

File No. 240234

Committee Item No. 6

Board Item No. 30

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date March 27, 2024

Board of Supervisors Meeting Date April 2, 2024

Cmte Board

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
- Draft Loan Agreement
 - Draft Declaration of Restrictions
 - Draft Promissory Note - Acquisition
 - Draft Promissory Note – Predevelopment
 - Draft Deed of Trust - Assignment of Rents
- | | | |
|-------------------------------------|-------------------------------------|------------------------------|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Notice of Funding Availability – 1/27/2023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Notice of Amendment to NOFA - 5/30/2023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Loan Evaluation 10/13/2023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Planning General Plan Referral Letter 2/27/2024</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MOHCD Presentation 3/27/2024</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Brent Jalipa Date March 21, 2024

Completed by: Brent Jalipa Date March 28, 2024

1 [Loan Agreement - 249 Pennsylvania Associates, L.P. - 100% Affordable Housing at 249 and
2 201 Pennsylvania Avenue and 935 Mariposa Street - Not to Exceed \$13,000,000]

3 **Resolution approving and authorizing the Mayor and the Director of the Mayor’s Office**
4 **of Housing and Community Development to execute loan documents relating to a loan**
5 **to provide financing for the acquisition of real property located at 249 and 201**
6 **Pennsylvania Avenue and 935 Mariposa Street (the “Property”), and predevelopment**
7 **activities for a 100% affordable multifamily rental building for families, in an aggregate**
8 **amount not to exceed \$13,000,000; approving the form of the loan agreement and**
9 **ancillary documents; ratifying and approving any action heretofore taken in connection**
10 **with the property; granting general authority to City officials to take actions necessary**
11 **to implement this Resolution; and finding that the loan is consistent the City’s General**
12 **Plan, and the eight priority policies of Planning Code, Section 101.1.**

13
14 WHEREAS, The City and County of San Francisco, acting through the Mayor’s Office
15 of Housing and Community Development (“MOHCD”), administers a variety of housing
16 programs financing the development of new affordable housing and rehabilitation of single-
17 and multifamily housing for low- and moderate-income households and resources for
18 homeowners in San Francisco; and

19 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
20 for the purpose of acquiring and developing 100% affordable housing within the City; and

21 WHEREAS, MOHCD published a Notice of Funding Availability for acquisition and
22 predevelopment financing on January 27, 2023, for Site Acquisition and Predevelopment
23 Financing for New Affordable Rental Housing (“NOFA”); and

1 WHEREAS, Tenderloin Neighborhood Development Corporation, a California nonprofit
2 public benefit corporation (“TNDC”), and Young Community Developers, a California nonprofit
3 public benefit corporation (“YCD”), were selected as joint developers for an acquisition and
4 predevelopment loan under the NOFA, and TNDC established 249 Pennsylvania Associates,
5 L.P., a California limited partnership (the “Borrower”) as an affiliate to acquire the real property
6 located at 249, 201 Pennsylvania Avenue and 935 Mariposa Street, San Francisco (the
7 “Property”) and conduct predevelopment activities in furtherance of the development and
8 construction of affordable housing on the Property; and

9 WHEREAS, The Borrower desires to acquire the Property in order to develop and
10 construct a 100% affordable, multifamily rental housing project for extremely-low, very-low,
11 low-, and moderate-income households with studio, 1-bedroom, and 2-bedroom units, and
12 ancillary space for residential property staff offices and social services support (the “Project”);
13 and

14 WHEREAS, On October 13, 2023, the Citywide Affordable Housing Loan Committee
15 recommended approval to the Mayor of a loan in an amount not to exceed \$13,000,000 (the
16 “Loan”), consisting of \$11,964,119 for acquisition and \$1,035,881 for predevelopment
17 activities, to finance Borrower’s acquisition of the Property and predevelopment activities
18 associated with the development of the Project, respectively; and

19 WHEREAS, MOHCD desires to provide the Loan to the Borrower pursuant to a Loan
20 Agreement, a Secured Promissory Note (Acquisition) (“Acquisition Note”), a Secured
21 Promissory Note (Predevelopment) (“Predevelopment Note”), Declaration of Restrictions and
22 Affordable Housing Covenants, and a Deed of Trust (collectively, “Loan Documents”), in
23 substantially the forms on file with the Clerk of the Board in File No. 240234, and in such final
24 form as approved by the Director of MOHCD and the City Attorney; and

1 WHEREAS, The material terms of the Loan Documents include the following: (i) under
2 the Predevelopment Note, a term of 57 years, an interest rate of three percent (3%), and
3 annual repayment through residual receipts after completion of the Project; (ii) under the
4 Acquisition Note, a term of five years, no interest rate, and repayment in full or through a
5 transfer of the Property to the City; (iii) the Property will be restricted for life of the project as
6 100% affordable housing to lower- and moderate-income households with annual maximum
7 rent and income established by MOHCD; (iv) the loan will be secured by a deed of trust
8 recorded against the Property; and (v) if the Property cannot be developed within the time
9 period required by MOHCD's loan agreement, the City can require the Property to be
10 transferred to another nonprofit organization or conveyed to the City, and the Loan will be
11 deemed repaid in full; and

12 WHEREAS, The Planning Department, through the General Plan Referral letter dated
13 February 28, 2024, found that the Project would be eligible for ministerial approval under
14 California Government Code, Section 65913.4 (Senate Bills 35 and 765), California Public
15 Resources Code, Section 21080, and the CEQA Guidelines, Sections 15002(i)(1), 15268 and
16 15369, would therefore not be subject to the California Environmental Quality Act ("CEQA",
17 Pub. Resources Code, Section 21000 et seq.), and is consistent with the General Plan, and
18 the eight priority policies of Planning Code, Section 101.1; which letter is on file with the Clerk
19 of the Board of Supervisors in File No. 240234, and incorporated herein by this reference;
20 now, therefore, be it

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

25

1 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
2 Documents, and authorizes the Mayor and the Director of MOHCD or the Director's designee
3 to enter into the Loan Documents, including, without limitation, modifications of the Loan
4 Documents, and preparation and attachment of, or changes to, any of all of the exhibits and
5 ancillary agreements, and any other documents or instruments necessary in connection
6 therewith, that the Director determines, in consultation with the City Attorney, are in the best
7 interest of the City, do not materially increase the obligations or liabilities for the City or
8 materially diminish the benefits of the City, or are necessary or advisable to effectuate the
9 purposes and intent of this Resolution and are in compliance with all applicable laws,
10 including the City Charter; and, be it

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

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

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

23
24
25

Item 6 File 24-0234	Department: Mayor’s Office of Housing and Community Development
--------------------------------------	---

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a loan of \$13 million to 249 Pennsylvania Associates, L.P. to acquire property located at 249 and 201 Pennsylvania Avenue and 935 Mariposa Street for affordable housing development and pay for predevelopment costs.

Key Points

- In May 2023, the Mayor’s Office of Housing and Community Development (MOHCD) issued a revised Notice of Funding Availability (NOFA) for \$66.5 million for acquisition and predevelopment financing of affordable housing. In response to the NOFA, MOHCD awarded financing to a project sponsored by Tenderloin Neighborhood Development Corporation (TNDC) and Young Community Developers at 249 Pennsylvania Avenue and four other projects. The project is anticipated to provide 120 housing units for formerly homeless households and households at or below 80 percent Area Median Income (AMI).
- The site has been acquired by TNDC using an acquisition loan from the Corporation for Supportive Housing (CSH). Of the proposed \$13 million loan, \$11,964,119 will be used to refund the CSH loan and for associated fees and interest costs. The remaining \$1,035,881 will be used for predevelopment costs such as architecture and design, geotechnical studies, and developer fees.
- Repayment of the acquisition loan is due in when construction financing closes for the project but will be considered repaid upon transfer of the land to the City. The loan agreement also includes a 55-year term for the predevelopment loan, repaid with any residual project income, and which may be consolidated with permanent financing.

Fiscal Impact

- The MOHCD predevelopment and acquisition loan of \$13 million will be funded by Certificates of Participation (20 percent), previously approved by the Board of Supervisors, and Community Development Block Grant (CDBG) funding (80 percent).

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

In 2022, the Board of Supervisors appropriated \$112 million in Certificates of Participation proceeds for FY 2022-2023 intended to develop and repair the City's affordable housing stock in line with the General Plan's housing element. This funding, administered by the Mayor's Office of Housing and Community Development (MOHCD), allocates \$40 million for acquisition of 100 percent affordable housing projects in California Debt Limit Allocation Committee (CDLAC)-designated high-resource areas.¹

Project Selection for Acquisition and Predevelopment Financing

MOHCD issued a Notice of Funding Availability (NOFA) in January 2023 for \$40 million in designated City funding for site acquisition and predevelopment financing of affordable housing, including projects for formerly homeless households. The NOFA stated that MOHCD intended to provide 25 to 50 percent of total funding to sites located in CDLAC-defined "High/Highest-resource" areas and provide remaining funding to sites in Priority Equity Geographies² as defined in the Housing Element. Additionally, the following goals were established in conjunction with the NOFA:

- Construction to start in December 2026
- Interim Use of the site through construction start in December 2026
- Maximized density
- City subsidy of no more than \$350,000 per unit including acquisition costs
- At least 25 percent of units for households experiencing homelessness, subsidized by the City's Local Operating Subsidy Program (LOSP)
- At least 30 percent of units for extremely low-income households, which may include homeless households
- Alignment with MOHCD racial equity goals

¹ CDLAC incorporates the California Tax Credit Allocation Committee (CTCAC) and California Department of Housing and Community Development's (HCD) Opportunity Map designations into their application process. High Resource Areas are those that have been shown by research to be associated with positive socioeconomic outcomes for low-income households.

² The Department of Public Health (DPH) defines Priority Equity Geographies as areas with a higher density of vulnerable populations, including but not limited to seniors, people of color, youth linguistically isolated households, people with disabilities, and people who are unemployed or living in poverty.

Proposals were due April 7, 2023, and were evaluated by four MOHCD staff and one staff person from the Department of Homelessness and Supportive housing (HSH) on experience (40 points) and project attributes, which include program, community engagement strategy, service delivery, financing and cost containment, and racial equity strategy (together 60 points).

On May 30, 2023, the NOFA was amended to add \$26.5 million in other, unspecified, MOHCD funds, for a total amount of \$66.6 million in funding availability.³ Proposals were due a week later on June 7, 2023, and were evaluated by the same panel using the same criteria as the original NOFA. In response to the NOFA, MOHCD awarded financing to five projects⁴ including the 249 Pennsylvania project, jointly sponsored by Tenderloin Neighborhood Development Corporation (TNDC) and Young Community Developers. Exhibit 1 below summarizes the results of the developer procurement.

Exhibit 1: Sites Awarded Funds and Scoring Under 2023 Acquisition and Predevelopment NOFA

Project	Developer	NOFA Score (out of 100)	Estimated Number of Units	Funding Award
250 Laguna Honda	Mission Housing Development Corporation	83.2	115	\$8,000,000
3300 Mission	Bernal Heights Housing	82.4	40	\$6,500,000
650 Divisadero	Jonathan Rose Co & Young Community Developers	80.0	95	\$15,000,000
249 Pennsylvania	Tenderloin Neighborhood Development Corporation & Young Community Developers	79.0	120	\$13,000,000
1234 Great Highway	Tenderloin Neighborhood Development Corporation	75.0	216	\$24,000,000
Total			586	\$66,500,000

Source: MOHCD Memo for 2023 Acquisition NOFA Recommendations
In December 2023, the Board of Supervisors approved resolutions authorizing the loans for 1234 Great Highway (File 23-1198) and 650 Divisadero (File 23-1199).

According to MOHCD staff, acquisition and predevelopment loans have closed for 3300 Mission, 650 Divisadero, and 1234 Great Highway, and the loan for 250 Laguna Honda is expected to close in April 2024.

³ The MOHCD Memo for 2023 Acquisition NOFA Recommendations indicates that the scoring panel requested \$2,500,000 in additional funds to satisfy the full acquisition and predevelopment costs for the 249 Pennsylvania project. Neither the \$24,000,000 funding request amount nor explanation of when 1234 Great Highway was added to applicant pool was discussed in MOHCD’s memo. According to MOHCD, additional funding was identified before the NOFA process was complete and the evaluation panel had already been assembled, so it was more efficient to solicit new proposals under the open solicitation rather than devise a new one.

⁴ Three other proposals were submitted but disqualified because they did not meet minimum qualifications.

249 Pennsylvania Project

The proposed 249 Pennsylvania project (the Project) will provide 120 affordable housing units, half of which will serve previously homeless households supported by rental subsidies from the Local Operating Subsidy Program. The site is located in a High Resource Neighborhood within Potrero Hill. According to the October 2023 MOHCD Loan Evaluation to the Citywide Affordable Housing Loan Committee (MOHCD Loan Evaluation), the TNDC executed a Purchase and Sale Agreement with the previous site owner in December 2022 with a closing date in October 2023. The Project Sponsor obtained a loan from the Corporation for Supportive Housing (CSH) for up to \$14 million to acquire the site and for predevelopment activities related to the Project. MOHCD intends to provide an acquisition and predevelopment loan to the sponsor in order to pay down the CSH loan.

