
Commercial Developer Fee									0	
Developer Fee - GP Equity (also show as source)						1,000,000			1,000,000	Need MOHCD approval for this cost, N/A for most projects
Developer Fee - Deferred (also show as source)									0	
Development Consultant Fees									0	
Other (specify)									0	
<b>TOTAL DEVELOPER COSTS</b>	<b>2,200,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>3,200,000</b>	

**TOTAL DEVELOPMENT COST**

	16,000,000	28,320,125	6,048,992	1,000,000	36,114,097	1,000,000	100	0	88,483,315
Development Cost/Unit by Source	216,216	382,704	81,743	13,514	488,028	13,514	1	0	1,195,720
Development Cost/Unit as % of TDC by Source	18.1%	32.0%	6.8%	1.1%	40.8%	1.1%	0.0%	0.0%	100.0%

Acquisition Cost/Unit by Source

	81,351	0	0	0	0	0	0	0	81,351
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Construction Cost (inc Const Contingency)/Unit By Source

	75,573	175,574	81,743	13,514	444,775	0	1	0	791,179
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Construction Cost (inc Const Contingency)/SF

	63.43	147.36	68.61	11.34	373.31	0.00	0.00	0.00	664.06
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\*Possible non-eligible GO Bond/COP Amount:  
 City Subsidy/Unit: 216,216  
 Tax Credit Equity Pricing: 0.980  
 Construction Bond Amount: 41,991,000  
 Construction Loan Term (in months): 33 months  
 Construction Loan Interest Rate (as %): 6.91%

Evaluation of Request for Financing  
2530 18<sup>th</sup> Street

August 25, 2023  
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**Attachment K: 1<sup>st</sup> Year Operating Budget**

Application Date: 8/2/2023  
 Total # Units: 74  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

Project Name: 2530 18th Street  
 Project Address: 2530 18th St  
 Project Sponsor: Mercy Housing Calwest, Mercy Housing California  
 Correct errors noted in Col H!

INCOME	LOSP/non-LOSP Allocation		Total	Comments
	50%	50%		
Residential - Tenant Rents	133,200	688,620	821,820	Links from 'New Proj. - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from 'New Proj. - Rent & Unit Mix' Worksheet
Residential - LOSP Tenant Assistance Payments	574,195	0	574,195	Links from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Commercial Spaces	0	0	0	Links from 'Utilities & Other Income' Worksheet
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	0	0	Supportive Services Income
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	2,251	2,251	4,502	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0	Withdrawal from Capitalized Reserve (deposit)
<b>Gross Potential Income</b>	<b>709,646</b>	<b>690,871</b>	<b>1,400,517</b>	
Vacancy Loss - Residential - Tenant Rents	(6,660)	(34,431)	(41,091)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	#DIV/0!
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>EFFECTIVE GROSS INCOME</b>	<b>702,986</b>	<b>656,440</b>	<b>1,359,426</b>	<b>PUPA: 18,371</b>

OPERATING EXPENSES				
<b>Management</b>				
Management Fee	27,594	27,594	55,188	1st Year to be set according to HUD schedule.
Asset Management Fee	12,140	12,140	24,280	Asset Management Fee
<b>Sub-total Management Expenses</b>	<b>39,734</b>	<b>39,734</b>	<b>79,468</b>	<b>PUPA: 1,074</b>
<b>Salaries/Benefits</b>				
Office Salaries	27,673	27,673	55,346	(0.5 FTE) Assistant Property Manager, (0.33 FTE) Housing Support Specialist
Manager's Salary	37,595	37,595	75,189	(1.0 FTE) Senior Property Manager
Health Insurance and Other Benefits	34,450	34,450	68,900	Health Insurance and Other Benefits
Other Salaries/Benefits	1,720	1,720	3,440	Other Salaries/Benefits
Administrative Rent-Free Unit	0	0	0	Administrative Rent-Free Unit
<b>Sub-total Salaries/Benefits</b>	<b>101,437</b>	<b>101,437</b>	<b>202,874</b>	<b>PUPA: 2,742</b>

<b>Administration</b>				
Advertising and Marketing	1,095	1,095	2,190	
Office Expenses	9,672	9,672	19,343	
Office Rent	0	0	0	Projected LOSP Split
Legal Expense - Property	2,500	2,500	5,000	Legal Expense - Property
Audit Expense	5,625	5,625	11,250	
Bookkeeping/Accounting Services	5,475	5,475	10,950	Projected LOSP Split
Bad Debts	0	0	0	Bad Debts
Miscellaneous	0	0	0	
<b>Sub-total Administration Expenses</b>	<b>24,367</b>	<b>24,367</b>	<b>48,733</b>	<b>PUPA: 659</b>

<b>Utilities</b>				
Electricity	53,584	53,584	107,168	Electricity
Water	12,776	12,776	25,551	
Gas	0	0	0	
Sewer	30,600	30,600	61,200	
<b>Sub-total Utilities</b>	<b>96,960</b>	<b>96,960</b>	<b>193,919</b>	<b>PUPA: 2,621</b>

<b>Taxes and Licenses</b>				
Real Estate Taxes	1,925	1,925	3,850	Real Estate Taxes
Payroll Taxes	0	0	0	Payroll Taxes
Miscellaneous Taxes, Licenses and Permits	0	0	0	
<b>Sub-total Taxes and Licenses</b>	<b>1,925</b>	<b>1,925</b>	<b>3,850</b>	<b>PUPA: 52</b>

<b>Insurance</b>				
Property and Liability Insurance	77,500	77,500	155,000	
Fidelity Bond Insurance	0	0	0	Alternative LOSP Split
Worker's Compensation	0	0	0	Worker's Compensation
Director's & Officers' Liability Insurance	0	0	0	
<b>Sub-total Insurance</b>	<b>77,500</b>	<b>77,500</b>	<b>155,000</b>	<b>PUPA: 2,095</b>

<b>Maintenance &amp; Repair</b>				
Payroll	57,768	57,768	115,536	Payroll
Supplies	4,878	4,878	9,755	Supplies
Contracts	22,325	22,325	44,649	Contracts
Garbage and Trash Removal	32,266	32,266	64,532	Alternative LOSP Split
Security Payroll/Contract	135,690	45,230	180,920	(4.5 FTE) Desk Clerk/ Community Coordinator Hybrid + Benefits + Contract Security
HVAC Repairs and Maintenance	6,030	6,030	12,060	
Vehicle and Maintenance Equipment Operation and Repairs	750	750	1,500	
Miscellaneous Operating and Maintenance Expenses	0	0	0	
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>259,706</b>	<b>169,246</b>	<b>428,952</b>	<b>PUPA: 5,797</b>

<b>Supportive Services</b>	0	33,516	33,516	Alternative LOSP Split
<b>Commercial Expenses</b>	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

**TOTAL OPERATING EXPENSES 601,628 544,684 1,146,312 PUPA: 15,491**

<b>Reserves/Ground Lease Base Rent/Bond Fees</b>				
Ground Lease Base Rent	7,500	7,500	15,000	Ground lease with MOHCD Provide additional comments here, if needed.
Bond Monitoring Fee	1,250	1,250	2,500	
Replacement Reserve Deposit	18,500	18,500	37,000	SuperNOFA minimum
Operating Reserve Deposit	0	0	0	Operating Reserve Deposit
Other Required Reserve 1 Deposit	0	0	0	Other Required Reserve 1 Deposit
Other Required Reserve 2 Deposit	0	0	0	
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>PUPA: 736</b>

**TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 628,878 571,934 1,200,812 PUPA: 16,227**

**NET OPERATING INCOME (INCOME minus OP EXPENSES) 74,108 84,506 158,613 PUPA: 2,143**

<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>				
Hard Debt - First Lender	0	0	0	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	59,473	59,473	118,945	HCD-MHP
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>TOTAL HARD DEBT SERVICE</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>PUPA: 1,607</b>

<b>CASH FLOW (NOI minus DEBT SERVICE)</b>	<b>14,635</b>	<b>25,033</b>	<b>39,668</b>	
Commercial Only Cash Flow	0	0	0	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	14,635	25,033	39,668	Allocation of Commercial Surplus to LOSP/Non-

<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>				
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>				
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0	
Partnership Management Fee (see policy for limits)	12,135	12,135	24,270	1st
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	2,500	2,500	5,000	2nd
Other Payments	0	0	0	3rd
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt => Max Fee from cell I130)	0	0	0	Def. Develop. Fee split: 0%
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>14,635</b>	<b>14,635</b>	<b>29,270</b>	<b>PUPA: 396</b>

<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>	<b>0</b>	<b>10,398</b>	<b>10,398</b>	
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**Residual Receipts Calculation**

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

Will Project Defor Developer Fee? No

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 33%

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

Sum of DD F from LOSP and non-LOSP: Ratio of Sum of DDF and calculated 50%:

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII loans payable from res. recs	\$16,000,000	35.98%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.34%
HCD (soft debt loan) - Lender 3	HCD-MHP	\$28,320,125	63.68%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>				
MOHCD Residual Receipts Amount Due	2,518	2,518	2,518	67% of residual receipts, multiplied by 36.32% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	0	Enter/override amount of residual receipts proposed for loan repayment.
Remaining MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

**REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 7,881 Total Resid Receipts due not allocated, please revise F142**