Construction is anticipated to begin in June 2026 and to be substantially complete by December 2028. Although the NOFA required interim use of the site prior to construction start, opportunities for interim use of the site are limited because of the site’s lack of infrastructure and zoning according to the MOHCD Loan Evaluation. For example, use of the site for public parking, which does not require significant infrastructure, is not permitted as of right. Expanding use of the site may require approval by the Board of Supervisors and could take six months. According to MOHCD staff, the sponsor is still pursuing leads as of March 2024, but so far there is limited interest in the site for interim uses.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a loan of \$13 million to 249 Pennsylvania Associates, L.P., a joint venture of TNDC and Young Community Developers, to acquire property located at 249 and 201 Pennsylvania Avenue and 935 Mariposa Street for affordable housing development and pay for predevelopment costs. The proposed resolution also (1) approves the form of the loan agreement and related documents; (2) ratifies and approves actions previously taken in connection to the project; (3) authorizes actions to be taken to implement the proposed resolution, including to acquire the property in a foreclosure proceeding; and (4) finds that the loan is consistent the City’s General Plan and the priority policies of Planning Code Section 101.1.

Loan Agreement

Under the proposed loan agreement, the City would lend 249 Pennsylvania Associates, L.P. a maximum principal amount of \$13 million, including an acquisition loan of \$11,964,119 and a predevelopment loan of \$1,035,881 to repay the CSH loan and accrued interest. The loan agreement assumes the construction will start no later than December 31, 2028.

Acquisition Loan

The acquisition loan of \$11,964,119 will not accrue interest. The loan is repaid to the City on the date when construction financing closes for the project or by December 31, 2028, whichever is earlier. The City intends to enter into a purchase and sale agreement with the sponsor to purchase the site at construction closing. At that time, the acquisition loan will be considered

paid in full. MOHCD would then enter into a 75-year initial ground lease agreement with the sponsor.

Predevelopment Loan

The predevelopment loan of \$1,035,881 will accrue simple interest at a rate of three percent per year. MOHCD may reduce the interest rate to zero percent before December 31, 2028 to make the project financially feasible. The loan is repaid to the City 55 years after the permanent financing conversion date.

Land Banking

According to Section 3.8 of the proposed loan agreement, if the City determines by December 31, 2028 that the Project is unlikely to be developed within a reasonable time period for any reason, including inability of the Project Sponsor to obtain necessary financing, the City may require that the Project Sponsor transfer the fee title of the property either to another nonprofit corporation or affordable housing developer or to the City for an amount equal to the outstanding principal balance of the loan, plus accrued and unpaid interest.

Developer Fee

The proposed loan agreement provides for payment of a developer fee to the Project Sponsor of \$550,000 for predevelopment activities, which reflects 50 percent of the Project Management Fee, consistent with MOHCD policies. According to the MOHCD loan evaluation, 75 percent of the fee will go to TNDC and 25 percent of the fee will go to Young Community Developers. The developer fee payment schedule for predevelopment is shown below in Exhibit 2.

Exhibit 2: Predevelopment Developer Fee Schedule

Milestone	% of Project Management	
	Fee	Amount
Acquisition / Predevelopment Closing	15%	165,000
Entitlement Approval	15%	165,000
HCD Funding Application Submission	10%	110,000
CDLAC and TCAC Application Submission	10%	110,000
Total	50%	550,000

Source: Draft Loan Agreement

Loan Documents

The proposed resolution also approves the following associated loan documents:

- Declaration of Restrictions, which requires the Project Sponsor to maintain the housing affordability levels defined in the loan agreement for the life of the project, even after the loan is paid in full or otherwise satisfied;
- The predevelopment and acquisition promissory notes for the loans; and

- The Deed of Trust between 249 Pennsylvania Associates L.P. and Old Republic Title Company, on behalf of the City as lender.

Unit Mix and Income Levels

The Declaration of Restrictions outlines the maximum unit levels by unit size and rent requirements for the Project. The unit mix by maximum income level is shown in Exhibit 3 below. Fifty percent of units must be rented to homeless households or those at risk of homelessness as long as the City provides rental subsidies to the project through the Local Operating Subsidy Program (LOSP). Rents may not exceed 30 percent of the maximum income level for the unit. The affordability restrictions are in place for the life of the project.

Exhibit 3: Unit Mix and Maximum Income Level for 249 Pennsylvania Project

Maximum Income Level	Studio	2-Bedroom	3-Bedroom	Total
50% of AMI	45	16	17	78
60% of AMI	6	15	6	27
80% of AMI		7	7	14
Unrestricted (Manager's Unit)		1		1
Total	51	39	30	120

Source: Draft Declaration of Restrictions

Sponsor Performance

According to the MOHCD loan evaluation, there are no outstanding performance issues with TNDC or Young Community Developers.

FISCAL IMPACT

The MOHCD predevelopment and acquisition loan of \$13 million will be funded by Certificates of Participation (20 percent), previously approved by the Board of Supervisors, and Community Development Block Grant (CDBG) funding (80 percent). An environmental review is required to use CDBG funding for the project. According to MOHCD staff the review is still in process as of March 2024 and is anticipated to be complete by mid-April 2024.

Exhibit 4: Sources and Uses of Proposed Loan

Sources & Uses	Amount
<u>Sources</u>	
Community Development Block Grant	\$10,400,000
2023 Certificates of Participation	2,600,000
Total Sources	\$13,000,000
<u>Uses</u>	
Acquisition	11,964,119
Soft Costs	485,881
Developer Fee	550,000
Total Uses	\$13,000,000

Source: Draft Loan Agreement

Acquisition costs of \$11,964,119 include purchase costs of \$11,350,000 and interest on the CSH loan. The purchase price, which was negotiated prior to the appraisal, is slightly lower than the as-is market value (\$11,460,000) based on an appraisal by Integra Realty Resources in February 2023. According to the MOHCD loan evaluation, the sponsor was able to negotiate a lower purchase price by reducing the seller’s transfer tax by approximately \$600,000 in return for restricting the site through the Community Opportunity to Purchase Act (COPA). According to the MOHCD Predevelopment costs of \$1,035,881 funded by the proposed loan include soft costs of architecture and design, geotechnical studies, legal, entitlement fees, construction management, and predevelopment period developer fee. The CSH predevelopment loan is funding other soft costs totaling \$4.0 million.

Permanent Financing

Total development costs for the proposed project are currently estimated to be \$123,662,990 or \$1,030,525 per unit. The total City subsidy for the project is estimated to be \$32,946,355, including the acquisition and predevelopment loans, and comprise 27 percent of estimated project funding. Other funding sources for the Project are expected to be the California Department of Housing and Community Development Multifamily Housing Program, Low Income Housing Tax Credits, and general partner equity. The budget also assumes \$150,000 in income from interim use of the property before construction to finance the project. However, an interim use has not yet been identified as discussed above. Prior to disbursement of the proposed loan, the sponsor must provide an interim use plan and budget and must update the MOHCD budget workbook to comply with MOHCD Underwriting Guidelines.

The total City subsidy per unit is currently estimated to be \$274,553, which is below the \$350,000 per unit cap established in the NOFA. However, the project budget is subject to change due to the early stage of development and other funding sources have not been committed. The City subsidy could increase if project costs increase or if the Project does not receive tax credits or State funding at current budgeted levels.

Any amendments to the proposed loan above \$500,000 will be subject to Board of Supervisors’ approval, as will any new loans that cost more than \$10 million.

RECOMMENDATION

Approve the proposed resolution.

**LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY DEVELOPMENT BLOCK GRANT AND 2023 CERTIFICATES OF
PARTICIPATION)**

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

249 PENNSYLVANIA ASSOCIATES L.P., a California limited partnership

for

249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania Avenue, San Francisco,
CA 94107

\$13,000,000

Community Development Block Grant: \$10,400,000

2023 Certificates of Participation: \$2,600,000

Dated as of _____, 2024

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 DEFINITIONS	2
1.1 Defined Terms	2
1.2 Interpretation	11
ARTICLE 2 FUNDING	12
2.1 Funding Amount	12
2.2 Use of Funds	12
2.3 Accounts; Interest	12
2.4 Records	13
2.5 Conditions to Additional Financing	13
ARTICLE 3 TERMS	13
3.1 Maturity Date	13
3.2 Compliance Term; Declaration of Restrictions	14
3.3 Interest	14
3.4 Default Interest Rate	14
3.5 Repayment of Principal and Interest	14
3.6 Changes in Funding Streams	14
3.7 Additional City Approvals	15
3.8 Land Banking Provisions	15
3.9 Failure to Provide Budgeted Supportive Services	16
ARTICLE 4 CLOSING; DISBURSEMENTS	16
4.1 Generally	16
4.2 Closing	16
4.3 Conditions Precedent to Closing	16
4.4 Disbursement of Funds	17
ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION	17
5.1 Labor Requirements	17
5.2 Plans and Specifications	17
5.3 Change Orders	18

5.4	Insurance, Bonds and Security	18
5.5	Notice to Proceed	18
5.6	Commencement and Completion of Project	18
5.7	Rehabilitation/Construction Standards	18
	ARTICLE 6 MARKETING	18
6.1	Marketing and Tenant Selection Plan	18
6.2	Affirmative Marketing Elements	19
6.3	Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements	19
6.4	Marketing Records	20
6.5	Waiting List	20
	ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS	20
7.1	Term of Leasing Restrictions	20
7.2	Borrower's Covenant	20
7.3	Rent Restrictions	21
7.4	Certification	22
7.5	Form of Lease	22
7.6	Nondiscrimination	22
7.7	Security Deposits	22
7.9	Other Requirements	23
	ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT	23
8.1	Borrower's Responsibilities	23
8.2	Contracting With Management Agent	23
8.3	Borrower Management	23
	ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS	24
9.1	Approvals	24
9.2	Borrower Compliance	24
9.3	Additional Federal Requirements	24
	ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS	26
10.1	Generally	26
10.2	Monthly Reporting	26
10.3	Annual Reporting	26
10.4	Capital Needs Assessment	27
10.5	Project Completion Report	27

10.6	Response to Inquiries	27
10.7	Delivery of Records	27
10.8	Access to the Project and Other Project Books and Records	28
10.9	Records Retention	28
	ARTICLE 11 USE OF INCOME FROM OPERATIONS	28
11.1	Project Operating Account	28
	ARTICLE 12 REQUIRED RESERVES	29
12.1	Replacement Reserve Account	29
12.2	Operating Reserve Account	29
	ARTICLE 13 DISTRIBUTIONS	30
13.1	Definition	30
13.2	Conditions to Distributions	30
13.3	Prohibited Distributions	30
13.4	Borrower's Use of Residual Receipts for Development	31
	ARTICLE 14 SYNDICATION PROCEEDS	31
14.1	Distribution and Use	31
	ARTICLE 15 DEVELOPER FEES	31
15.1	Amount	31
15.2	Fee Payment Schedule	32
	ARTICLE 16 TRANSFERS	32
16.1	Permitted Transfers/Consent	32
	ARTICLE 17 INSURANCE AND BONDS; INDEMNITY	33
17.1	Borrower's Insurance	33
17.2	Borrower's Indemnity Obligations	33
17.4	No Limitation	34
	ARTICLE 18 HAZARDOUS SUBSTANCES	34
18.1	Borrower's Representations	34
18.2	Covenant	34
18.3	Survival	35
	ARTICLE 19 DEFAULT	35
19.1	Event of Default	35
19.2	Remedies	37
19.3	Force Majeure	38

19.4	City's Recourse	38
	ARTICLE 20 REPRESENTATIONS AND WARRANTIES	38
20.1	Borrower Representations and Warranties	38
	ARTICLE 21 NOTICES	39
21.1	Written Notice	39
21.2	Required Notices	40
	ARTICLE 22 GENERAL PROVISIONS	40
22.1	Subordination	40
22.2	No Third Party Beneficiaries	40
22.3	No Claims by Third Parties	40
22.4	Entire Agreement	40
22.5	City Obligations	41
22.6	Borrower Solely Responsible	41
22.7	No Inconsistent Agreements	41
22.8	Inconsistencies in City Documents	41
22.9	Governing Law; Venue	41
22.10	Joint and Several Liability	41
22.11	Successors	42
22.12	Reserved	42
22.13	Severability	42
22.14	Time	42
22.15	Further Assurances	42
22.16	Binding Covenants	42
22.17	Consent	42
22.18	Counterparts	42
22.19	Borrower's Personnel	42
22.20	Borrower's Board of Directors	42
22.21	Ownership of Results	43
22.22	Works for Hire	43
22.23	Exhibits	43

* * * * *

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 Reserved
- N Reserved
- O Reserved
- P MOHCD Residual Receipts Policy

LOAN AGREEMENT

(City and County of San Francisco
Community Development Block Grant and 2023 Certificates of Participation)
249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania Avenue, San Francisco,
CA 94107

THIS LOAN AGREEMENT ("Agreement") is entered into as of _____, 2024 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **249 PENNSYLVANIA ASSOCIATES L.P.**, a California limited partnership ("Borrower").

RECITALS

- A. The City is authorized under a contract with the United States Department of Housing and Urban Development ("HUD") pursuant to Title I of the Housing and Community Development Act of 1974 (42 U.S.C. §§ 5301 *et seq.*), to distribute Community Development Block Grant ("CDBG") funds under this Agreement (the "CDBG Funds") for the specific and special purpose of increasing the housing stock in the City for low- and very low-income persons.
- B. On June 2, 2023, the City enacted Ordinance 102-23, which provided for the issuance of up to \$146,800,000 in Certificates of Participation to finance and refinance certain capital improvement, affordable housing and community facilities development projects within the City and County of San Francisco, including site acquisition, demolition and site preparation, design work, construction, repairs, renovations, improvements and the equipment of such facilities, including through the retirement of certain commercial paper notes of the City issued for such purposes (the "2023 Certificates of Participation"). To the extent permitted by law, the City intends to reimburse with proceeds of the 2023 Certificates of Participation amounts disbursed under this Agreement to Borrower for the development and construction of affordable housing. The proceeds from the 2023 Certificates of Participation provided under this Agreement will be referred to herein as the "2023 COP Funds," and together with the CDBG Funds, collectively, the "Funds."
- C. MOHCD issued a Notice of Funding Availability on January 7, 2023, to solicit qualified affordable housing developers for Site Acquisition and Predevelopment Financing for New Affordable Rental Housing ("NOFA"). In response to the NOFA, MOHCD selected Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation ("TNDC") and Young Community Developers, a California nonprofit public benefit corporation ("YCD") as co-developers to acquire, develop, and construct new affordable housing on the Site (defined below). TNDC and YCD formed the Borrower for the purpose of undertaking the activities described in the NOFA.
- D. Borrower owns a fee interest in the real property located at 249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania Avenue, San Francisco, CA 94107 94107, (the "Site"). Borrower desires to demolish the existing improvements and construct on the Site a new

approximately 120-unit multifamily residential project affordable to low-income and formerly homeless households (the “Project”).

E. Borrower obtained a loan from the Corporation for Supportive Housing (“CSH”) in the amount of \$13,000,000 for acquisition of the Site and predevelopment activities related to the Project (“CSH Loan”). Borrower desires to use the Funds to refinance the outstanding balance of the CSH Loan.

F. 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 Eleven Million Nine Hundred Sixty-Four Thousand One Hundred Nineteen and No/100 Dollars (\$11,964,119.00) related to the acquisition of the Site (“Acquisition Amount”), and One Million Thirty-Five Thousand Eight Hundred Eighty-One and No/100 Dollars (\$1,035,881.00) for certain costs related to the predevelopment of the Project (“Predevelopment Amount”), for a total amount of Thirteen Million and No/100 Dollars (\$13,000,000.00) (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) Community Development Block Grant Funds in the amount of \$10,400,000.00 and (ii) 2023 Certificates of Participation in the amount of \$2,600,000.00.

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

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

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

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

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

"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 forth in **Section 5.2.**

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

“Acquisition Amount” has the meaning set forth in **Recital F**.

"Acquisition Maturity Date" has the meaning set forth in Section 3.1(a).

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

"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 249 Pennsylvania Associates L.P., a California limited partnership, whose sole general partner is Pennsylvania 249 Housing Associates LLC, a California limited liability company, 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.

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

"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 Notes, 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**.

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

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

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

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

"Developer" means TNDC and YCD, and their 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 F**.

"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 demolition, 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.

"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 F**.

“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.

"Manager" means TNDC.

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

"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**.

"Notes" means, collectively, the Predevelopment Note and the Acquisition Note.

"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.

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

"Partnership Fees" means annual partnership management fees in the amounts approved by the City in the Annual Operating Budget 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 Predevelopment Maturity Date or Acquisition Maturity Date, as applicable.

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

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

"Predevelopment Maturity Date" has the meaning set forth in Section 3.1(b).

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

"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 D**. 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); and (i) Supportive Services as defined below. 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, or Commercial Income.

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

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

"Publication" means any report, article, educational material, handbook, brochure, pamphlet, press release, public service announcement, webpage, audio or visual 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 composed only of Seniors and 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**.

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

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

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

"SFHA" means the San Francisco Housing Authority.

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

"Supportive Services" means Services provided to the Tenants, including, not limited to, case management provided by social workers, employment services, food distribution, social events and activities, assistance with public benefits applications, technology assistance, and services to address other community-identified needs in the amount shown in the approved 20-Year Cash Flow Proforma., see also **Section 3.9**. "Table" means: (a) the Table of Sources and Uses, (b) the Annual Operating Budget, and (c) the 20-Year Cash Flow Proforma.

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

"TCAC" means the California Tax Credit Allocation Committee.

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

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

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

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

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

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

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

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any

language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

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

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

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

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to refinance the CSH Loan and finance predevelopment activities for the Project, as further described in the Table of Sources and Uses. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to the Agreement Date, except for certain closing costs and predevelopment expenses incurred by the Borrower and approved by MOHCD after June 22, 2023. Notwithstanding the foregoing, City will not approve any expenditure of 2023 COP Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the 2023 COP Funds, unless otherwise authorized by the Internal Revenue Code.

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:

- (a) Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines, including the updated budget for Public Art.
- (b) Borrower will provide MOHCD and HSH with a services plan and budget with proposed staffing levels that meet MOHCD underwriting standards and HSH guidelines prior to gap loan approval. Any changes to the current proposed plan and budget will need to be represented to MOHCD and HSH at least 90 days prior to gap loan approval (estimated May 2026).

Borrower will work with MOHCD staff and Borrower's general contractor to value engineer construction budget with the goal of continually reducing construction costs inclusive of contractor contingency, bid contingency and escalation to start of construction.

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 Dates.

(a) Acquisition Amount. Borrower will repay all amounts owing under the Acquisition Note on the date that is the earlier of (i) Borrower's closing of construction financing for the Project, or (ii) the Outside Construction Commencement Date (the "Acquisition Maturity Date"), in accordance with Section 3.5 and 3.8 herein.

(b) Predevelopment Amount. Borrower will repay all amounts owing under the Predevelopment Note on the date that is the fifty-fifth (55th) anniversary of the Conversion Date (the "Predevelopment Maturity Date"); provided, however, subject to **Section 3.8**, if Borrower fails to commence construction of the Project on or before December 31, 2028 (the "Outside Construction Commencement Date"), the Predevelopment Maturity Date will be the Outside Construction Commencement Date. The City may agree to extend the Outside Construction Commencement Date in its sole and absolute discretion.

3.2 Compliance Term; Declaration of Restrictions. Borrower will comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and continuing for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before the end of the Compliance Term. Notwithstanding the foregoing, upon closing of Project construction financing and transfer of the Site to the City, the Deed of Trust and the Declaration of Restrictions will each be either amended and restated or will each be terminated and replaced by a new Deed of Trust and a new Declaration of Restrictions recorded on the Borrower's leasehold interest in the Site.

3.3 Interest. Except as provided in **Section 3.4**, no interest will be charged on the Acquisition Amount. Except as provided in **Section 3.4**, the outstanding principal balance of the Predevelopment Amount will bear simple interest at a rate of three percent (3%) per annum, as provided in the Predevelopment Note; provided, however, that prior to the Outside Construction Commencement Date, the Director of MOHCD will have the right, in his or her reasonable discretion, to reduce the Predevelopment Note 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. The outstanding principal balance of the Predevelopment Amount, together with all accrued and unpaid interest, if any, will be due and payable on the Predevelopment Maturity Date according to the terms set forth in full in the Predevelopment Note. The outstanding principal balance of the Acquisition Amount, together with all accrued and unpaid interest, if any, will be due and payable on the Acquisition Maturity Date according to the terms set forth in full in the Acquisition Note. The Acquisition Note will be deemed repaid in full upon Borrower's transfer of the Site to the City on or before the closing of construction financing for the Project, or a transfer of the Site under Section 3.8 herein. Except as set forth in the Notes, no prepayment of the Loan will be permitted without the prior written consent of the City in its sole and absolute discretion.

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

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

3.8 Land Banking Provisions.

(a) Borrower acknowledges that the City's willingness to provide financing is contingent upon Borrower's identification of sources of funding acceptable to the City sufficient to construct and complete the Project. In the event the City determines in its sole discretion by the Outside Construction Commencement Date that the Project is unlikely to be developed within a reasonable time period for any reason, including Borrower's inability to obtain necessary financing for the Project, upon thirty (30) days' prior written notice to Borrower, the City may require Borrower to transfer the fee title to the Site to either: (i) 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 (ii) to the City for an amount equal to the outstanding principal balance of the Loan, plus accrued and unpaid interest, and City will cancel and return the Notes to the Borrower.

(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 of the Site, with any excess placed in an interest-bearing account to be applied towards Project costs or to be turned over to the City with the proceeds of sale. Borrower will obtain the City's prior written approval to use the Site for any purpose other than the Project at any time during the Compliance Term.

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.

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 must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in triplicate); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) the Authorizing Resolutions; (vi) subordination, nondisturbance and attornment agreements from each commercial tenant in possession, or holding any right of possession, of any portion of the Site; and (vii) any other City Documents reasonably requested by the City.
- (b) Borrower must have delivered to the City: (i) Borrower's Charter Documents; (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection; and (iii) any supporting documentation reasonably requested by the City.

- (c) Borrower must have delivered to the City insurance endorsements and, if requested by the City, copies of policies for all insurance required under **Exhibit L** of this Agreement.
- (d) Sponsor to provide an interim use plan and budget once the Sponsor has acquired the Site.
- (e) Sponsor to update the MOHCD budget workbook to comply with Underwriting Guidelines and reflect i) full predevelopment period sources and uses and updated predevelopment costs to include increased developer fee during predevelopment, architecture and engineering, construction representative, removing property tax payment from MOHCD predevelopment loan, add MOHCD loan origination fee; ii) update permanent sources and uses to adjust public art amount, reduce hard cost contingency to 5%, include MOHCD loan origination fee; iii) update operating budget and cashflow to trend fees out during operations and update the cashflow to reflect the MOHCD-allowed debt service coverage ratio by lowering rents or leveraging debt, iv) increase MOHCD restrictions on LOSP units to 50% AMI.

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 joint City/Borrower escrow instructions and the Escrow Agent's closing statement. The Borrower will be responsible for providing a copy of the Escrow Agent's closing statement to the City for approval prior to the Escrow Agent disbursing the Funds.

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

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

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

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

5.3 Change Orders. Borrower 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 and construction by a date no later than December 31, 2028; (b) complete demolition and 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 May 31, 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.

6.1 Marketing and Tenant Selection Plan. No later than **[twelve (12) months before the Completion Date]**, Borrower will deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower will obtain the City's approval of reasonable alterations to the Marketing and

Tenant Selection Plan. Borrower will market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

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

(a) A reasonable accommodations policy that indicates how Borrower intends to 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.

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

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one (1) 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, Fifty Percent (50%) of the Units will be rented to the chronically Homeless Households 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, provided that the exact number of Units to be subject to such occupancy restrictions may be subject to change by mutual agreement upon Project construction finance closing.

(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 federal regulations, 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.

7.8 Other Requirements. Borrower must meet the fair lease and tenant participation program requirements under 24 CFR § 92.303.

7.8

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

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

(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.

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.

(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 apply to the Project whether or not the City approves and provides additional financing for the Project.

9.3 Additional Federal Requirements. The following provision shall apply as long as Federal Funds are used to finance the Project:

(a) Compliance With Laws Borrower agrees to abide by all applicable Laws, including HUD regulations, pertaining to this Agreement and to any contracts pertaining to the Project. In the event HUD formally amends, waives or repeals any HUD administrative regulation previously applicable to Borrower's performance under this Agreement, MOHCD expressly reserves the right, upon giving notice to HUD and Borrower, to require Borrower's performance as though the regulation were not amended, waived or repealed, subject only to written and binding objection by HUD. Borrower further acknowledges that the City may impose more stringent requirements with regard to affordability restrictions than those required by HUD and agrees to comply with the City's requirements as set forth in this Agreement.

(b) Drug-Free Workplace Borrower acknowledges that under the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 701 *et seq.*), the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited on its premises. Borrower agrees that any violation of this prohibition by Borrower, its employees, agents or assigns will be deemed an Event of Default under this Agreement.

(c) Restrictions on Lobbying Activities

(i) This Agreement is subject to 31 U.S.C. Section 1352, which provides in part that, with specified exceptions, no appropriated funds may be expended by the recipient of a federal contract, grant, loan or cooperative agreement to pay 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 any of the following covered federal actions: 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.