<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>				
HCD Residual Receipts Amount Due	4,415	4,415	4,415	67% of residual receipts, multiplied by 63.68% -- HCD-MHP's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	0	0	
Lender 5 Residual Receipts Due	0	0	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>4,415</b>	<b>4,415</b>	<b>4,415</b>	

<b>REMAINDER (Should be zero unless there are distributions below)</b>				
Owner Distributions/Incentive Management Fee	3,466	3,466	3,466	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	0	0	
<b>Final Balance (should be zero)</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Application Date: 8/2/2023  
 Total # Units: 74  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	non-LOSP		
Residential - LOSP Tenant Assistance Payments			
Commercial Spaces			
Residential Parking			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income			
Interest Income - Project Operations			
Laundry and Vending	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges			
Miscellaneous Residential Income			
Other Commercial Income	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)	to operating account		
<b>Gross Potential Income</b>			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
<b>EFFECTIVE GROSS INCOME</b>			

OPERATING EXPENSES			
<b>Management</b>			
Management Fee	LOSP	non-LOSP	Approved By (reqd)
Asset Management Fee			
<b>Sub-total Management Expenses</b>			
<b>Salaries/Benefits</b>			
Office Salaries	LOSP	non-LOSP	Approved By (reqd)
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Rent-Free Unit			
<b>Sub-total Salaries/Benefits</b>			
<b>Administration</b>			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	50.00%	50.00%	
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts			
Miscellaneous			
<b>Sub-total Administration Expenses</b>			
<b>Utilities</b>			
Electricity	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water	50.00%	50.00%	
Gas			
Sewer			
<b>Sub-total Utilities</b>			
<b>Taxes and Licenses</b>			
Real Estate Taxes	LOSP	non-LOSP	Approved By (reqd)
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
<b>Sub-total Taxes and Licenses</b>			
<b>Insurance</b>			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
<b>Sub-total Insurance</b>			
<b>Maintenance &amp; Repair</b>			
Payroll	LOSP	non-LOSP	Approved By (reqd)
Supplies	50.00%	50.00%	(LOSP-specific expenses must be tracked at entry level in project's)
Contracts			
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract	75.00%	25.00%	
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
<b>Sub-total Maintenance &amp; Repair Expenses</b>			
Supportive Services	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses	0.00%	100.00%	

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

NET OPERATING INCOME (INCOME minus OP EXPENSES)			
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>			
Hard Debt - First Lender	LOSP	non-LOSP	Approved By (reqd)
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	42% pymt, or other 2nd Lender		
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	n, or other 3rd Lender		
Hard Debt - Fourth Lender			
Commercial Hard Debt Service			
<b>TOTAL HARD DEBT SERVICE</b>			

CASH FLOW (NOI minus NET DEBT SERVICE)			
Commercial Only Cash Flow			
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	non-LOSP (residual income)		
<b>AVAILABLE CASH FLOW</b>			
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>			
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	LOSP	non-LOSP	Approved By (reqd)
Other Payments			
Non-amortizing Loan Pymt - Lender 1 (select lender in comments field)	lender in comments field		
Non-amortizing Loan Pymt - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt => Max Fee from cell I130)	0.00%	100.00%	
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>			

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			
<b>Residual Receipts Calculation</b>			
Does Project have a MOHCD Residual Receipt Obligation?			
Will Project Defor Developer Fee?			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:		0	
% of Residual Receipts available for distribution to soft debt lenders in	#VALUE!		

Soft Debt Lenders with Residual Receipts Obligations	
MOHCD/OCDI - Soft Debt Loans	
MOHCD/OCDI - Ground Lease Value or Land Acq Cost	
HCD (soft debt loan) - Lender 3	
Other Soft Debt Lender - Lender 4	
Other Soft Debt Lender - Lender 5	

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

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	
HCD Residual Receipts Amount Due	
Lender 4 Residual Receipts Due	
Lender 5 Residual Receipts Due	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	
Owner Distributions/Incentive Management Fee	
Other Distributions/Uses	
<b>Final Balance (should be zero)</b>	

Evaluation of Request for Financing  
2530 18<sup>th</sup> Street

August 25, 2023  
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**Attachment L: 20-year Operating Proforma**

2530 18th Street

INCOME	Total # Units:		Year 1 2026			Year 2 2027			Year 3 2028		
	74	37	LOSP	Non-LOSP	Total	LOSP	Non-LOSP	Total	LOSP	Non-LOSP	Total
			Units	Units		Units	Units		Units	Units	
	50.00%	50.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents			1.0%	2.5%		133,200	686,620	821,820	134,532	705,836	840,368
Residential - Tenant Assistance Payments (Non-LOSP)			n/a	n/a							
Residential - LOSP Tenant Assistance Payments			n/a	n/a		574,195		574,195	593,930		614,388
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%							
Interest Income - Project Operations			2.5%	2.5%							
Laundry and Vending			2.5%	2.5%		2,251	2,251	4,502	2,307	2,307	4,615
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						
<b>Gross Potential Income</b>						<b>709,646</b>	<b>690,871</b>	<b>1,400,517</b>	<b>730,769</b>	<b>708,143</b>	<b>1,438,912</b>
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH schedule	(6,660)	(34,431)	(41,091)	(6,727)	(35,292)	(42,018)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a	policy; annual incrementing usually not appropriate						
Vacancy Loss - Commercial			n/a	n/a							
<b>EFFECTIVE GROSS INCOME</b>						<b>702,986</b>	<b>656,440</b>	<b>1,359,426</b>	<b>724,043</b>	<b>672,851</b>	<b>1,396,894</b>
<b>OPERATING EXPENSES</b>											
<b>Management</b>											
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule	27,594	27,594	55,188	28,560	28,560	57,120
Asset Management Fee			3.5%	3.5%	per MOHCD policy	12,140	12,140	24,280	12,565	12,565	25,130
<b>Sub-total Management Expenses</b>						<b>39,734</b>	<b>39,734</b>	<b>79,468</b>	<b>41,125</b>	<b>41,125</b>	<b>82,250</b>
<b>Salaries/Benefits</b>											
Office Salaries			3.5%	3.5%		27,673	27,673	55,346	28,641	28,641	57,282
Manager's Salary			3.5%	3.5%		37,595	37,595	75,189	38,910	38,910	77,821
Health Insurance and Other Benefits			3.5%	3.5%		34,450	34,450	68,900	35,656	35,656	71,311
Other Salaries/Benefits			3.5%	3.5%		1,720	1,720	3,440	1,780	1,780	3,560
Administrative Rent-Free Unit			3.5%	3.5%							
<b>Sub-total Salaries/Benefits</b>						<b>101,437</b>	<b>101,437</b>	<b>202,874</b>	<b>104,987</b>	<b>104,987</b>	<b>209,975</b>
<b>Administration</b>											
Advertising and Marketing			3.5%	3.5%		1,095	1,095	2,190	1,133	1,133	2,267
Office Expenses			3.5%	3.5%		9,672	9,672	19,344	10,010	10,010	20,020
Office Rent			3.5%	3.5%							
Legal Expense - Property			3.5%	3.5%		2,500	2,500	5,000	2,588	2,588	5,175
Audit Expense			3.5%	3.5%		5,625	5,625	11,250	5,822	5,822	11,644
Bookkeeping/Accounting Services			3.5%	3.5%		5,475	5,475	10,950	5,667	5,667	11,333
Bad Debts			3.5%	3.5%							
Miscellaneous			3.5%	3.5%							
<b>Sub-total Administration Expenses</b>						<b>24,367</b>	<b>24,367</b>	<b>48,733</b>	<b>25,219</b>	<b>25,219</b>	<b>50,439</b>
<b>Utilities</b>											
Electricity			3.5%	3.5%		53,584	53,584	107,168	55,459	55,459	110,919
Water			3.5%	3.5%		12,776	12,776	25,551	13,223	13,223	26,445
Gas			3.5%	3.5%							
Sewer			3.5%	3.5%		30,800	30,800	61,600	31,671	31,671	63,342
<b>Sub-total Utilities</b>						<b>96,960</b>	<b>96,960</b>	<b>193,919</b>	<b>100,353</b>	<b>100,353</b>	<b>200,706</b>
<b>Taxes and Licenses</b>											
Real Estate Taxes			3.5%	3.5%		1,925	1,925	3,850	1,992	1,992	3,985
Payroll Taxes			3.5%	3.5%							
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%							
<b>Sub-total Taxes and Licenses</b>						<b>1,925</b>	<b>1,925</b>	<b>3,850</b>	<b>1,992</b>	<b>1,992</b>	<b>3,985</b>
<b>Insurance</b>											
Property and Liability Insurance			3.5%	3.5%		77,500	77,500	155,000	80,213	80,213	160,425
Fidelity Bond Insurance			3.5%	3.5%							
Worker's Compensation			3.5%	3.5%							
Director's & Officers' Liability Insurance			3.5%	3.5%							
<b>Sub-total Insurance</b>						<b>77,500</b>	<b>77,500</b>	<b>155,000</b>	<b>80,213</b>	<b>80,213</b>	<b>160,425</b>
<b>Maintenance &amp; Repair</b>											
Payroll			3.5%	3.5%		57,768	57,768	115,536	59,790	59,790	119,580
Supplies			3.5%	3.5%		4,678	4,678	9,356	5,048	5,048	10,096
Contracts			3.5%	3.5%		22,325	22,325	44,649	23,106	23,106	46,212
Garbage and Trash Removal			3.5%	3.5%		32,266	32,266	64,532	33,395	33,395	66,791
Security Payroll/Contract			3.5%	3.5%		135,690	135,690	271,380	140,439	140,439	280,878
HVAC Repairs and Maintenance			3.5%	3.5%		6,030	6,030	12,060	6,241	6,241	12,482
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		750	750	1,500	776	776	1,553
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%							
<b>Sub-total Maintenance &amp; Repair Expenses</b>						<b>259,706</b>	<b>259,706</b>	<b>519,412</b>	<b>266,796</b>	<b>266,796</b>	<b>533,594</b>
<b>Supportive Services</b>			3.5%	3.5%			33,516	33,516	34,689	34,689	35,903
<b>Commercial Expenses</b>											
<b>TOTAL OPERATING EXPENSES</b>						<b>601,628</b>	<b>544,684</b>	<b>1,146,312</b>	<b>622,685</b>	<b>563,748</b>	<b>1,186,433</b>
PUPA (w/o Reserves/GL Base Rent/Bond Fees)								15,491			
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>											
Ground Lease Base Rent						7,500	7,500	15,000	7,500	7,500	15,000
Bond Monitoring Fee						1,250	1,250	2,500	1,250	1,250	2,500
Replacement Reserve Deposit						18,500	18,500	37,000	18,500	18,500	37,000
Operating Reserve Deposit											
Other Required Reserve 1 Deposit											
Other Required Reserve 2 Deposit											
Required Reserve Deposits, Commercial											
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>						<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>						<b>628,878</b>	<b>571,934</b>	<b>1,200,812</b>	<b>649,935</b>	<b>590,998</b>	<b>1,240,933</b>
PUPA (w/ Reserves/GL Base Rent/Bond Fees)								16,227			
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>						<b>74,108</b>	<b>84,506</b>	<b>158,613</b>	<b>74,108</b>	<b>81,853</b>	<b>155,960</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>											
Hard Debt - First Lender											
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)						59,473	59,473	118,945	59,473	59,473	118,945
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)											
Hard Debt - Fourth Lender											
Commercial Hard Debt Service											
<b>TOTAL HARD DEBT SERVICE</b>						<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>						<b>14,635</b>	<b>25,033</b>	<b>39,668</b>	<b>14,635</b>	<b>22,380</b>	<b>37,015</b>
Commercial Only Cash Flow											
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)											
<b>AVAILABLE CASH FLOW</b>						<b>14,635</b>	<b>25,033</b>	<b>39,668</b>	<b>14,635</b>	<b>22,380</b>	<b>37,015</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>											
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>											
"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	12,135	12,135	24,270	12,135	12,135	24,270
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					per MOHCD policy no annual increase	2,500	2,500	5,000	2,500	2,500	5,000
Other Payments											
Non-amortizing Loan Pmnt - Lender 1					Enter comments re: annual increase, etc.						
Non-amortizing Loan Pmnt - Lender 2					Enter comments re: annual increase, etc.						
Deferred Developer Fee (Enter amt <= Max Fee from row 131)											
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>						<b>14,635</b>	<b>14,635</b>	<b>29,270</b>	<b>14,635</b>	<b>14,635</b>	<b>29,270</b>
<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>							10,398	10,398		7,745	7,745
Does Project have a MOHCD Residual Receipt Obligation?			Yes							(0)	4,836
Will Project Defer Developer Fee?			No								4,836
Residual Receipts split for all years. - Lender/Owner			67% / 33%								
<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>											
MOHCD Residual Receipts Amount Due			36.32%		Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy		2,518			1,875	1,171
Proposed MOHCD Residual Receipts Amount to Loan Repayment										1,875	1,171
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease											
<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>											
HCD Residual Receipts Amount Due			63.68%		loans, and HCD residual receipt policy.		4,				



INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 1 2026			Year 2 2027			Year 3 2028		
	74	37		annual inc LOSP	non-LOSP	Total	LOSP	non- LOSP	Total	LOSP	non- LOSP	Total
	50.00%	50.00%										
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
<i>Other Required Reserve 2 Running Balance</i>												

2530 18th Street

INCOME	Total # Units:	LOSP Units		Non-LOSP Units		Year 4 2029			Year 5 2030			Year 6 2031			
		74	37	37	50.00%	50.00%	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP
Residential - Tenant Rents		1.0%	2.5%		137,236	741,568	878,805	138,608	760,108	898,716	139,995	779,110	919,105		
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a		-	-	-	-	-	-	-	-	-		
Residential - LOSP Tenant Assistance Payments		n/a	n/a		635,595	-	635,595	657,577	-	657,577	680,361	-	680,361		
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%		-	-	-	-	-	-	-	-	-		
Interest Income - Project Operations		2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Laundry and Vending		2.5%	2.5%		2,424	2,424	4,848	2,485	2,485	4,970	2,547	2,547	5,094		
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	-	-	-	-	-	-	-	-	-		
<b>Gross Potential Income</b>					<b>775,255</b>	<b>743,993</b>	<b>1,519,248</b>	<b>798,670</b>	<b>762,592</b>	<b>1,561,262</b>	<b>822,903</b>	<b>781,657</b>	<b>1,604,560</b>		
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH schedule	(6,862)	(37,078)	(43,940)	(6,930)	(38,005)	(44,936)	(7,000)	(38,958)	(45,955)		
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-		
Vacancy Loss - Commercial		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-		
<b>EFFECTIVE GROSS INCOME</b>					<b>768,393</b>	<b>706,914</b>	<b>1,475,308</b>	<b>791,740</b>	<b>724,587</b>	<b>1,516,327</b>	<b>815,903</b>	<b>742,702</b>	<b>1,558,605</b>		
<b>OPERATING EXPENSES</b>															
<b>Management</b>															
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	30,594	30,594	61,188	31,665	31,665	63,329	32,773	32,773	65,546		
Asset Management Fee		3.5%	3.5%	per MOHCD policy	13,460	13,460	26,920	13,931	13,931	27,862	14,419	14,419	28,837		
<b>Sub-total Management Expenses</b>					<b>44,054</b>	<b>44,054</b>	<b>88,108</b>	<b>45,596</b>	<b>45,596</b>	<b>91,191</b>	<b>47,192</b>	<b>47,192</b>	<b>94,383</b>		
<b>Salaries/Benefits</b>															
Office Salaries		3.5%	3.5%		30,681	30,681	61,363	31,755	31,755	63,510	32,867	32,867	65,733		
Manager's Salary		3.5%	3.5%		41,682	41,682	83,363	43,141	43,141	86,281	44,650	44,650	89,301		
Health Insurance and Other Benefits		3.5%	3.5%		38,195	38,195	76,390	39,532	39,532	79,064	40,916	40,916	81,831		
Other Salaries/Benefits		3.5%	3.5%		1,907	1,907	3,814	1,974	1,974	3,947	2,043	2,043	4,086		
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
<b>Sub-total Salaries/Benefits</b>					<b>112,465</b>	<b>112,465</b>	<b>224,930</b>	<b>116,401</b>	<b>116,401</b>	<b>232,803</b>	<b>120,476</b>	<b>120,476</b>	<b>240,951</b>		
<b>Administration</b>															
Advertising and Marketing		3.5%	3.5%		1,214	1,214	2,428	1,257	1,257	2,513	1,301	1,301	2,601		
Office Expenses		3.5%	3.5%		10,723	10,723	21,446	11,098	11,098	22,197	11,487	11,487	22,973		
Office Rent		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Legal Expense - Property		3.5%	3.5%		2,772	2,772	5,544	2,869	2,869	5,738	2,969	2,969	5,938		
Audit Expense		3.5%	3.5%		6,237	6,237	12,473	6,455	6,455	12,910	6,681	6,681	13,361		
Bookkeeping/Accounting Services		3.5%	3.5%		6,070	6,070	12,140	6,283	6,283	12,565	6,503	6,503	13,005		
Bad Debts		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
<b>Sub-total Administration Expenses</b>					<b>27,016</b>	<b>27,016</b>	<b>54,031</b>	<b>27,961</b>	<b>27,961</b>	<b>55,922</b>	<b>28,940</b>	<b>28,940</b>	<b>57,880</b>		
<b>Utilities</b>															
Electricity		3.5%	3.5%		59,410	59,410	118,819	61,489	61,489	122,978	63,641	63,641	127,282		
Water		3.5%	3.5%		14,164	14,164	28,328	14,660	14,660	29,320	15,173	15,173	30,347		
Gas		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sewer		3.5%	3.5%		33,927	33,927	67,854	35,114	35,114	70,228	36,343	36,343	72,686		
<b>Sub-total Utilities</b>					<b>107,501</b>	<b>107,501</b>	<b>215,001</b>	<b>111,263</b>	<b>111,263</b>	<b>222,527</b>	<b>115,157</b>	<b>115,157</b>	<b>230,315</b>		
<b>Taxes and Licenses</b>															
Real Estate Taxes		3.5%	3.5%		2,134	2,134	4,269	2,209	2,209	4,418	2,286	2,286	4,573		
Payroll Taxes		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
<b>Sub-total Taxes and Licenses</b>					<b>2,134</b>	<b>2,134</b>	<b>4,269</b>	<b>2,209</b>	<b>2,209</b>	<b>4,418</b>	<b>2,286</b>	<b>2,286</b>	<b>4,573</b>		
<b>Insurance</b>															
Property and Liability Insurance		3.5%	3.5%		85,926	85,926	171,851	88,933	88,933	177,866	92,046	92,046	184,091		
Fidelity Bond Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Worker's Compensation		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Director's & Officers' Liability Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
<b>Sub-total Insurance</b>					<b>85,926</b>	<b>85,926</b>	<b>171,851</b>	<b>88,933</b>	<b>88,933</b>	<b>177,866</b>	<b>92,046</b>	<b>92,046</b>	<b>184,091</b>		
<b>Maintenance &amp; Repair</b>															
Payroll		3.5%	3.5%		64,048	64,048	128,097	66,290	66,290	132,580	68,610	68,610	137,221		
Supplies		3.5%	3.5%		5,408	5,408	10,816	5,597	5,597	11,194	5,793	5,793	11,586		
Contracts		3.5%	3.5%		24,752	24,752	49,503	25,618	25,618	51,236	26,515	26,515	53,029		
Garbage and Trash Removal		3.5%	3.5%		35,774	35,774	71,548	37,026	37,026	74,052	38,322	38,322	76,644		
Security Payroll/Contract		3.5%	3.5%		150,442	150,442	300,884	155,707	155,707	311,414	161,557	161,557	323,114		
HVAC Repairs and Maintenance		3.5%	3.5%		6,686	6,686	13,371	6,920	6,920	13,839	7,162	7,162	14,323		
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%		832	832	1,663	861	861	1,721	891	891	1,782		
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
<b>Sub-total Maintenance &amp; Repair Expenses</b>					<b>287,941</b>	<b>287,941</b>	<b>575,882</b>	<b>298,019</b>	<b>298,019</b>	<b>596,042</b>	<b>306,449</b>	<b>306,449</b>	<b>612,906</b>		
<b>Supportive Services</b>		3.5%	3.5%		-	37,160	37,160	-	38,460	38,460	-	39,806	39,806		
<b>Commercial Expenses</b>					-	-	-	-	-	-	-	-	-		
<b>TOTAL OPERATING EXPENSES</b>					<b>667,036</b>	<b>603,901</b>	<b>1,270,937</b>	<b>690,382</b>	<b>625,038</b>	<b>1,315,420</b>	<b>714,546</b>	<b>646,914</b>	<b>1,361,459</b>		
<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>															
PUPA (w/o Reserves/GL Base Rent/Bond Fees)															
Ground Lease Base Rent					7,500	7,500	15,000	7,500	7,500	15,000	7,500	7,500	15,000		
Bond Monitoring Fee					1,250	1,250	2,500	1,250	1,250	2,500	1,250	1,250	2,500		
Replacement Reserve Deposit					18,500	18,500	37,000	18,500	18,500	37,000	18,500	18,500	37,000		
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-		
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-		
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-		
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-		
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>					<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>		
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>					<b>694,286</b>	<b>631,151</b>	<b>1,325,437</b>	<b>717,632</b>	<b>652,288</b>	<b>1,369,920</b>	<b>741,796</b>	<b>674,164</b>	<b>1,415,959</b>		
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>															
					<b>74,108</b>	<b>75,763</b>	<b>149,871</b>	<b>74,107</b>	<b>72,299</b>	<b>146,407</b>	<b>74,107</b>	<b>68,538</b>	<b>142,645</b>		
<b>DEBT SERVICE/MUST PAY PAYMENTS ('hard debt'/amortized loans)</b>															
Hard Debt - First Lender					-	-	-	-	-	-	-	-	-		
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					59,473	59,473	118,945	59,473	59,473	118,945	59,473	59,473	118,945		
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					-	-	-	-	-	-	-	-	-		
Hard Debt - Fourth Lender					-	-	-	-	-	-	-	-	-		
Commercial Hard Debt Service					-	-	-	-	-	-	-	-	-		
<b>TOTAL HARD DEBT SERVICE</b>					<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>		
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>					<b>14,635</b>	<b>16,291</b>	<b>30,926</b>	<b>14,635</b>	<b>12,827</b>	<b>27,462</b>	<b>14,635</b>	<b>9,065</b>	<b>23,700</b>		
Commercial Only Cash Flow					-	-	-	-	-	-	-	-	-		
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)					-	-	-	-	-	-	-	-	-		
<b>AVAILABLE CASH FLOW</b>					<b>14,635</b>	<b>16,291</b>	<b>30,926</b>	<b>14,635</b>	<b>12,827</b>	<b>27,462</b>	<b>14,635</b>	<b>9,065</b>	<b>23,700</b>		
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>															
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>															
"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%													

INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 4 2029			Year 5 2030			Year 6 2031		
	74	37		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
	50.00%	50.00%										
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
<i>Other Required Reserve 2 Running Balance</i>												

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INCOME	Total # Units:		Year 7 2032			Year 8 2033			Year 9 2034					
	74	37	LOSP Units	non-LOSP Units	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
	50.00%	50.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents			1.0%	2.5%		141,394	798,588	939,983	142,808	818,553	961,361	144,237	839,017	983,253
Residential - Tenant Assistance Payments (Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		703,977	-	703,977	728,453	-	728,453	753,819	-	753,819
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%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		2,611	2,611	5,221	2,676	2,676	5,352	2,743	2,743	5,485
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	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>						<b>847,982</b>	<b>801,199</b>	<b>1,649,180</b>	<b>873,937</b>	<b>821,229</b>	<b>1,695,166</b>	<b>900,799</b>	<b>841,759</b>	<b>1,742,558</b>
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(7,070)	(39,929)	(46,999)	(7,140)	(40,928)	(48,068)	(7,212)	(41,951)	(49,163)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>						<b>840,912</b>	<b>761,269</b>	<b>1,602,181</b>	<b>866,797</b>	<b>780,301</b>	<b>1,647,098</b>	<b>893,587</b>	<b>799,808</b>	<b>1,693,395</b>
<b>OPERATING EXPENSES</b>														
<b>Management</b>														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule	33,920	33,920	67,840	35,107	35,107	70,215	36,336	36,336	72,672
Asset Management Fee			3.5%	3.5%	per MOHCD policy	14,923	14,923	29,846	15,445	15,445	30,891	15,966	15,966	31,972
<b>Sub-total Management Expenses</b>						<b>48,843</b>	<b>48,843</b>	<b>97,686</b>	<b>50,553</b>	<b>50,553</b>	<b>101,105</b>	<b>52,322</b>	<b>52,322</b>	<b>104,644</b>
<b>Salaries/Benefits</b>														
Office Salaries			3.5%	3.5%		34,017	34,017	68,034	35,208	35,208	70,415	36,440	36,440	72,880
Manager's Salary			3.5%	3.5%		46,213	46,213	92,426	47,831	47,831	95,661	49,505	49,505	99,010
Health Insurance and Other Benefits			3.5%	3.5%		42,348	42,348	84,695	43,830	43,830	87,660	45,364	45,364	90,728
Other Salaries/Benefits			3.5%	3.5%		2,114	2,114	4,229	2,188	2,188	4,377	2,265	2,265	4,530
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>						<b>124,692</b>	<b>124,692</b>	<b>249,384</b>	<b>129,056</b>	<b>129,056</b>	<b>258,113</b>	<b>133,573</b>	<b>133,573</b>	<b>267,147</b>
<b>Administration</b>														
Advertising and Marketing			3.5%	3.5%		1,346	1,346	2,692	1,393	1,393	2,786	1,442	1,442	2,884
Office Expenses			3.5%	3.5%		11,889	11,889	23,777	12,305	12,305	24,610	12,736	12,736	25,471
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		3,073	3,073	6,146	3,181	3,181	6,361	3,292	3,292	6,584
Audit Expense			3.5%	3.5%		6,915	6,915	13,829	7,157	7,157	14,313	7,407	7,407	14,814
Bookkeeping/Accounting Services			3.5%	3.5%		6,730	6,730	13,460	6,966	6,966	13,931	7,210	7,210	14,419
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Administration Expenses</b>						<b>29,953</b>	<b>29,953</b>	<b>59,905</b>	<b>31,001</b>	<b>31,001</b>	<b>62,002</b>	<b>32,086</b>	<b>32,086</b>	<b>64,172</b>
<b>Utilities</b>														
Electricity			3.5%	3.5%		65,868	65,868	131,737	68,174	68,174	136,348	70,560	70,560	141,120
Water			3.5%	3.5%		15,704	15,704	31,409	16,254	16,254	32,508	16,823	16,823	33,646
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		37,615	37,615	75,230	38,932	38,932	77,863	40,294	40,294	80,589
<b>Sub-total Utilities</b>						<b>119,188</b>	<b>119,188</b>	<b>238,376</b>	<b>123,360</b>	<b>123,360</b>	<b>246,719</b>	<b>127,677</b>	<b>127,677</b>	<b>255,354</b>
<b>Taxes and Licenses</b>														
Real Estate Taxes			3.5%	3.5%		2,366	2,366	4,733	2,449	2,449	4,898	2,535	2,535	5,070
Payroll Taxes			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Taxes and Licenses</b>						<b>2,366</b>	<b>2,366</b>	<b>4,733</b>	<b>2,449</b>	<b>2,449</b>	<b>4,898</b>	<b>2,535</b>	<b>2,535</b>	<b>5,070</b>
<b>Insurance</b>														
Property and Liability Insurance			3.5%	3.5%		95,267	95,267	190,535	98,602	98,602	197,203	102,053	102,053	204,105
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>						<b>95,267</b>	<b>95,267</b>	<b>190,535</b>	<b>98,602</b>	<b>98,602</b>	<b>197,203</b>	<b>102,053</b>	<b>102,053</b>	<b>204,105</b>
<b>Maintenance &amp; Repair</b>														
Payroll			3.5%	3.5%		71,012	71,012	142,023	73,497	73,497	146,994	76,069	76,069	152,139
Supplies			3.5%	3.5%		5,996	5,996	11,991	6,206	6,206	12,411	6,423	6,423	12,845
Contracts			3.5%	3.5%		27,443	27,443	54,885	28,403	28,403	56,806	29,397	29,397	58,794
Garbage and Trash Removal			3.5%	3.5%		39,653	39,653	79,306	41,051	41,051	82,103	42,498	42,498	84,976
Security Payroll/Contract			3.5%	3.5%		166,798	166,798	333,596	172,636	172,636	345,271	178,678	178,678	357,356
HVAC Repairs and Maintenance			3.5%	3.5%		7,412	7,412	14,824	7,672	7,672	15,344	7,940	7,940	15,881
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		922	922	1,844	954	954	1,908	988	988	1,975
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Maintenance &amp; Repair Expenses</b>						<b>319,245</b>	<b>319,245</b>	<b>638,490</b>	<b>330,419</b>	<b>330,419</b>	<b>660,817</b>	<b>341,983</b>	<b>341,983</b>	<b>683,848</b>
<b>Supportive Services</b>			3.5%	3.5%		-	41,200	41,200	-	42,642	42,642	-	44,134	44,134
<b>Commercial Expenses</b>														
						-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>						<b>739,555</b>	<b>669,556</b>	<b>1,409,111</b>	<b>765,439</b>	<b>692,990</b>	<b>1,458,429</b>	<b>792,229</b>	<b>717,245</b>	<b>1,509,474</b>
<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>														
Ground Lease Base Rent						7,500	7,500	15,000	7,500	7,500	15,000	7,500	7,500	15,000
Bond Monitoring Fee						1,250	1,250	2,500	1,250	1,250	2,500	1,250	1,250	2,500
Replacement Reserve Deposit						18,500	18,500	37,000	18,500	18,500	37,000	18,500	18,500	37,000
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial						-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>						<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>						<b>766,805</b>	<b>696,806</b>	<b>1,463,611</b>	<b>792,689</b>	<b>720,240</b>	<b>1,512,929</b>	<b>819,479</b>	<b>744,495</b>	<b>1,563,974</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>						<b>74,108</b>	<b>64,463</b>	<b>138,571</b>	<b>74,108</b>	<b>60,061</b>	<b>134,168</b>	<b>74,108</b>	<b>55,313</b>	<b>129,421</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>														
Hard Debt - First Lender						-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)						59,473	59,473	118,945	59,473	59,473	118,945	59,473	59,473	118,945
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)						-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender						-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service						-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>						<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>						<b>14,635</b>	<b>4,991</b>	<b>19,626</b>	<b>14,635</b>	<b>888</b>	<b>15,223</b>	<b>14,635</b>	<b>(4,159)</b>	<b>10,476</b>
Commercial Only Cash Flow						-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
<b>AVAILABLE CASH FLOW</b>						<b>14,635</b>	<b>4,991</b>	<b>19,626</b>	<					

INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 7 2032			Year 8 2033			Year 9 2034			
	74	37		50.00%	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													

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Total # Units:	LOSP Units		Non-LOSP Units		Year 10 2035			Year 11 2036			Year 12 2037		
	74	37	37										
	50.00%	50.00%	50.00%										
INCOME	annual inc LOSP	% annual increase	Comments (related to Annual Inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
Residential - Tenant Rents	1.0%	2.5%		146,679	859,992	1,005,671	147,136	881,492	1,028,627	148,607	903,529	1,052,136	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments	n/a	n/a		780,109	-	780,109	807,353	-	807,353	835,586	-	835,586	
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%		-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%	2.5%		2,811	2,811	5,623	2,882	2,882	5,763	2,954	2,954	5,907	
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	-	-	-	-	-	-	-	-	-	
<b>Gross Potential Income</b>				<b>928,599</b>	<b>862,803</b>	<b>1,791,402</b>	<b>957,370</b>	<b>884,373</b>	<b>1,841,744</b>	<b>987,147</b>	<b>906,483</b>	<b>1,893,629</b>	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(7,284)	(43,000)	(50,284)	(7,357)	(44,075)	(51,431)	(7,430)	(45,176)	(52,607)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-	
<b>EFFECTIVE GROSS INCOME</b>				<b>921,315</b>	<b>819,804</b>	<b>1,741,119</b>	<b>950,013</b>	<b>840,299</b>	<b>1,790,312</b>	<b>979,716</b>	<b>861,306</b>	<b>1,841,023</b>	
<b>OPERATING EXPENSES</b>													
<b>Management</b>													
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule	37,608	37,608	75,216	38,924	38,924	77,848	40,286	40,286	80,573	
Asset Management Fee	3.5%	3.5%	per MOHCD policy	16,546	16,546	33,091	17,125	17,125	34,249	17,724	17,724	35,448	
<b>Sub-total Management Expenses</b>				<b>54,153</b>	<b>54,153</b>	<b>108,307</b>	<b>56,049</b>	<b>56,049</b>	<b>112,097</b>	<b>58,010</b>	<b>58,010</b>	<b>116,021</b>	
<b>Salaries/Benefits</b>													
Office Salaries	3.5%	3.5%		37,715	37,715	75,430	39,035	39,035	78,070	40,401	40,401	80,803	
Manager's Salary	3.5%	3.5%		51,237	51,237	102,475	53,031	53,031	106,062	54,887	54,887	109,774	
Health Insurance and Other Benefits	3.5%	3.5%		46,952	46,952	93,903	48,595	48,595	97,190	50,296	50,296	100,592	
Other Salaries/Benefits	3.5%	3.5%		2,344	2,344	4,688	2,426	2,426	4,852	2,511	2,511	5,022	
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Salaries/Benefits</b>				<b>138,248</b>	<b>138,248</b>	<b>276,497</b>	<b>143,087</b>	<b>143,087</b>	<b>286,174</b>	<b>148,095</b>	<b>148,095</b>	<b>296,190</b>	
<b>Administration</b>													
Advertising and Marketing	3.5%	3.5%		1,492	1,492	2,985	1,545	1,545	3,089	1,599	1,599	3,197	
Office Expenses	3.5%	3.5%		13,181	13,181	26,363	13,643	13,643	27,285	14,120	14,120	28,240	
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%		3,407	3,407	6,814	3,526	3,526	7,053	3,650	3,650	7,300	
Audit Expense	3.5%	3.5%		7,666	7,666	15,333	7,935	7,935	15,869	8,212	8,212	16,425	
Bookkeeping/Accounting Services	3.5%	3.5%		7,462	7,462	14,924	7,723	7,723	15,446	7,993	7,993	15,987	
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Administration Expenses</b>				<b>33,209</b>	<b>33,209</b>	<b>66,418</b>	<b>34,371</b>	<b>34,371</b>	<b>68,743</b>	<b>35,574</b>	<b>35,574</b>	<b>71,149</b>	
<b>Utilities</b>													
Electricity	3.5%	3.5%		73,029	73,029	146,059	75,586	75,586	151,171	78,231	78,231	156,462	
Water	3.5%	3.5%		17,412	17,412	34,823	18,021	18,021	36,042	18,652	18,652	37,304	
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Sewer	3.5%	3.5%		41,705	41,705	83,409	43,164	43,164	86,329	44,675	44,675	89,350	
<b>Sub-total Utilities</b>				<b>132,146</b>	<b>132,146</b>	<b>264,292</b>	<b>136,771</b>	<b>136,771</b>	<b>273,542</b>	<b>141,558</b>	<b>141,558</b>	<b>283,116</b>	
<b>Taxes and Licenses</b>													
Real Estate Taxes	3.5%	3.5%		2,624	2,624	5,247	2,715	2,715	5,431	2,810	2,810	5,621	
Payroll Taxes	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Taxes and Licenses</b>				<b>2,624</b>	<b>2,624</b>	<b>5,247</b>	<b>2,715</b>	<b>2,715</b>	<b>5,431</b>	<b>2,810</b>	<b>2,810</b>	<b>5,621</b>	
<b>Insurance</b>													
Property and Liability Insurance	3.5%	3.5%		105,625	105,625	211,249	109,321	109,321	218,643	113,148	113,148	226,295	
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Insurance</b>				<b>105,625</b>	<b>105,625</b>	<b>211,249</b>	<b>109,321</b>	<b>109,321</b>	<b>218,643</b>	<b>113,148</b>	<b>113,148</b>	<b>226,295</b>	
<b>Maintenance &amp; Repair</b>													
Payroll	3.5%	3.5%		78,732	78,732	157,464	81,487	81,487	162,975	84,340	84,340	168,679	
Supplies	3.5%	3.5%		6,648	6,648	13,295	6,880	6,880	13,760	7,121	7,121	14,242	
Contracts	3.5%	3.5%		30,426	30,426	60,852	31,491	31,491	62,982	32,593	32,593	65,186	
Garbage and Trash Removal	3.5%	3.5%		43,975	43,975	87,950	45,514	45,514	91,029	47,107	47,107	94,215	
Security Payroll/Contract	3.5%	3.5%		184,932	184,932	369,864	191,404	191,404	382,808	198,103	198,103	396,138	
HVAC Repairs and Maintenance	3.5%	3.5%		8,218	8,218	16,437	8,506	8,506	17,012	8,804	8,804	17,607	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		1,022	1,022	2,044	1,058	1,058	2,116	1,095	1,095	2,190	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
<b>Sub-total Maintenance &amp; Repair Expenses</b>				<b>353,953</b>	<b>353,953</b>	<b>707,906</b>	<b>366,341</b>	<b>366,341</b>	<b>732,682</b>	<b>379,163</b>	<b>379,163</b>	<b>758,257</b>	
<b>Supportive Services</b>	3.5%	3.5%		-	45,679	45,679	-	47,278	47,278	-	48,932	48,932	
<b>Commercial Expenses</b>													
from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%				-	-	-	-	-	-	-	-	-	
<b>TOTAL OPERATING EXPENSES</b>				<b>819,957</b>	<b>742,349</b>	<b>1,562,306</b>	<b>848,656</b>	<b>768,331</b>	<b>1,616,987</b>	<b>878,359</b>	<b>795,222</b>	<b>1,673,581</b>	
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>													
Ground Lease Base Rent				7,500	7,500	15,000	7,500	7,500	15,000	7,500	7,500	15,000	
Bond Monitoring Fee				1,250	1,250	2,500	1,250	1,250	2,500	1,250	1,250	2,500	
Replacement Reserve Deposit				18,500	18,500	37,000	18,500	18,500	37,000	18,500	18,500	37,000	
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-	
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-	
Required Reserve Deposits, Commercial				-	-	-	-	-	-	-	-	-	
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>				<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>				<b>847,207</b>	<b>769,599</b>	<b>1,616,806</b>	<b>875,906</b>	<b>795,581</b>	<b>1,671,487</b>	<b>905,609</b>	<b>822,472</b>	<b>1,728,081</b>	
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>				<b>74,107</b>	<b>50,205</b>	<b>124,313</b>	<b>74,107</b>	<b>44,718</b>	<b>118,825</b>	<b>74,108</b>	<b>38,834</b>	<b>112,941</b>	
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>													
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	59,473	59,473	118,945	59,473	59,473	118,945	59,473	59,473	118,945	
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%	-	-	-	-	-	-	-	-	-	
<b>TOTAL HARD DEBT SERVICE</b>				<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>				<b>14,635</b>	<b>(9,267)</b>	<b>5,368</b>	<b>14,635</b>	<b>(14,755)</b>	<b>(120)</b>	<b>14,635</b>	<b>(20,639)</b>	<b>(6,004)</b>	
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-	
<b>AVAILABLE CASH FLOW</b>				<b>14,635</b>	<b>(9,267)</b>	<b>5,368</b>	<b>14,635</b>	<b>(14,755)</b>	<b>(120)</b>	<b>1</b>			

INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 10 2035			Year 11 2036			Year 12 2037			
	74	37		50.00%	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<i>Other Required Reserve 2 Running Balance</i>													

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INCOME	Total # Units:	LOSP Units		Non-LOSP Units		Year 13 2038			Year 14 2039			Year 15 2040		
		74	37	37										
			50.00%	50.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP
Residential - Tenant Rents			1.0%	2.5%		150,093	926,117	1,076,210	151,594	949,270	1,100,864	153,110	973,002	1,126,112
Residential - Tenant Assistance Payments (Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		864,843	-	864,843	895,160	-	895,160	926,575	-	926,575
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%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		3,027	3,027	6,055	3,103	3,103	6,206	3,181	3,181	6,361
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	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>						<b>1,017,964</b>	<b>929,145</b>	<b>1,947,108</b>	<b>1,049,857</b>	<b>952,373</b>	<b>2,002,231</b>	<b>1,082,865</b>	<b>976,183</b>	<b>2,059,048</b>
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(7,505)	(46,306)	(53,811)	(7,580)	(47,464)	(55,043)	(7,655)	(48,650)	(56,306)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>						<b>1,010,459</b>	<b>882,839</b>	<b>1,893,298</b>	<b>1,042,278</b>	<b>904,910</b>	<b>1,947,187</b>	<b>1,075,210</b>	<b>927,533</b>	<b>2,002,742</b>
<b>OPERATING EXPENSES</b>														
<b>Management</b>														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule	41,696	41,696	83,393	43,156	43,156	86,312	44,666	44,666	89,333
Asset Management Fee			3.5%	3.5%	per MOHCD policy	18,344	18,344	36,688	18,986	18,986	37,973	19,651	19,651	39,302
<b>Sub-total Management Expenses</b>						<b>60,041</b>	<b>60,041</b>	<b>120,082</b>	<b>62,142</b>	<b>62,142</b>	<b>124,284</b>	<b>64,317</b>	<b>64,317</b>	<b>128,634</b>
<b>Salaries/Benefits</b>														
Office Salaries			3.5%	3.5%		41,815	41,815	83,631	43,279	43,279	86,558	44,794	44,794	89,588
Manager's Salary			3.5%	3.5%		56,808	56,808	113,616	58,796	58,796	117,592	60,854	60,854	121,708
Health Insurance and Other Benefits			3.5%	3.5%		52,056	52,056	104,112	53,878	53,878	107,756	55,764	55,764	111,528
Other Salaries/Benefits			3.5%	3.5%		2,599	2,599	5,198	2,690	2,690	5,380	2,784	2,784	5,568
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>						<b>153,279</b>	<b>153,279</b>	<b>306,557</b>	<b>158,643</b>	<b>158,643</b>	<b>317,287</b>	<b>164,196</b>	<b>164,196</b>	<b>328,392</b>
<b>Administration</b>														
Advertising and Marketing			3.5%	3.5%		1,655	1,655	3,309	1,713	1,713	3,425	1,772	1,772	3,545
Office Expenses			3.5%	3.5%		14,614	14,614	29,229	15,126	15,126	30,252	15,655	15,655	31,310
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		3,778	3,778	7,555	3,910	3,910	7,820	4,047	4,047	8,093
Audit Expense			3.5%	3.5%		8,500	8,500	17,000	8,797	8,797	17,595	9,105	9,105	18,210
Bookkeeping/Accounting Services			3.5%	3.5%		8,273	8,273	16,546	8,563	8,563	17,125	8,862	8,862	17,725
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Administration Expenses</b>						<b>36,819</b>	<b>36,819</b>	<b>73,639</b>	<b>38,108</b>	<b>38,108</b>	<b>76,216</b>	<b>39,442</b>	<b>39,442</b>	<b>78,884</b>
<b>Utilities</b>														
Electricity			3.5%	3.5%		80,969	80,969	161,938	83,803	83,803	167,606	86,736	86,736	173,472
Water			3.5%	3.5%		19,305	19,305	38,609	19,980	19,980	39,961	20,680	20,680	41,359
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		46,239	46,239	92,477	47,857	47,857	95,714	49,532	49,532	99,064
<b>Sub-total Utilities</b>						<b>146,512</b>	<b>146,512</b>	<b>293,025</b>	<b>151,640</b>	<b>151,640</b>	<b>303,281</b>	<b>156,948</b>	<b>156,948</b>	<b>313,896</b>
<b>Taxes and Licenses</b>														
Real Estate Taxes			3.5%	3.5%		2,909	2,909	5,818	3,011	3,011	6,021	3,116	3,116	6,232
Payroll Taxes			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Taxes and Licenses</b>						<b>2,909</b>	<b>2,909</b>	<b>5,818</b>	<b>3,011</b>	<b>3,011</b>	<b>6,021</b>	<b>3,116</b>	<b>3,116</b>	<b>6,232</b>
<b>Insurance</b>														
Property and Liability Insurance			3.5%	3.5%		117,108	117,108	234,216	121,207	121,207	242,413	125,449	125,449	250,898
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>						<b>117,108</b>	<b>117,108</b>	<b>234,216</b>	<b>121,207</b>	<b>121,207</b>	<b>242,413</b>	<b>125,449</b>	<b>125,449</b>	<b>250,898</b>
<b>Maintenance &amp; Repair</b>														
Payroll			3.5%	3.5%		87,291	87,291	174,583	90,347	90,347	180,693	93,509	93,509	187,017
Supplies			3.5%	3.5%		7,370	7,370	14,740	7,628	7,628	15,256	7,895	7,895	15,790
Contracts			3.5%	3.5%		33,734	33,734	67,468	34,915	34,915	69,829	36,137	36,137	72,273
Garbage and Trash Removal			3.5%	3.5%		46,756	46,756	93,512	50,463	50,463	100,925	52,229	52,229	104,458
Security Payroll/Contract			3.5%	3.5%		205,037	205,037	410,073	212,213	212,213	424,425	219,641	219,641	439,284
HVAC Repairs and Maintenance			3.5%	3.5%		9,112	9,112	18,223	9,431	9,431	18,861	9,761	9,761	19,521
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		1,133	1,133	2,267	1,173	1,173	2,346	1,214	1,214	2,428
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Maintenance &amp; Repair Expenses</b>						<b>392,434</b>	<b>392,434</b>	<b>784,867</b>	<b>406,169</b>	<b>406,169</b>	<b>812,334</b>	<b>419,358</b>	<b>419,358</b>	<b>838,534</b>
<b>Supportive Services</b>														
Commercial Expenses			3.5%	3.5%	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%	-	50,645	50,645	-	52,418	52,418	-	54,252	54,252
<b>TOTAL OPERATING EXPENSES</b>						<b>908,101</b>	<b>823,055</b>	<b>1,732,157</b>	<b>940,920</b>	<b>851,862</b>	<b>1,792,782</b>	<b>973,852</b>	<b>881,677</b>	<b>1,855,529</b>
<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>														
Ground Lease Base Rent						7,500	7,500	15,000	7,500	7,500	15,000	7,500	7,500	15,000
Bond Monitoring Fee						1,250	1,250	2,500	1,250	1,250	2,500	1,250	1,250	2,500
Replacement Reserve Deposit						18,500	18,500	37,000	18,500	18,500	37,000	18,500	18,500	37,000
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>						<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>						<b>936,351</b>	<b>850,305</b>	<b>1,786,657</b>	<b>968,170</b>	<b>879,112</b>	<b>1,847,282</b>	<b>1,001,102</b>	<b>908,927</b>	<b>1,910,029</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>														
						<b>74,108</b>	<b>32,534</b>	<b>106,641</b>	<b>74,107</b>	<b>25,798</b>	<b>99,905</b>	<b>74,108</b>	<b>18,605</b>	<b>92,713</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>														
Hard Debt - First Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					Enter comments re: annual increase, etc.	59,473	59,473	118,945	59,473	59,473	118,945	59,473	59,473	118,945
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%	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>						<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>														
Commercial Only Cash Flow						14,635	(26,939)	(12,304)	14,635	(33,675)	(19,040)	14,635	(40,867)	(26,232)
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
<b>AVAILABLE CASH FLOW</b>						<b>14,635</b>	<b>(26,939)</b>	<b>(12,304)</b>	<b>14,635</b>	<b>(33,675)</b>	<b>(19,040)</b>	<b>14,635</b>	<b>(40,867)</b>	<b>(</b>