(ii) If the Funding Amount exceeds \$100,000, Borrower must file with MOHCD at the beginning of the Compliance Term and promptly after the occurrence of any change in the facts certified or disclosed:

(A) a certification substantially the same as that attached hereto as **Exhibit F**, and otherwise, in form and content satisfactory to the City and to HUD, that Borrower, its employees, officers and agents have not made, and will not make, any payment prohibited by **Subsection (i)** above; and

(B) a disclosure form, Federal Standard Form-LLL, "Disclosure of Lobbying Activities," if Borrower, its employees, officers or agents have made or agreed to make any payment using funds from a source other than the Funds that would be prohibited under **Subsection (i)** above if payment were made with Funds. The City will file the disclosure form with HUD and retain the certification for the City's records as required by Law.

(d) Debarment or Suspension. Borrower must certify in form and content substantially the same as that attached hereto as **Exhibit F** 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.

(e) Single Audit. If Borrower cumulatively expends \$750,000.00 or more in Federal Funds during Borrower's fiscal year, Borrower must conduct a single audit or program-specific audit by an independent auditor in accordance with OMB Uniform Guidance requirements in 2 CFR part 200 subpart F (§200.500 *et seq.*), as it may be amended from time to time ("Single Audit"). Borrower must submit a copy of the Single Audit report to MOHCD within nine (9) months after the end of Borrower's fiscal year or thirty (30) days after receiving the Single Audit report from the auditor.

(f) Other HUD Requirements The following federal requirements are applicable to all activities funded under this Agreement:

(i) the requirements of the "Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards," 2 CFR part 200, relating to allowable costs chargeable to the Funds and contractual requirements for nonprofit organizations, as applicable; and

(ii) the provisions of 24 CFR part 570, "Community Development Block Grants."

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

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

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

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

10.2 Monthly Reporting. Borrower will submit monthly reports (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.

(a) 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.

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

10.4 Capital Needs Assessment. In accordance with the CNA Policy, Borrower 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;

(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;

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

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

10.6 Response to Inquiries. At the request of the City, its agents, employees or attorneys, Borrower 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 15th day of each month following establishment of the Replacement Reserve Account, Borrower will make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Monthly deposits will equal the lesser of: (i) 1/12th of 0.6% of Replacement Cost; or (ii) 1/12th of the following amount: \$48,000 .

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.

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

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

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. Distributions must be used for activities in San Francisco that would be eligible uses of Project Income under program regulations for the CDBG Program. Distributions may also be used for new construction if the activity is otherwise allowable under CDBG regulations.

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 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 Fifty Thousand and no/100 Dollars (\$550,000.00) 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. Borrower agrees that any additional predevelopment loans secured for the Project will not be used for payment of fees paid to the Developer related to predevelopment activities, unless approved in writing by the City in its sole and absolute discretion. 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 for predevelopment pursuant to pay out below.

Acquisition/Predevelopment Closing	\$165,000	15%
Entitlement Approval	\$165,000	15%
Submission of HCD Funding Application	\$110,000	10%
Submission of CDLAC and TCAC Application	\$110,000	10%
	\$550,000	

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower will not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion; or (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project; (f) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (g) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner approved in advance by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

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

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

17.2 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.

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

17.4 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 Report dated February 8, 2023 prepared by Path Forward Partners, Inc. or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower will: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good

faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

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

ARTICLE 19 DEFAULT.

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

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

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

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

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

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

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

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

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

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

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

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the

improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

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

(m) After commencement of 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

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

(o) Borrower is in default of its obligations with respect to the Ground Lease (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

(p) 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(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, will become due and payable automatically.

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

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

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

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor, 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 th Floor San Francisco, CA 94103 Attn: Director
--------------	--

To Borrower: 249 Pennsylvania Associates L.P.]
Attn: Tenderloin Neighborhood Development Corporation
201 Eddy Street
San Francisco, CA 94102
Attn: CEO

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, except as permitted under San Francisco Administrative Code Chapter 120.

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), 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	Reserved
N	Reserved
O	Reserved
P	MOHCD Residual Receipts Policy

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

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

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

BORROWER:

249 Pennsylvania Associates, L.P.,
a California limited partnership

By: Pennsylvania 249 Housing Associates LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood
Development Corporation,
a California nonprofit public benefit
corporation,
its manager

By: _____
Roxanne Huey
Interim Co-Chief Executive
Officer

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Keith Nagayama, Deputy City
Attorney

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, which may be subject to change upon Project construction finance closing:

Unit Size	No. of Units	Max Income Level
0	36	50% Median Income
2	12	50% Median Income
3	12	50% Median Income
0	9	50% Median Income
2	4	50% Median Income
3	5	50% Median Income
2	15	60% Median Income
3	6	60% Median Income
0	6	60% Median Income
2	7	80% Median Income
3	7	80% Median Income
2	1	Manager Unit
TOTAL	120	

In addition, Fifty Percent (50%) of the Units must be made available to the chronically Homeless Households 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, provided that the exact number of Units to be subject to such occupancy restrictions may be subject to change by mutual agreement upon Project construction finance closing. If the LOSP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that:

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

(b) One hundred percent (100%) of the Units formerly under the LOSP will at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed sixty percent (60%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income, (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. To the extent financially feasible, as mutually determined by the

Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

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

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

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

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

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

EXHIBIT B-1
Table of Sources and Uses of Funds

Application Date: 4/7/23 # Units: 120
 Project Name: 249 Pennsylvania Family Housing # Bedrooms: 210
 Project Address: 249 Pennsylvania Ave # Beds:
 Project Sponsor: TNDC & YCD LOSP Project

SOURCES	Total Sources						Comments
	1,035,881	3,975,910	11,964,119	-	-	-	
			MOHCD Acquisition Costs Only				Costs requested through NOFA
Name of Sources: MOHCD/OCII		External Predev Loan					

USES

ACQUISITION

Acquisition cost or value			11,350,000				11,350,000	2,650,000
Legal / Closing costs / Broker's Fee			78,218				78,218	Legal Fees + Title/Escrow Costs
Holding Costs		441,082					441,082	NOFA-ineligible costs interim use costs
Transfer Tax		340,000	535,901				875,901	TT paid by seller; using this for Acq Loan Origination + Appraisal Fees (MOHCD) + Interest Reserve (CSH)
TOTAL ACQUISITION	0	781,082	11,964,119	0	0	0	12,745,201	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab								0	Include FF&E
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								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>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</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>	<i>0</i>	<i>0</i>	
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0	0	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	109,099	1,000,000						1,109,099	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	125,000	600,000						725,000	Design costs through entitlement (Arch, Civil, Landscape)
Architect Construction Admin								0	
Reimbursables	5,000	45,000						50,000	
Additional Services		75,000						75,000	
<i>Sub-total Architect Contract</i>	<i>239,099</i>	<i>1,720,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,959,099</i>	
Other Third Party design consultants (not included under Architect contract)	40,000	160,000						200,000	Dry utility \$60k; acoustic \$35k; plan check \$30k; waterproofing \$30k; Green \$20k; EBMS \$10k; Commissioning - partial of \$65k budget
Total Architecture & Design	279,099	1,880,000	0	0	0	0	0	2,159,099	

Engineering & Environmental Studies

Survey		20,000						20,000	
Geotechnical studies	20,000	30,000						50,000	
Phase I & II Reports		75,000						75,000	Phase I + Subsoil investigation
CEQA / Environmental Review consultants								0	
NEPA / 106 Review								0	Expected by 11/6
CNA/PNA (rehab only)								0	
Other environmental consultants								0	Name consultants & contract amounts
Total Engineering & Environmental Studies	20,000	125,000	0	0	0	0	0	145,000	

Financing Costs

Construction Financing Costs									
Construction Loan Origination Fee									0
Construction Loan Interest									0
Title & Recording									0
CDLAC & CDIAC fees									0
Bond Issuer Fees									0
Other Bond Cost of Issuance									0
Other Lender Costs (specify)									0
<i>Sub-total Const. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Permanent Financing Costs									
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>	<i>0</i>	<i>0</i>	<i>0</i>
Total Financing Costs	0	0	0	0	0	0	0	0	0

Legal Costs

Borrower Legal fees	15,000	50,000							65,000
Land Use / CEQA Attorney fees		10,000							10,000
Tax Credit Counsel									0
Bond Counsel									0
Construction Lender Counsel									0
Permanent Lender Counsel									0
Other Legal (specify)									0
Total Legal Costs	15,000	60,000	0	0	0	0	0	0	75,000

Other Development Costs

Appraisal		10,000							10,000
Market Study		12,000							12,000
Insurance		20,000							20,000
Property Taxes		415,000							415,000
Accounting / Audit									0
Organizational Costs	6,782	3,218							10,000
Entitlement / Permit Fees	100,000								100,000
Marketing / Rent-up									0
Furnishings									0
PGE / Utility Fees	50,000	200,000							250,000
TCAC App / Alloc / Monitor Fees									0
Financial Consultant fees		55,000							55,000
Construction Management fees / Owner's Rep	15,000	40,000							55,000
Security during Construction		20,000							20,000
Relocation									0
Other (specify)									0
Other (specify)									0
Other (specify)		20,000							20,000
Total Other Development Costs	171,782	795,218	0	0	0	0	0	0	967,000

Total Soft Cost Contingency as % of Total Soft Costs 10.0%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)		334,610	0	0	0	0	0	334,610	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	485,881	3,194,828	0	0	0	0	0	3,680,709	

RESERVES

Operating Reserves									0
Replacement Reserves									0
Tenant Improvements Reserves									0
Other (specify)									0
Other (specify)									0
Other (specify)									0
TOTAL RESERVES	0	0	0	0	0	0	0	0	0

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	550,000								550,000
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
Other (specify)									0
TOTAL DEVELOPER COSTS	550,000	0	0	0	0	0	0	0	550,000

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	1,035,881	3,975,910	11,964,119	0	0	0	16,975,910
Development Cost/Unit as % of TDC by Source	6.1%	23.4%	70.5%	0.0%	0.0%	0.0%	100.0%

Acquisition Cost/Unit by Source

Acquisition Cost/Unit by Source	0	0	94,583	0	0	0	94,583
---------------------------------	---	---	--------	---	---	---	--------

Construction Cost (inc Const Contingency)/Unit By Source

Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00
--	------	------	------	------	------	------	------

*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	6,782
	8,632

Tax Credit Equity Pricing:

Construction Bond Amount:	N/A
Construction Loan Term (in months):	N/A
Construction Loan Interest Rate (as %):	N/A

Application Date: 4/7/23 # Units: 120
 Project Name: 249 Pennsylvania Family Housing # Bedrooms: 210
 Project Address: 249 Pennsylvania Ave # Beds:
 Project Sponsor: TNDC & YCD

LOSP Project

USES	Total Sources							Comments
	MOHCD/OCII	LIHTC Equity	HCD-MHP	FHLB-AHP	Income from Interim Use	GP Equity	Deferred Fee	
SOURCES	21,135,884	49,174,446	34,580,356	1,000,000	-	3,169,018	769,017	109,828,721

ACQUISITION

Acquisition cost or value								0	Acquisitions costs assumed to be outside of project post-ground lease
Legal / Closing costs / Broker's Fee								0	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION	0	0	0	0	0	0	0	0	

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		29,394,122	26,442,099	1,000,000				56,836,221	Include FF&E
* Commercial Shell Construction								0	
* Demolition			1,297,500					1,297,500	
* Environmental Remediation								0	
* Onsite Improvements/Landscaping								0	
* Offsite Improvements								0	
* Infrastructure Improvements	150,000							150,000	Other hard costs, not in GC contract
* Parking								0	
GC Bond Premium/GC Insurance/GC Taxes			1,716,223					1,716,223	2.6%
GC Overhead & Profit			2,184,534					2,184,534	3.4%
CG General Conditions			2,940,000					2,940,000	4.5%
<i>Sub-total Construction Costs</i>	<i>150,000</i>	<i>29,394,122</i>	<i>34,580,356</i>	<i>1,000,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>65,124,478</i>	
Design Contingency (remove at DD)		1,302,490						1,302,490	Reduced to 2% per latest underwriting guidelines
Bid Contingency (remove at bid)		6,512,448						6,512,448	Bid; 10% escalation
Plan Check Contingency (remove/reduce during Plan Review)		1,302,490						1,302,490	Reduced to 2% per latest underwriting guidelines
Hard Cost Construction Contingency		3,256,224						3,256,224	5% new construction (calculated on top of other contingencies)
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>12,373,651</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>12,373,651</i>	<i>5.0%</i>
TOTAL CONSTRUCTION COSTS	150,000	41,767,773	34,580,356	1,000,000	0	0	0	77,498,129	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	1,575,000							1,575,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	725,000							725,000	
Architect Construction Admin	700,000							700,000	
Reimbursables	75,000							75,000	
Additional Services	150,000							150,000	
<i>Sub-total Architect Contract</i>	<i>3,225,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,225,000</i>	
Other Third Party design consultants (not included under Architect contract)	300,000							300,000	\$65k - dry utility; \$60k commissioning; \$40k acoustic; \$35k plan review; \$35k waterproofing; \$25k T24/LEED; \$10k EBMS; \$30k miscellaneous
Total Architecture & Design	3,525,000	0	0	0	0	0	0	3,525,000	
Survey	35,000							35,000	
Geotechnical studies	85,000							85,000	
Phase I & II Reports	75,000							75,000	Phase 1 + Subsoil investigation
CEQA / Environmental Review consultants								0	
NEPA / 106 Review								0	Pending
CNA/PNA (rehab only)								0	
Other environmental consultants	250,000							250,000	Special Inspections Testing
Total Engineering & Environmental Studies	445,000	0	0	0	0	0	0	445,000	
Construction Loan Origination Fee	70,000							70,000	
Construction Loan Interest	7,630,448	1,713,798						9,344,247	
Title & Recording	100,000							100,000	
CDLAC & CDIAC fees	100,000							100,000	
Bond Issuer Fees								0	
Other Bond Cost of Issuance	737,722							737,722	
Other Lender Costs (specify)	10,000							10,000	Construction lender inspection
<i>Sub-total Const. Financing Costs</i>	<i>8,648,170</i>	<i>1,713,798</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>10,361,969</i>	
Permanent Loan Origination Fee	211,359							211,359	MOHCD Loan origination fee
Credit Enhance. & Appl. Fee								0	
Title & Recording								0	
<i>Sub-total Perm. Financing Costs</i>	<i>211,359</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>211,359</i>	
Total Financing Costs	8,859,529	1,713,798	0	0	0	0	0	10,573,327	
Borrower Legal fees	100,000							100,000	
Land Use / CEQA Attorney fees	10,000							10,000	
Tax Credit Counsel	65,000							65,000	
Bond Counsel								0	
Construction Lender Counsel	50,000							50,000	
Permanent Lender Counsel								0	
Other Legal (specify)								0	
Total Legal Costs	225,000	0	0	0	0	0	0	225,000	
Appraisal	15,000							15,000	
Market Study	15,000							15,000	
* Insurance		2,246,119						2,246,119	GL and builder's risk; insurance during interim use
* Property Taxes		1,000,000						1,000,000	Prop tax during interim use & construction
* Accounting / Audit		25,000						25,000	
* Organizational Costs		10,000						10,000	
* Entitlement / Permit Fees	1,200,000							1,200,000	
* Marketing / Rent-up		260,000						260,000	
* Furnishings		567,000						567,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	1,700,000							1,700,000	
TCAC App / Alloc / Monitor Fees		556,552						556,552	
* Financial Consultant fees		65,000						65,000	
Construction Management fees / Owner's Rep	175,000							175,000	
Security during Construction								0	
* Relocation								0	
Other (specify)	149,141							149,141	SFAC Art Expenditure (1%*Hard Costs*(MOHCD/Total Sources))
Other (specify)		20,000						20,000	Community outreach
Other (specify)								0	
Total Other Development Costs	3,254,141	4,749,672	0	0	0	0	0	8,003,812	
Contingency (Arch, Eng, Fin, Legal & Other Dev)	2,277,214							2,277,214	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	18,585,884	6,463,470	0	0	0	0	0	25,049,354	10.0%

Total Soft Cost Contingency as % of Total Soft Costs

RESERVES

* Operating Reserves		499,131						499,131	
Replacement Reserves								0	
* Tenant Improvements Reserves								0	
* Net Operating Loss		444,072						444,072	covers operating deficit during lease up
* Other (specify)								0	
* Other (specify)								0	
TOTAL RESERVES	0	943,203	0	0	0	0	0	943,203	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	1,100,000							1,100,000	
Developer Fee - Cash-out At Risk	1,300,000							1,300,000	
Commercial Developer Fee								0	
Developer Fee - GP Equity (also show as source)						3,169,018		3,169,018	
Developer Fee - Deferred (also show as source)							769,017	769,017	
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)								0	
TOTAL DEVELOPER COSTS	2,400,000	0	0	0	0	3,169,018	769,017	6,338,035	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	21,135,884	49,174,446	34,580,356	1,000,000	0	3,169,018	769,017	109,828,721
Development Cost/Unit as % of TDC by Source	176.132	409.787	288.170	8.333	0	26.408	6.408	915.239
	19.2%	44.8%	31.5%	0.9%	0.0%	2.9%	0.7%	100.0%

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0
--	---	---	---	---	---	---	---	---

Construction Cost (inc Const Contingency)/Unit By Source

	1.250	348.065	288.170	8.333	0	0	0	645.818
Construction Cost (inc Const Contingency)/SF	1.38	384.52	318.35	9.21	0.00	0.00	0.00	713.45

*Possible non-eligible GO Bond/COP Amount: 150,000
 City Subsidy/Unit: 176,132

Tax Credit Equity Pricing: 0.960
 Construction Bond Amount: 62,601,386
 Construction Loan Term (in months): 33 months
 Construction Loan Interest Rate (as %): 6.40%

EXHIBIT B-2
Annual Operating Budget

Application Date: 4/7/2023
 Total # Units: 120
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2029

Project Name: 249 Pennsylvania Family Housing
 Project Address: 249 Pennsylvania Ave
 Project Sponsor: TNDC & YCD

INCOME	LOSP/non-LOSP Allocation		Total	Comments	Alternative LOSP Split
	LOSP	non-LOSP			
Residential - Tenant Rents	180,000	1,242,492	1,422,492	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 - Tenant Assistance Payments (N
Residential - LOSP Tenant Assistance Payments	887,352		887,352		
Commercial Space	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet	Alternative LOSP Split
Supportive Services Income	0	0	0	Links from 'Utilities & Other Income' Worksheet	Supportive Services Income
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Laundry and Vending	6,240	6,240	12,480	Links from 'Utilities & Other Income' Worksheet	Projected LOSP Split
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet	Tenant Charges
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%	Alternative LOSP Split
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0		Withdrawal from Capitalized Reserve (deposit
Gross Potential Income	1,073,592	1,248,732	2,322,324		
Vacancy Loss - Residential - Tenant Rents	(9,000)	(62,125)	(71,125)	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%	
EFFECTIVE GROSS INCOME	1,064,592	1,186,607	2,251,199	PUPA: 18,760	

OPERATING EXPENSES				Alternative LOSP Split	
Management					
Management Fee	42,480	42,480	84,960	1st Year to be set according to HUD schedule.	Management Fee
Asset Management Fee	12,140	12,140	24,280		Asset Management Fee
Sub-total Management Expenses	54,620	54,620	109,240	PUPA: 910	

Salaries/Benefits				Alternative LOSP Split	
Office Salaries	19,268	19,268	38,536	Portfolio wide allocations of facilities/compliance roles	Office Salaries
Manager's Salary	64,500	64,500	129,000	1 FTE General Manager; 1 FTE Assistant GM	Manager's Salary
Health Insurance and Other Benefits	57,428	57,428	114,856	healthcare; retirement	Health Insurance and Other Benefits
Other Salaries/Benefits	144,144	48,048	192,192	4.2 FTE Desk clerks (24/7 coverage)	Other Salaries/Benefits
Administrative Rent-Free Unit	4,404	4,404	8,808	Night manager/rent-free unit	Administrative Rent-Free Unit
Sub-total Salaries/Benefits	289,744	193,648	483,391	PUPA: 4,028	

Administration				Alternative LOSP Split	
Advertising and Marketing	2,065	2,065	4,129	Screening & other rental expenses	
Office Expenses	22,764	22,764	45,527	Office supplies & equipment; computers; phones & telecom; tech support;	
Office Rent	0	0	0		Projected LOSP Split
Legal Expense - Property	9,000	9,000	18,000		Legal Expense - Property
Audit Expense	5,570	5,570	11,139		
Bookkeeping/Accounting Services	9,360	9,360	18,720		Projected LOSP Split
Bad Debts	9,705	9,705	19,409	Bad debt + bank service charges	Bad Debts
Miscellaneous	14,804	14,804	29,607	Postage & printing; subscriptions; recruitment; payroll service charges; professional fees;	
Sub-total Administration Expenses	73,266	73,266	146,531	PUPA: 1,221	

Utilities				Alternative LOSP Split	
Electricity	41,850	41,850	83,700	based on TNDC comps	Electricity
Water	115,933	115,933	231,865	based on TNDC comps	
Gas	0	0	0		
Sewer	0	0	0		
Sub-total Utilities	157,783	157,783	315,565	PUPA: 2,630	

Taxes and Licenses				Alternative LOSP Split	
Real Estate Taxes	2,500	2,500	5,000		Real Estate Taxes
Payroll Taxes	21,877	21,877	43,754		Payroll Taxes
Miscellaneous Taxes, Licenses and Permits	1,161	1,161	2,322		
Sub-total Taxes and Licenses	25,538	25,538	51,076	PUPA: 426	

Insurance				Alternative LOSP Split	
Property and Liability Insurance	78,976	78,976	157,951		
Fidelity Bond Insurance	0	0	0		Alternative LOSP Split
Worker's Compensation	13,673	13,673	27,346		Worker's Compensation
Director's & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	92,649	92,649	185,297	PUPA: 1,544	

Maintenance & Repair				Alternative LOSP Split	
Payroll	93,600	93,600	187,200	1 FTE custodian; 1 FTE Maintenance supervisor; 1 FTE Maintenance II	Payroll
Supplies	17,819	17,819	35,637		Supplies
Contracts	31,461	31,461	62,922	extermination; fire systems; grounds	Contracts
Garbage and Trash Removal	77,075	77,075	154,149	based on TNDC comps	Alternative LOSP Split
Security Payroll/Contract	3,389	3,389	6,777		Security Payroll/Contract
HVAC Repairs and Maintenance	3,774	3,774	7,548		
Vehicle and Maintenance Equipment Operation and Repairs	294	294	588		
Miscellaneous Operating and Maintenance Expenses	19,834	19,834	39,668	flooring clean/replace; elevator maint.; plumbing; appliance; furnishings	
Sub-total Maintenance & Repair Expenses	247,245	247,245	494,489	PUPA: 4,121	

Supportive Services				Alternative LOSP Split	
Commercial Expenses	0	80,657	80,657	Only showing support services supported by project (no LOSP services or subsidy)	Supportive Services
				from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	

TOTAL OPERATING EXPENSES 940,843 925,403 1,866,246 PUPA: 15,552

Reserves/Ground Lease Base Rent/Bond Fees				Alternative LOSP Split	
Ground Lease Base Rent	7,500	7,500	15,000	Ground lease with MOHCD	Provide additional comments here, if needed.
Bond Monitoring Fee	0	0	0		Alternative LOSP Split
Replacement Reserve Deposit	30,000	30,000	60,000	\$500/unit	Replacement Reserve Deposit
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%	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	37,500	37,500	75,000	PUPA: 625	

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 978,343 962,903 1,941,246 PUPA: 16,177

NET OPERATING INCOME (INCOME minus OP EXPENSES) 86,249 223,704 309,953 PUPA: 2,583

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)				Alternative LOSP Split	
Hard Debt - First Lender	0	0	0		Hard Debt - First Lender
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	72,619	72,619	145,238	HCD - MHP	Hard Debt - Second Lender (HCD Program 0.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0		Hard Debt - Third Lender (Other HCD Program
Hard Debt - Fourth Lender	0	0	0		Hard Debt - Fourth Lender
Commercial Hard Debt Service	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
TOTAL HARD DEBT SERVICE	72,619	72,619	145,238	PUPA: 1,210	

CASH FLOW (NOI minus DEBT SERVICE)				Alternative LOSP Split	
Commercial Only Cash Flow	0	0	0		
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	0	0	0		Allocation of Commercial Surplus to LOSP/no
AVAILABLE CASH FLOW	13,630	151,085	164,715		

USES OF CASH FLOW BELOW (This row also shows DSCR.)				Alternative LOSP Split	
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL					
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	11,130	11,130	22,260	2nd	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	2,500	2,500	5,000	1st	Alternative LOSP Split
Other Payments	0	0	0		Other Payments
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0		Non-amortizing Loan Pmnt - Lender 1 (select
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	123,078	123,078	Def. Develop. Fee split: 90%	Deferred Developer Fee (Enter amt <= Max F
TOTAL PAYMENTS PRECEDING MOHCD	13,630	136,708	150,338	PUPA: 1,253	

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 0 14,377 14,377

Residual Receipts Calculation

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

Will Project Defer Developer Fee? **Yes**

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: **50%** Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): **68,727** Sum of DD F from LOSP and non-LOSP: **68,727**

% of Residual Receipts available for distribution to soft debt lenders in **50%** Ratio of Sum of DDF and calculated 50%: **68,727**

Soft Debt Lenders with Residual Receipts Obligations			Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans			\$21,135,884	64.15%
MOHCD/OCII - Ground Lease Value or Land Acq Cost			\$11,814,119	35.85%
HCD (soft debt loan) - Lender 3				0.00%
Other Soft Debt Lender - Lender 4				0.00%
Other Soft Debt Lender - Lender 5				0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE			
MOHCD Residual Receipts Amount Due	14,377	14,377	50% of residual receipts, multiplied by 100% - MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	14,377	14,377	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 0