INCOME	Total # Units:										
	74		Year 13 2038			Year 14 2039			Year 15 2040		
	LOSP Units	Non-LOSP Units	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals	37	37		50.00%							
Other Reserve 2 Interest											
<i>Other Required Reserve 2 Running Balance</i>											



INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 16 2041			Year 17 2042			Year 18 2043		
	74	37		annual inc LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
	50.00%	50.00%										
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
<i>Other Required Reserve 2 Running Balance</i>												

2530 18th Street

INCOME	Total # Units: 74	LOSP Units 37		Non-LOSP Units 37		Year 19 2044			Year 20 2045		
		50.00%		50.00%		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		annual inc	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
Residential - Tenant Rents		1.0%	2.5%			159,327	1,074,012	1,233,339	160,820	1,100,862	1,261,783
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a			-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a			1,064,004	-	1,064,004	1,101,516	-	1,101,516
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%			-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%			-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%			3,511	3,511	7,022	3,599	3,599	7,197
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		-	-	-	-	-	-
<b>Gross Potential Income</b>						<b>1,226,842</b>	<b>1,077,523</b>	<b>2,304,365</b>	<b>1,266,034</b>	<b>1,104,461</b>	<b>2,370,496</b>
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate		(7,966)	(53,701)	(61,667)	(8,046)	(55,043)	(63,089)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a			-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a			-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>						<b>1,218,875</b>	<b>1,023,822</b>	<b>2,242,698</b>	<b>1,257,988</b>	<b>1,049,418</b>	<b>2,307,406</b>

OPERATING EXPENSES

Management											
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule	51,256	51,256	102,511	53,050	53,050	106,099		
Asset Management Fee	3.5%	3.5%	per MOHCD policy	22,550	22,550	45,100	23,339	23,339	46,678		
<b>Sub-total Management Expenses</b>				<b>73,805</b>	<b>73,805</b>	<b>147,611</b>	<b>76,389</b>	<b>76,389</b>	<b>152,777</b>		
<b>Salaries/Benefits</b>											
Office Salaries	3.5%	3.5%		51,402	51,402	102,804	53,201	53,201	106,402		
Manager's Salary	3.5%	3.5%		69,831	69,831	139,663	72,275	72,275	144,551		
Health Insurance and Other Benefits	3.5%	3.5%		63,990	63,990	127,981	66,230	66,230	132,460		
Other Salaries/Benefits	3.5%	3.5%		3,195	3,195	6,390	3,307	3,307	6,613		
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-		
<b>Sub-total Salaries/Benefits</b>				<b>188,418</b>	<b>188,418</b>	<b>376,837</b>	<b>195,013</b>	<b>195,013</b>	<b>390,026</b>		
<b>Administration</b>											
Advertising and Marketing	3.5%	3.5%		2,034	2,034	4,068	2,105	2,105	4,210		
Office Expenses	3.5%	3.5%		17,965	17,965	35,929	18,593	18,593	37,187		
Office Rent	3.5%	3.5%		-	-	-	-	-	-		
Legal Expense - Property	3.5%	3.5%		4,644	4,644	9,287	4,806	4,806	9,613		
Audit Expense	3.5%	3.5%		10,448	10,448	20,897	10,814	10,814	21,628		
Bookkeeping/Accounting Services	3.5%	3.5%		10,170	10,170	20,340	10,526	10,526	21,051		
Bad Debts	3.5%	3.5%		-	-	-	-	-	-		
Miscellaneous	3.5%	3.5%		-	-	-	-	-	-		
<b>Sub-total Administration Expenses</b>				<b>45,261</b>	<b>45,261</b>	<b>90,521</b>	<b>46,845</b>	<b>46,845</b>	<b>93,689</b>		
<b>Utilities</b>											
Electricity	3.5%	3.5%		99,532	99,532	199,063	103,015	103,015	206,031		
Water	3.5%	3.5%		23,730	23,730	47,461	24,561	24,561	49,122		
Gas	3.5%	3.5%		-	-	-	-	-	-		
Sewer	3.5%	3.5%		56,839	56,839	113,678	58,829	58,829	117,657		
<b>Sub-total Utilities</b>				<b>180,101</b>	<b>180,101</b>	<b>360,202</b>	<b>186,405</b>	<b>186,405</b>	<b>372,810</b>		
<b>Taxes and Licenses</b>											
Real Estate Taxes	3.5%	3.5%		3,576	3,576	7,151	3,701	3,701	7,402		
Payroll Taxes	3.5%	3.5%		-	-	-	-	-	-		
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		-	-	-	-	-	-		
<b>Sub-total Taxes and Licenses</b>				<b>3,576</b>	<b>3,576</b>	<b>7,151</b>	<b>3,701</b>	<b>3,701</b>	<b>7,402</b>		
<b>Insurance</b>											
Property and Liability Insurance	3.5%	3.5%		143,955	143,955	287,911	148,994	148,994	297,988		
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-		
Worker's Compensation	3.5%	3.5%		-	-	-	-	-	-		
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-		
<b>Sub-total Insurance</b>				<b>143,955</b>	<b>143,955</b>	<b>287,911</b>	<b>148,994</b>	<b>148,994</b>	<b>297,988</b>		
<b>Maintenance &amp; Repair</b>											
Payroll	3.5%	3.5%		107,303	107,303	214,607	111,059	111,059	222,118		
Supplies	3.5%	3.5%		9,060	9,060	18,120	9,377	9,377	18,754		
Contracts	3.5%	3.5%		41,468	41,468	82,935	42,919	42,919	85,838		
Garbage and Trash Removal	3.5%	3.5%		59,934	59,934	119,867	62,031	62,031	124,063		
Security Payroll/Contract	3.5%	3.5%		252,043	252,043	504,086	260,884	260,884	521,768		
HVAC Repairs and Maintenance	3.5%	3.5%		11,201	11,201	22,401	11,593	11,593	23,185		
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		1,393	1,393	2,786	1,442	1,442	2,884		
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		-	-	-	-	-	-		
<b>Sub-total Maintenance &amp; Repair Expenses</b>				<b>482,401</b>	<b>482,401</b>	<b>964,802</b>	<b>499,285</b>	<b>499,285</b>	<b>998,567</b>		
<b>Supportive Services</b>	3.5%	3.5%		-	62,256	62,256	-	64,435	64,435		
<b>Commercial Expenses</b>											
<b>TOTAL OPERATING EXPENSES</b>											
<b>PUPA (w/o Reserves/GL Base Rent/Bond Fees)</b>											
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>											
Ground Lease Base Rent				7,500	7,500	15,000	7,500	7,500	15,000		
Bond Monitoring Fee				1,250	1,250	2,500	1,250	1,250	2,500		
Replacement Reserve Deposit				18,500	18,500	37,000	18,500	18,500	37,000		
Operating Reserve Deposit				-	-	-	-	-	-		
Other Required Reserve 1 Deposit				-	-	-	-	-	-		
Other Required Reserve 2 Deposit				-	-	-	-	-	-		
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-		
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>				<b>27,250</b>	<b>27,250</b>	<b>54,500</b>	<b>27,250</b>	<b>27,250</b>	<b>54,500</b>		
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>				<b>1,144,768</b>	<b>1,038,995</b>	<b>2,183,763</b>	<b>1,183,881</b>	<b>1,074,406</b>	<b>2,258,287</b>		
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>				<b>74,107</b>	<b>(15,172)</b>	<b>58,935</b>	<b>74,107</b>	<b>(24,988)</b>	<b>49,120</b>		
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>											
Hard Debt - First Lender				-	-	-	-	-	-		
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)				59,473	59,473	118,945	59,473	59,473	118,945		
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				-	-	-	-	-	-		
Hard Debt - Fourth Lender				-	-	-	-	-	-		
Commercial Hard Debt Service				-	-	-	-	-	-		
<b>TOTAL HARD DEBT SERVICE</b>				<b>59,473</b>	<b>59,473</b>	<b>118,945</b>	<b>59,473</b>	<b>59,473</b>	<b>118,945</b>		
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>				<b>14,635</b>	<b>(74,645)</b>	<b>(60,010)</b>	<b>14,635</b>	<b>(84,460)</b>	<b>(69,825)</b>		
Commercial Only Cash Flow				-	-	-	-	-	-		
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)				-	-	-	-	-	-		
<b>AVAILABLE CASH FLOW</b>				<b>14,635</b>	<b>(74,645)</b>	<b>(60,010)</b>	<b>14,635</b>	<b>(84,460)</b>	<b>(69,825)</b>		
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>											
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>											
"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	12,135	12,135	24,270	12,135	12,135	24,270		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	2,500	2,500	5,000	2,500	2,500	5,000		
Other Payments				-	-	-	-	-	-		
Non-amortizing Loan Pmt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-		
Non-amortizing Loan Pmt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-		
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-		
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>				<b>14,635</b>	<b>14,635</b>	<b>29,270</b>	<b>14,635</b>	<b>14,635</b>	<b>29,270</b>		
<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>				<b>(0)</b>	<b>(89,280)</b>	<b>(89,280)</b>	<b>(0)</b>	<b>(69,825)</b>	<b>(69,825)</b>		
Does Project have a MOHCD Residual Receipt Obligation?			Yes								
Will Project Defer Developer Fee?			No								
Residual Receipts split for all years. - Lender/Owner			67% / 33%								
<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>											
MOHCD Residual Receipts Amount Due				36.32%							
Proposed MOHCD Residual Receipts Amount to Loan Repayment											
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease											
<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>											
HCD Residual Receipts Amount Due	</										