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

REMAINDER (Should be zero unless there are distributions below) 0

Owner Distributions/Incentive Management Fee 0

Other Distributions/Uses 0

Final Balance (should be zero) 0

Application Date: 4/7/2023
 Total # Units: 120
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2029

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	non-LOSP		
Residential - LOSP Tenant Assistance Payments			
Commercial Space			
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		
Gross Potential Income			

Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
EFFECTIVE GROSS INCOME			

OPERATING EXPENSES			
Management			
Management Fee	LOSP	non-LOSP	Approved By (reqd)
Asset Management Fee			
Sub-total Management Expenses			

Salaries/Benefits			
Office Salaries	LOSP	non-LOSP	Approved By (reqd)
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits		75.00%	25.00%
Administrative Rent-Free Unit			
Sub-total Salaries/Benefits			

Administration			
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		50.00%	50.00%
Miscellaneous			
Sub-total Administration Expenses			

Utilities			
Electricity	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water			
Gas			
Sewer			
Sub-total Utilities			

Taxes and Licenses			
Real Estate Taxes	LOSP	non-LOSP	Approved By (reqd)
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
Sub-total Taxes and Licenses			

Insurance			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
Sub-total Insurance			

Maintenance & Repair			
Payroll	LOSP	non-LOSP	Approved By (reqd)
Supplies		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			
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
Sub-total Maintenance & Repair Expenses			

Supportive Services		0.00%	100.00%	Approved By (reqd)
Commercial Expenses				

TOTAL OPERATING EXPENSES			
Reserves/Ground Lease Base Rent/Bond Fees			
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			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			

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

NET OPERATING INCOME (INCOME minus OP EXPENSES)				
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)				
Hard Debt - First Lender	LOSP	0.00%	100.00%	Approved By (reqd)
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)				
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				
Hard Debt - Fourth Lender				
Commercial Hard Debt Service				
TOTAL HARD DEBT SERVICE				

CASH FLOW (NOI minus DEBT SERVICE)			
Commercial Only Cash Flow			
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	non-LOSP (residual income)		
AVAILABLE CASH FLOW			
USES OF CASH FLOW BELOW (This row also shows DSCR.)			
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
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 Pmnt - Lender 1 (select lender in comments field)			
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		0.00%	100.00%
TOTAL PAYMENTS PRECEDING MOHCD			

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation
 Does Project have a MOHCD Residual Receipt Obligation?
 Will Project Defer Developer Fee?
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 123.078
 % of Residual Receipts available for distribution to soft debt lenders in: 0.558405919

Soft Debt Lenders with Residual Receipts Obligations			
MOHCD/OCIL - Soft Debt Loans			
MOHCD/OCIL - 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

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

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

EXHIBIT B-3
20-Year Cash Flow Proforma

249 Pennsylvania Family Housing

	Total # Units:		Comments	Year 19 2017			Year 20 2018		
	120	60		LOSP Units	non-LOSP Units	Total	LOSP	non-LOSP	Total
INCOME									
Residential - Tenant Rents	1.0%	2.5%		215,307	1,937,863	2,153,170	217,460	1,986,310	2,203,770
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		1,666,625	-	1,666,625	1,726,226	-	1,726,226
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%		9,732	9,732	19,465	9,976	9,976	19,951
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-
Gross Potential Income				1,891,664	1,947,596	3,839,259	1,953,661	1,996,286	3,949,947
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(10,765)	(96,893)	(107,659)	(10,873)	(99,316)	(110,188)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-
EFFECTIVE GROSS INCOME				1,880,898	1,850,703	3,731,601	1,942,788	1,896,970	3,839,758
OPERATING EXPENSES									
Management									
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	78,906	78,906	157,812	81,668	81,668	163,336
Asset Management Fee	3.5%	3.5%	per MOHCD policy	22,550	22,550	45,100	23,339	23,339	46,678
Sub-total Management Expenses				101,456	101,456	202,912	105,007	105,007	210,014
Salaries/Benefits									
Office Salaries	3.5%	3.5%		35,790	35,790	71,580	37,043	37,043	74,086
Manager's Salary	3.5%	3.5%		119,808	119,808	239,616	124,001	124,001	248,003
Health Insurance and Other Benefits	3.5%	3.5%		106,671	106,671	213,342	110,404	110,404	220,809
Other Salaries/Benefits	3.5%	3.5%		267,746	89,249	356,995	277,117	92,372	369,489
Administrative Rent-Free Unit	3.5%	3.5%		8,180	8,180	16,361	8,467	8,467	16,933
Sub-total Salaries/Benefits				538,195	359,698	897,894	557,032	372,288	929,320
Administration									
Advertising and Marketing	3.5%	3.5%		3,835	3,835	7,670	3,969	3,969	7,938
Office Expenses	3.5%	3.5%		42,283	42,283	84,567	43,763	43,763	87,526
Office Rent	3.5%	3.5%		-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		16,717	16,717	33,435	17,303	17,303	34,605
Audit Expense	3.5%	3.5%		10,345	10,345	20,691	10,707	10,707	21,415
Bookkeeping/Accounting Services	3.5%	3.5%		17,386	17,386	34,772	17,995	17,995	35,989
Bad Debts	3.5%	3.5%		18,026	18,026	36,052	18,657	18,657	37,314
Miscellaneous	3.5%	3.5%		27,497	27,497	54,995	28,460	28,460	56,919
Sub-total Administration Expenses				136,090	136,090	272,180	140,853	140,853	281,707
Utilities									
Electricity	3.5%	3.5%		77,736	77,736	155,472	80,457	80,457	160,913
Water	3.5%	3.5%		215,343	215,343	430,687	222,880	222,880	445,761
Gas	3.5%	3.5%		-	-	-	-	-	-
Sewer	3.5%	3.5%		-	-	-	-	-	-
Sub-total Utilities				293,079	293,079	586,159	303,337	303,337	606,674
Taxes and Licenses									
Real Estate Taxes	3.5%	3.5%		4,644	4,644	9,287	4,806	4,806	9,613
Payroll Taxes	3.5%	3.5%		40,636	40,636	81,273	42,059	42,059	84,117
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		2,157	2,157	4,313	2,232	2,232	4,464
Sub-total Taxes and Licenses				47,437	47,437	94,873	49,097	49,097	98,194
Insurance									
Property and Liability Insurance	3.5%	3.5%		146,696	146,696	293,392	151,831	151,831	303,661
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		25,398	25,398	50,796	26,287	26,287	52,573
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance				172,094	172,094	344,188	178,117	178,117	356,234
Maintenance & Repair									
Payroll	3.5%	3.5%		173,861	173,861	347,722	179,946	179,946	359,892
Supplies	3.5%	3.5%		33,098	33,098	66,195	34,256	34,256	68,512
Contracts	3.5%	3.5%		58,438	58,438	116,877	60,484	60,484	120,968
Garbage and Trash Removal	3.5%	3.5%		143,165	143,165	286,330	148,176	148,176	296,352
Security Payroll/Contract	3.5%	3.5%		6,294	6,294	12,588	6,514	6,514	13,029
HVAC Repairs and Maintenance	3.5%	3.5%		7,010	7,010	14,020	7,256	7,256	14,511
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		546	546	1,092	565	565	1,130
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		36,841	36,841	73,683	38,131	38,131	76,262
Sub-total Maintenance & Repair Expenses				459,254	459,254	918,508	475,328	475,328	950,656
Supportive Services	3.5%	3.5%		-	149,819	149,819	-	155,062	155,062
Commercial Expenses									
TOTAL OPERATING EXPENSES				1,747,605	1,718,927	3,466,532	1,808,772	1,779,089	3,587,861
RESERVES/GROUND LEASE BASE RENT/BOND FEES									
Ground Lease Base Rent				7,500	7,500	15,000	7,500	7,500	15,000
Bond Monitoring Fee				-	-	-	-	-	-
Replacement Reserve Deposit				30,000	30,000	60,000	30,000	30,000	60,000
Operating Reserve Deposit				-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				37,500	37,500	75,000	37,500	37,500	75,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				1,785,105	1,756,427	3,541,532	1,846,272	1,816,589	3,662,861
NET OPERATING INCOME (INCOME minus OP EXPENSES)				95,793	94,276	190,069	96,516	80,381	176,897
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)									
Hard Debt - First Lender				-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)				72,619	72,619	145,238	72,619	72,619	145,238
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				-	-	-	-	-	-
Hard Debt - Fourth Lender				-	-	-	-	-	-
Commercial Hard Debt Service				-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				72,619	72,619	145,238	72,619	72,619	145,238
CASH FLOW (NOI minus DEBT SERVICE)				23,174	21,657	44,831	23,897	7,762	31,659
Commercial Only Cash Flow				-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-
AVAILABLE CASH FLOW				23,174	21,657	44,831	23,897	7,762	31,659
USES OF CASH FLOW BELOW (This row also shows DSCR.)									
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL									
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	20,674	20,674	41,348	21,397	21,397	42,795
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)				-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				23,174	23,174	46,348	23,897	23,897	47,795
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)				(0)	(1,517)	(1,517)	(0)	(16,136)	(16,136)
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Yes	Year 15 is year indicated below:						
Will Project Defer Developer Fee?	Yes	Yes	2043						
1st Residual Receipts Split - Lender/Deferred Developer Fee	50% / 50%	50% / 50%	2nd Residual Receipts Split Begins:						
2nd Residual Receipts Split - Lender/Owner	67% / 33%	67% / 33%	2044						
Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):									
MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due	100.00%	100.00%	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment				-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
HCD Residual Receipts Amount Due	0.00%	0.00%	NO HCD Financing	-	-	-	-	-	-
Lender 4 Residual Receipts Due	0.00%	0.00%		-	-	-	-	-	-
Lender 5 Residual Receipts Due	0.00%	0.00%		-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service				-	-	-	-	-	-
REMAINDER (Should be zero unless there are distributions below)									
Owner Distributions/Incentive Management Fee				-	-	-	-	-	-
Other Distributions/Uses				-	-	-	-	-	-
Final Balance (should be zero)				-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE									
Replacement Reserve Starting Balance						1,080,000			

EXHIBIT C
Tenant Income Certification Form

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

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

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

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

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

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

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

Household Size at Move-in: _____

PART VI. RENT

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

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

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

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

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

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

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

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

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?
 Yes No

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

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

Enter 1-5

PART VIII. PROGRAM TYPE

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

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

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

 SIGNATURE OF OWNER/REPRESENTATIVE

 DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

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

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

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

The Following Race Codes should be used:

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

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

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

The Following Ethnicity Codes should be used:

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

Disability Status:

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

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

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

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

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

Part I - Development Data

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

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

Part II - Household Composition

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

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

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

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

Part III - Annual Income

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

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

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

Part IV - Income from Assets

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

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

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

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

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

HOUSEHOLD CERTIFICATION AND SIGNATURES

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

Part V – Determination of Income Eligibility

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

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

Part VI - Rent

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

Part VII - Student Status

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

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

Part VIII – Program Type

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

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

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

PART IX. SUPPLEMENTAL INFORMATION

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

Tenant Demographic Profile

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

Resident/Applicant Initials

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

EXHIBIT D

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) payment of not less than the wages prevailing in the locality, as preterminted by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 276a-276a-5), as supplemented by Dept. of Labor regulations (29 CFR part 5),] to all laborers and mechanics employed in the development of any part of the housing, and (2) contracts involving their employment will be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-332) as supplemented by Dept. of Labor regulations (29 CFR part 5) (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 24 CFR § 84.42, 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 in addition to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. §§ 4601 *et seq.*) and implementing regulations at 49 CFR part 24 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 to conduct any meeting of its governing board that addresses any matter relating to the Project or to Borrower's performance under this Agreement as a passive meeting. Further, Borrower specifically agrees that any meeting of the governing body of its manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.

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

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days

following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted, Borrower will notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

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

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

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

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

public right-of-way. "Graffiti" will not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

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

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

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

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

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

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

(d) Borrower or Subcontractor will not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential

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

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach,

two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount will not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

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

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

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.

249 Pennsylvania Associates, L.P., a California limited partnership

By: Pennsylvania 249 Housing Associates LLC,
a California limited liability company, its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Roxanne Huey
Interim Co-Chief Executive Officer

EXHIBIT G
Form of Annual Monitoring Report

[To be attached]

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



London N. Breed
Mayor

Eric D. Shaw
Director

October 21, 2020

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

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

IMPORTANT INFORMATION RELATED TO COVID-19

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

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

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

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

Deadline: For projects whose business year ended June 30, 2020, the report will be due on January 8, 2021, for the period 7/1/2019-6/30/2020, unless noted otherwise in a project-specific notice sent by MOHCD. For any projects whose 2020 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2020 – project name.xlsx – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions	3C. Demographic Summary
1A. Property & Residents	4. Narrative
1B. Transitional Programs	5. Project Financing
1C. Eviction Data	6. Services Funding
2. Fiscal Activity	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info	➤ Completeness Tracker
3B. Demographic Information	

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

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

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2020.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance

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

III. Audited Financial Statements

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

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

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

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

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

IV. Waiting List

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

- name of head-of-household
- contact information
- date of application
- number of people in the household

- stated household income
- desired unit size

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

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

AMR Training – On-Demand Videos

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

Marketing Procedure for Available Units and Waiting List Openings

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

Serious Incident Protocol

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

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

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

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

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

Asset Management Team

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

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

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

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

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

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

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

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

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

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

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

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

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

Property and Liability Insurance

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

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

Tax Certification

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

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

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

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

Signature: _____ Date: _____

Name: _____ Title: _____

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

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

Updated 12/21/2020

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

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

1C. Eviction Data

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

2. Fiscal Activity

Income and Expenses

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

INSTRUCTIONS:

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

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

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

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

Income

Rental Income

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

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

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

Vacancy Loss

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

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

Other Income

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

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

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

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

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

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

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

Expenses

Management

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

Salaries/Benefits

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

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

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

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

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

Administration

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

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

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

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

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

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

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

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

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

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

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

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

Insurance

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

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

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

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

Maintenance and Repairs

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

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

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

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

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

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

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

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

Supportive Services

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

Reserve Account Activity

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

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

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

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

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

3A. Occupancy & Rent Info

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Section 3A - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period.

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

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

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

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

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

Bed = (measurement for Group homes or transitional housing)

"SRO" = Single Room Occupancy unit

"Studio" = Studio unit

"1BR" = 1 Bedroom unit

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

- F. **Is the Unit Fully-Accessible or Adaptable?** Use the drop down menu to indicate which
- “Accessible - Mobility” = The unit is fully-accessible for persons with mobility impairment.
 - “Accessible - Communication” = The unit is fully-accessible for persons with visual and hearing impairment.
 - “Mobility & Communication” = The unit is fully-accessible for persons with mobility, visual and hearing impairment.
 - “Adaptable” = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.
 - “Not Accessible or Adaptable” = Not Accessible or Adaptable.
- G. **Date of Initial Occupancy.** Enter the date when the tenant occupied their *first unit in the project*. For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit.
- H. **Household Annual Income at Initial Occupancy.** Enter the tenant’s annual household income from the initial income certification that was done before they moved into their *first unit in the project*. For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit.
- I. **Household Size at Initial Occupancy.** Enter the number of people that was in the tenant’s household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit.
- J. **Date of Most Recent Income Recertification.** Enter date of most recent income recertification. Leave blank for vacant units.
- K. **Household Annual Income as of Most Recent Recertification within reporting period.** Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications.
- L. **Household Size as of Most Recent Recertification within reporting period.** Enter the number of occupants in the unit from the most recent recertification within the reporting period.
- M. **Minimum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.
- N. **Maximum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.
- O. **Overhoused or Overcrowded?** The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet #1A.
- P. **Overhoused or Overcrowded - Narrative** A household is “Overhoused” if there are fewer people residing in the unit than the minimum occupancy. “Overcrowded” means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.
- Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** “HOPWA set-aside” units are required when HOPWA capital funding is used to acquire, construct or rehab a project.
- R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select “None” if no rental assistance comes with the unit or none is provided to the tenant.
- “RAD - PBV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.
 - “TPV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.
 - “Section 8 - Project Based” = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.
 - “Section 8 - Tenant Voucher” = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.
 - “PRAC - 202” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 202 program.
 - “PRAC - 811” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 811 program.
 - “S+C” = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.

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

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

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

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

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

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

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

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

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

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

3B. Demographic

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

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

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

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

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

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

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

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

3C. Summary of Reported Household Demographics

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

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

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

6. Services Funding

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

7. Supplementary Audit Information - Required by MOHCD

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

Completeness Tracker

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

Links to Relevant Policies

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

[MOHCD Forms Page at SFMOHCD.ORG](http://sfmohcd.org)

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

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

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

[MOHCD Residual Receipt Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf)

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

[MOHCD Insurance Requirements Policy](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf)

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

[MOHCD Operating Fees Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf)

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

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

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

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

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

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

34		Vacancies - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)
35	0	Evictions - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)
36		Vacant Unit Rent-Up Time - (in DAYS) State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. # 4 Please EXCLUDE any units that are being held vacant to support rehabilitation or other temporary relocation needs. <i>If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)</i>
37		Waiting List - How many applicants are currently on the waiting list? <i>(Please also submit a copy of the waiting list, see AMR submission instructions.)</i>
38		When was the waiting list last updated? (m/yyyy)
39		Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? <i>If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.)</i> # 5
40		What is the date of the last Capital Needs Assessment? (m/d/yyyy)
41		What is the projected date of the next Capital Needs Assessment? (m/d/yyyy)
42		How many Health, Building or Housing Code Violations were issued against the property in the reporting year? (If there were no violations enter "0"). <i>If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)</i> # 2
43		# 2 How many Health, Building or Housing Code Violations were open from <i>prior</i> years?
44		How many Health, Building or Housing Code Violations were cleared in the reporting year?
45		Are there urgent Major Property Repairs needed on the property in the next two years? (Yes/No) <i>If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)</i> # 3

46		<p>If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. (Click on # 3 at left to jump to Narrative worksheet.)</p>
----	--	---

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

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

POPULATION SERVED

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

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

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

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

Remember, **SAVE YOUR WORK!**

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

Project Address:

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

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

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

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

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

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

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

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

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

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

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

Project Address:

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

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

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

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

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

		enter # below		enter # below	
2	Breach of Lease Agreement		Indigenous - American Indian/Native American		Black - African
3	Capital Improvement		Indigenous from Mexico, the Caribbean, Central America or South America		Black - African American
4	Condo Conversion		Other Indigenous		Black - Caribbean, Central American, South American or Mexican
5	Demolition		Asian - Chinese		Other Black
6	Denial of Access to Unit		Asian - Filipino		North African
7	Development Agreement		Asian - Japanese		West Asian
8	Ellis Act Withdrawal		Asian - Korean		Other Middle Eastern or North African
9	Failure to Sign Lease Renewal		Asian - Mongolian		Pacific Islander - Chamorro
10	Good Samaritan Tenancy Ends		Asian - Central Asian		Pacific Islander - Native Hawaiian
11	Habitual Late Payment of Rent		Asian - South Asian		Pacific Islander - Samoan
12	Illegal Use of Unit		Asian - Southeast Asian		Other Pacific Islander
13	Lead Remediation		Other Asian		White - European
14	Non-payment of Rent		Latino - Caribbean		Other White
15	Nuisance		Latino - Central American		Not Reported
16	Other		Latino - Mexican	0	Total (must match Total number in E29)
17	Owner Move In		Latino - South American		
18	Roommate Living in Same Unit		Other Latino		Gender data for households that received Notices of Eviction during the reporting period:
19	Substantial Rehabilitation				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		Gender data for households for which Unlawful Detainers were filed during the report period:
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		Gender data for households that were Evicted during the reporting period:
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	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
16	INCOME & EXPENSES				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number	Residential	Non-Residential	Total
21					
22	Rental Income				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	sub-total Gross Rental Income:		\$0.00	\$0.00	\$0.00
28	Vacancy Loss - enter amounts as negative numbers!				vacancy rate
29	Housing Units	5220		Must click & explain if Residential Vac Rate is > 15%	
30	Commercial	5240			0.00%
31	sub-total Vacancies:		\$0.00	\$0.00	\$0.00
32					
33	NET RENTAL INCOME:		\$0.00	\$0.00	\$0.00
34					
35	Other Income				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source/s- identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	sub-total Other Income Received:		\$0.00	\$0.00	\$0.00
45					
46	TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
47					
48	INCOME & EXPENSES				
49	Description of Expense Accounts	Account Number	Residential	Non-Residential	Total
50					
51	Management				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	sub-total Management Expense:		\$0.00	\$0.00	\$0.00
55	Salaries/Benefits				
56	Office Salaries	6310			
57	Manager's Salary	6330			
58	Employee Benefits: Health Insurance & Disability Insurance	6723			
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	sub-total Salary/Benefit Expense:		\$0.00	\$0.00	\$0.00
62	Administration				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	Miscellaneous Administrative Expenses (must click & explain if >\$10k)	6390			
71	sub-total Administrative Expense:		\$0.00	\$0.00	\$0.00
72	Utilities				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			

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

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

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
164	12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right)				
165	12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right)				
166	Total Residual Receipts Payments:				\$0.00
167	DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.				
168					
169	Remaining Balance				\$0.00
170					
171	Proposed Owner Distributions (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	Proposed Other Distributions/Uses (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)				
173					
174	Final Balance: should be ZERO except when Surplus Cash (cell J140) is negative				\$0.00
175					
176	RESERVE ACCOUNT DETAILS				
177					
178	OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
179	Minimum Required Balance:				
180	Beginning Balance:				
181	Actual Annual Deposit from Operating Budget in Current Reporting Period (not editable, data entered in cash flow above, account number 1365):		\$0.00		
182	Additional Deposit (use ONLY to record deposits from the Op Budget attributable to a prior reporting period, or deposits made from an external source)				
183	Interest Earned:				
184	Annual Withdrawal Amount (enter as negative number):				
185	Ending Balance (don't edit cell -- calculated):		\$0.00		
186	Required Annual Deposit:				
187	Total Operating Expenses plus debt service (don't edit cell -- calculated)		\$0.00		
188	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell. If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.		0.000%		
189	REPLACEMENT RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
190	Minimum Required Balance:				
191	Beginning Balance:				
192	Actual Annual Deposit:				
193	Interest Earned:				
194	Annual Withdrawal Amount (enter as negative number):				
195	Ending Balance (don't edit cell -- calculated):		\$0.00		
196	Required Annual Deposit (do not edit - taken from page 1 account number 1320):		\$0.00		
197	Describe how the amount of annual deposit and the minimum required balance is determined.				
198					
199					
200	CHANGES TO REAL ESTATE ASSETS				
201	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.		Balance, 1/00/1900	Changes	Balance, 1/00/1900
202	Building & Improvements			\$0.00	
203	Offsite Improvements			\$0.00	
204	Site Improvements			\$0.00	
205	Land Improvements			\$0.00	
206	Furniture, Fixtures & Equipment			\$0.00	
207	Other			\$0.00	
208	Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
209	Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 201-207 above that shows a positive change, an entry is required in each corresponding category in rows 212-217. If the operating account is used initially to fund the repair, and is later reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account." Use the section below to supply a description of the capital repairs and improvements made.				
210	Capital Repairs and Improvements Funded By:				
211	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Amount
212	Building & Improvements				\$0.00
213	Offsite Improvements				\$0.00
214	Site Improvements				\$0.00
215	Land Improvements				\$0.00
216	Furniture, Fixtures & Equipment				\$0.00
217	Other				\$0.00
218	Total	\$0.00	\$0.00	\$0.00	\$0.00
219	Description of Capital Repairs and Improvements				
220					
221	Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs): Enter the amounts used to fund non-capital replacement reserve eligible expenditures. Use section below to supply explanations.				
222	Source				Amount
223	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				\$0.00
224	Paid Directly from Replacement Reserve				
225	Other Source				
226	Explanation of Non-Capital Replacement Reserve Eligible Expenditures	Total			\$0.00
227					
228	TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES: the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.	RR Withdrawal Amount-->	\$0.00	Total RR-Eligible Expenditures-->	\$0.00
229	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
230					
231					
232	FEDERAL PROGRAM INCOME REPORT				
233	This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, use the following link or copy this web address for manual navigation:				
234					
235	http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141				
236	Overview of Federal (HOME and CDBG) Program Income				
237					
238	CDBG PROGRAM INCOME				
239	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2020-2024 Consolidated Plan, 2020-2021 Action Plans as follows:	AMOUNT	DESCRIPTION		
240	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
241	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
242	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
243	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2019 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
244	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
245	Total CDBG Program Income Calculation (see instructions for guidance on how to calculate)				
246	To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2020 reporting period as depicted above.				

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

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

Household Size

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

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

Other Household Demographics

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

Gender

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

Sexual Orientation

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

Target and Actual Population Served

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

(add additional rows as needed)

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

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

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

3. Major Repairs

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

4. Vacant Unit Rent-Up Time

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

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

5. Affirmative Marketing

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

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

6. Vacancy Rate ----->

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

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

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

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

Misc. Admin Expenses

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

Misc. Operating & Maintenance Expenses

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

8. Negative Cash Flow

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

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

Project Street Address:

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

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

Project Street Address:

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

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

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

Administration

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

Utilities

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

Taxes and Licenses

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

Insurance

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

Project Street Address:

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

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

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

Financial Expenses

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

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

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

Depreciation & Amortization Expenses

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

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

Net Entity Expenses

the right.