INCOME	Total # Units:		annual inc	% annual increase	Comments (related to annual inc assumptions)	Year 19 2044			Year 20 2045			
	LOSP	Non-LOSP				LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
	Units	Units				Units	Units	Units	Units	Units	Units	
Other Reserve 2 Withdrawals	74	37	50.00%	50.00%								
Other Reserve 2 Interest												
<b>Other Required Reserve 2 Running Balance</b>												

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**

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**PRESIDENTIAL ACTION**

Date: 1/16/25

To: Angela Calvillo, Clerk of the Board of Supervisors

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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: Dorsey Replacing Supervisor: Melgar

For: 1/22/25 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](mailto:ethics.commission@sfgov.org) . [www.sfethics.org](http://www.sfethics.org)

Received On:

File #: 241135

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	
<b>TYPE OF FILING</b>	<b>DATE OF ORIGINAL FILING (for amendment only)</b>
Original	
<b>AMENDMENT DESCRIPTION – Explain reason for amendment</b>	

2. CITY ELECTIVE OFFICE OR BOARD	
<b>OFFICE OR BOARD</b>	<b>NAME OF CITY ELECTIVE OFFICER</b>
Board of Supervisors	Members

3. FILER'S CONTACT	
<b>NAME OF FILER'S CONTACT</b>	<b>TELEPHONE NUMBER</b>
Angela Calvillo	415-554-5184
<b>FULL DEPARTMENT NAME</b>	<b>EMAIL</b>
office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT	
<b>NAME OF DEPARTMENTAL CONTACT</b>	<b>DEPARTMENT CONTACT TELEPHONE NUMBER</b>
Anne Romero	628-652-5834
<b>FULL DEPARTMENT NAME</b>	<b>DEPARTMENT CONTACT EMAIL</b>
MYR Mayor's Office of Housing & Comm Dev.	anne.romero@sfgov.org

5. CONTRACTOR	
<b>NAME OF CONTRACTOR</b> 2530 18th, LLC	<b>TELEPHONE NUMBER</b> 415.546.6756 Ext.369
<b>STREET ADDRESS (including City, State and Zip Code)</b> 2500 18th Street, San Francisco, CA 94110	<b>EMAIL</b> martharyan@homelessprenatal.com

6. CONTRACT		
<b>DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)</b>	<b>ORIGINAL BID/RFP NUMBER</b>	<b>FILE NUMBER (If applicable)</b> 241135
<b>DESCRIPTION OF AMOUNT OF CONTRACT</b> \$11,846,900		
<b>NATURE OF THE CONTRACT (Please describe)</b> Resolution approving and authorizing the Mayor and the Director of the Mayor's Office of Housing and Community Development to execute a First Amendment to the Loan Agreement for an additional \$2 million with 2530 18th, LLC, a California limited liability company relating to a loan for the acquisition of real property located at 2530 18th Street intended for the development of a 100% affordable multifamily rental building for families (the "Project"), for a new total loan amount not to exceed \$6,900,000, and an aggregate funding amount not to exceed \$11,846,900 for the Project.		

7. COMMENTS
Homeless Prenatal Program is the sole member and manager as a California nonprofit public benefit corporation of 2530 18th, LLC, Borrower, a California Limited Liability company

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS



**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Chang	Tina	Board of Directors
2	McGinnis	Kelly	Board of Directors
3	Maher Reuter	Emily	Board of Directors
4	Vidarthi	Arpana	Board of Directors
5	Francesconi	Gary	Board of Directors
6	Landa	Dara	Board of Directors
7	Philips	Psyche	Board of Directors
8	Alavi	Arpana	Board of Directors
9	Dixon	Mandela	Board of Directors
10	Fillinger	Tamera	Board of Directors
11	Eskridge	Shellena	CEO
12	Haile	Biniam	CFO
13	Hatch	Kristin	Other Principal Officer
14	Milton	Lilli	Other Principal Officer
15	Springer	Laura	COO
16			
17			
18			
19			

**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20			
21			
22			
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**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
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<input type="checkbox"/>	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

**10. VERIFICATION**

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

<p><b>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</b></p>  <p>BOS Clerk of the Board</p>	<p><b>DATE SIGNED</b></p>
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**From:** [Trejo, Sara \(MYR\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Paulino, Tom \(MYR\)](#); [Nickolopoulos, Sheila \(MYR\)](#); [Adams, Dan \(MYR\)](#); [Romero, Anne \(MYR\)](#); [Herrera, Ana \(BOS\)](#)  
**Subject:** Mayor -- Resolution -- 2530 18th, LLC Loan Agreement  
**Date:** Tuesday, November 19, 2024 2:50:06 PM  
**Attachments:** [2530 18th BOS Funding Resolution Final .docx](#)  
[2022 Affordable Housing NOFA for Families including Families Experiencing Homelessness.pdf](#)  
[2530 18th HPP Declaration of Restrictions - recorded.PDF](#)  
[2530 18th HPP Deed of Trust - recorded.PDF](#)  
[2530 18th HPP Original Loan Agreement - fully executed.pdf](#)  
[2530 18th HPP Original Note - fully executed.pdf](#)  
[Approved- 2530 18th Acquisition Loan Eval - LC 11-15-24.pdf](#)  
[Approved 2530 18th Acquisition Take Out and Additional Predev Loan Eval LC 8-25-2023.pdf](#)  
[GPR Final Letter - 2530 18th Street.pdf](#)  
[HPP Amended and Restated Promissory Note Substantially Final .pdf](#)  
[HPP First Amendment to Deed of Trust Substantially Final .pdf](#)  
[HPP First Amendment to Loan Agreement Substantially Final .pdf](#)  
[Mercy Predev Loan 2530 18th Loan Agreement Final Fully Executed.pdf](#)  
[Mercy Predev Note 2530 18th Final Fully Executed.pdf](#)  
[SFEC Form 126f4BOS---Notification of Contract \(7\).pdf](#)

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Hello Clerks,

Attached is a Resolution approving and authorizing the Mayor and the Director of the Mayor's Office of Housing and Community Development to execute a First Amendment to the Loan Agreement with 2530 18th, LLC, a California limited liability company relating to a loan for the acquisition of real property located at 2530 18th Street intended for the development of a 100% affordable multifamily rental building for families (the "Project"), for a new total loan amount not to exceed \$6,900,000, and an aggregate funding amount not to exceed \$11,846,900 for the Project; approving the form of the loan agreement and ancillary documents; ratifying and approving any action heretofore taken in connection with the Project; granting general authority to City officials to take actions necessary to implement this Resolution; and finding that the loan is consistent the City's General Plan, and the eight priority policies of Planning Code, Section 101.1.

Please note, Supervisor Ronen is a cosponsor of this item.

Best regards,

**Sara Trejo**

Legislative Aide

Office of the Mayor

City and County of San Francisco