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

3250	Change in Total Net Assets from Operations (Net Loss)	\$0
	<i>Amount computed in cell E139 should match audited financial statement.</i>	

Project Street Address:

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

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

Distribution of Surplus Cash Ahead of Residual Receipts Payments

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

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

Distribution of Residual Receipts

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

Total

Total Residual Receipts Distributions to Lenders: \$0

Proposed Owner Distribution \$0

Proposed Other Distribution/Uses \$0

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

Project Street Address:

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

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

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

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

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

Project Address: _____

Submission Instructions:

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

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

Worksheet 1A. Property & Residents	INCOMPLETE	
Questions 1 thru 4		Incomplete
Questions 5 thru 24		Incomplete
Questions 25 thru 39		Incomplete
Questions 40 thru 46		Incomplete
Questions 51 thru 57		Incomplete
Worksheet 1B. Transitional Programs	To Be Determined	
Questions 1 thru 11		To Be Determined
Questions 12 thru 18		To Be Determined
Questions 19 thru 39		To Be Determined
Worksheet 1C. Eviction Data	To Be Determined	
Question 1		To Be Determined
Questions 2 thru 21		To Be Determined
Questions 22 thru 41		To Be Determined
Questions 42 thru 61		To Be Determined
Worksheet 2. Fiscal Activity	INCOMPLETE	
Rental Income - Housing Unit GPTR		Incomplete
Vacancy Loss - Housing Units		Incomplete
Operating Expenses		Incomplete
Surplus Cash/Residual Receipts (Rows 140 - 174)		Incomplete
Operating Reserve (Rows 177 - 187)		Incomplete
Replacement Reserve (Rows 189 - 197)		Incomplete
Changes to Real Estate Assets (Rows 202 - 207)		Incomplete
Replacement Reserve Eligible Expenditures (Rows 210 - 229)		Incomplete
Program Income (Rows 240 - 245)		OK
Worksheet 3A. Occupancy & Rent Info	INCOMPLETE	
Does number of units entered on Worksheet 3A match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B?		To Be Determined
For each row for which a Unit Number is supplied, was data entered in all of the required cells?		To Be Determined
Narrative Provided for All rows indicating Overhoused or Overcrowded?		To Be Determined
Worksheet 3B. Demographic Information	To Be Determined	
Is Gender and Sexual Orientation/Identity selected for each household?		To Be Determined
Worksheet 4. Narrative	To Be Determined	
2		To Be Determined
3		To Be Determined
4		To Be Determined
5		To Be Determined
6		To Be Determined
7		To Be Determined
8		To Be Determined
Worksheet 5. Project Financing	INCOMPLETE	
Worksheet 6. Services Funding	To Be Determined	

EXHIBIT H

Tenant Selection Plan Policy

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

Application Process

- **Application Materials.** MOHCD will provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants will be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information will be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider will immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

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

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider will immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider will comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

Reasonable Accommodation: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider’s rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider will respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider will grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection will explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

- The housing provider will:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which will be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision will be sent (electronically or otherwise) to the referring agency and the funding agency.

- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

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

Screening Criteria

- Housing providers will not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers will not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers will consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which will be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

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

EXHIBIT J

Developer Fee Policy

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

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

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

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

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

A. Total Development Fee

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

B. Fee Components

1. Cash-Out Fee (Base and Additional)

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

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

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

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

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

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

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

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

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

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

A. At-Risk Fee Adjustment

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

IV. WAIVERS OF THE DEVELOPER FEE POLICY

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

V. CDBG or HOME REQUIREMENTS

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

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

VI. POLICY IMPLEMENTATION

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

EXHIBIT K

Hold Harmless Policy

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



London N. Breed
Mayor

Kate Hartley
Director

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

Background

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

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

Purpose

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

This Policy establishes the following:

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

This Policy is intended to limit harm by:

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

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

Hold Harmless Limits

For the purpose of this Policy:

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

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

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

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

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

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

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

Utility Allowances

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

Limited Hardship Waiver

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

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

EXHIBIT L
Insurance Requirements

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

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

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

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

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

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

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

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

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

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

(a) Prior to construction:

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

(b) During the course of construction:

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

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

(c) Upon completion of construction:

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

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

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

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

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

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

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

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

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

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

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

4. General Requirements.

(a) Required Endorsements. Borrower's insurance policies will include the following endorsements:

(i) Commercial General Liability and Commercial Automobile Liability Insurance policies will be endorsed to name as "Additional Insured" the City and County of San Francisco, its officers, agents, and employees.

(ii) The Workers' Compensation policy(ies) will be endorsed with a waiver of subrogation in favor of the City for all work performed by the Borrower, its employees, agents, contractor(s), and subcontractors.

(iii) Commercial General Liability and Commercial Automobile Liability Insurance policies will provide that such policies are primary insurance to any other insurance available to the "Additional Insureds," with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(iv) All policies will be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices will be sent to the City address set forth in **Section 21.1** of the Agreement.

Borrower will provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

(b) Certificates of Insurance. By no later than Loan closing and annually thereafter, Borrower will furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Borrower's liability under this Agreement.

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

(d) Claims Based Policies. All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made form, Borrower will maintain coverage as follows:

(i) for builder's risk, continuously for a period ending no less than three (3) years after recordation of a notice of completion without lapse, to the effect that, if any

occurrences give rise to claims made after completion of the Project, then those claims will be covered by the claims-made policies; or

(ii) for all other insurance under this Exhibit L, continuously through the Compliance Term and, without lapse, for a period of no less than three (3) years beyond the expiration of the Compliance Term, to the effect that, if any occurrences during the Compliance Term give rise to claims made after expiration of the Agreement, then those claims will be covered by the claims-made policies.

(e) Additional Requirements.

(i) If any of the required insurance is provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit will be double the occurrence or claims limits specified above.

(ii) Any and all insurance policies required under this Exhibit L will contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(iii) On City's request, Borrower and City will periodically review the limits and types of insurance carried under this Exhibit L. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Borrower for risks comparable to those associated with the Permit Area, then City in its sole discretion may require Permittee to increase the amounts or coverage carried by Borrower to conform to the general commercial practice, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(iv) Borrower's compliance with the insurance requirements under this Exhibit L will in no way relieve or decrease Borrower's indemnification obligations under this Agreement or any of Borrower's other obligations under this Agreement.

Exhibit M
Reserved

EXHIBIT N
Reserved

Exhibit O

EXHIBIT O
Reserved

EXHIBIT P
Residual Receipts Policy

Mayor's Office of Housing and Community Development

Residual Receipts Policy

Effective April 1, 2016

INTRODUCTION

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

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

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

SUMMARY (see below for detailed requirements)

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

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

I. Definition of Residual Receipts

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

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

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

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

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

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

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

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

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

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

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

V. Conditions to Distribution of Residual Receipts to Borrower

A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:

1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

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

VI. Use of Residual Receipts Distributed to the Borrower

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

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

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

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: Housing Loan Administrator

Assessor's Lot 015; Block 3999
Address: 249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania Avenue,
San Francisco, CA 94107

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

**DECLARATION OF RESTRICTIONS AND
AFFORDABLE HOUSING COVENANTS**

(Property Address: 249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania
Avenue, San Francisco, CA 94107)

**THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE
HOUSING COVENANTS** (this "Declaration") is made as of _____,
2024, by **249 PENNSYLVANIA ASSOCIATES L.P.**, a California limited partnership
("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**,
represented by the Mayor, acting by and through the Mayor's Office of Housing and
Community Development (the "City").

RECITALS

A. The City is making a loan (the "Loan") to Borrower of Community
Development Block Grant Funds and 2023 Certificates of Participation Funds to finance
costs associated with the development of the real property described in **Exhibit A**
attached hereto and incorporated herein by reference (the "Property") as 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:

1.2 With the exception of one (1) 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 the below, which may be subject to change upon Project construction finance closing:

Unit Size	No. of Units	Max Income Level
0	36	50% Median Income
2	12	50% Median Income
3	12	50% Median Income
0	9	50% Median Income
2	4	50% Median Income
3	5	50% Median Income
2	15	60% Median Income
3	6	60% Median Income
0	6	60% Median Income
2	7	80% Median Income
3	7	80% Median Income
2	1	Manager Unit
	120	

In addition, Fifty Percent (50%) of the 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, provided that the exact number of Units to be subject to such occupancy restrictions may be subject to change by mutual agreement upon Project construction finance closing.

If the LOSP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent

necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that:

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

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

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

1.3 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.

1.4 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).

1.5 Notwithstanding anything to the contrary herein, the City acknowledges that the Property currently consists of improvements for commercial use and therefore, accordingly, Borrower may use the Property for interim uses approved by MOHCD prior

to the closing of construction financing for the Project. Borrower will ensure that any interim use does not interfere with or delay any due diligence, investigation, or any other predevelopment work necessary for obtaining financing and commencing construction of the Project.

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 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"

249 Pennsylvania Associates, L.P.,
a California limited partnership

By: Pennsylvania 249 Housing Associates LLC,
a California limited liability company, its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Roxanne Huey

Interim Co-Chief Executive Officer [ALL SIGNATURES MUST BE
NOTARIZED.]

EXHIBIT A
(Legal Description of the Property)

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

PARCEL ONE:

Beginning at the Southwest corner of Pennsylvania Avenue (90 feet wide) and Mariposa Street (66 feet wide); thence Easterly along the Southerly line of said Mariposa Street 100.00 feet; thence at right angles Southerly 25 feet; thence at right angles Westerly 15.00 feet to a point in a line parallel with and distant Easterly 85 feet measured at right angles from the Easterly line of said Pennsylvania Avenue; thence Southerly along said parallel line 225.00 feet; thence at right angles Westerly 85.00 feet to a point in the Easterly line of said Pennsylvania Avenue; thence Northerly along said Easterly line 250.00 feet to the point of beginning.

As said parcel is described on the Certificate of Compliance recorded July 12, 2018 as Instrument No. 2018K638468.

Excepting therefrom rights to all oil, gas and minerals as reserved in deed dated September 23, 1952, from Southern Pacific Company, a corporation, to Northern California Hardware & Steel Co., a corporation, recorded October 7, 1952, Book 6014, Page 270, Series B-20709, Official Records.

Also excepting therefrom all minerals contained in the above described land, including, without limiting, the generality thereof oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals fifty feet (50') below the surface of said land, as reserved by the Atchison, Topeka and Santa Fe Railroad Company, a Delaware corporation, in Deed recorded October 30th, 1991 in Book F492, Image 126, Series No. F018797, Official Records.

PARCEL TWO:

Easement appurtenant to Parcel One for construction and maintenance of footings for retaining wall as granted in the deed from Southern Pacific Company, a Delaware Corporation, to Northern California Hardware & Steel Co., a corporation, dated September 23, 1952, recorded October 7, 1952, in Book 6014 of Official Records, at Page 270, in the office of the Recorder of the City and County of San Francisco, State of California, more particularly described as follows to wit:

BEGINNING at a point in a line parallel with and distant 25 feet Southerly at right angles from the Southerly line of Mariposa Street, distant 85 feet Easterly along said parallel line from the Easterly line of Pennsylvania Avenue; thence Southerly, parallel with and

distant Easterly, 85 feet, measured at right angles from said Easterly line of Pennsylvania Avenue 225 feet; thence Easterly at right angles from the last described course, 3.5 feet to a point in a line parallel with and distant Easterly 88.5 feet, measured at right angles from said Easterly line of Pennsylvania Avenue; thence Northerly, along last said parallel line, 225 feet to a point in said line that is Page 2 of 2 parallel with and distant 25 feet Southerly, at right angles from the Southerly line of Mariposa Street; thence Westerly, along last said parallel line 3.5 feet to the point of beginning

Being a portion of Block 316 of the Potrero Nuevo Survey.

Assessor's Lot 015; Block 3999

Street Address: 249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania Avenue

SECURED PROMISSORY NOTE

(\$10,400,000 Community Development Block Grant Funds; \$1,564,119 2023 Certificates of Participation)
(Acquisition Amount)

Principal Amount: \$11,964,119

San Francisco, CA

Date: _____, 2024

FOR VALUE RECEIVED, the undersigned, **249 PENNSYLVANIA ASSOCIATES L.P.**, a California limited partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of Eleven Million Nine Hundred Sixty- Four Thousand One Hundred Nineteen and No/100 Dollars (\$11,964,119.00) (the "Acquisition Amount"), or so much of the Acquisition 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 Acquisition 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 Acquisition Amount. The entire principal balance of the Note, together with all accrued and unpaid interest 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) Maker's closing of construction financing for the Project, or (b) the Outside Construction Commencement Date (the "Maturity Date"). If the Maturity Date falls on a weekend or holiday, it will be deemed to fall on the next succeeding business day. This Note will be deemed repaid upon Maker's transfer of the Site to the City on or before the closing of construction financing for the Project, or a transfer of the Site under Section 3.8 of the Agreement.

5. Security. Maker's obligations under this Note are secured by the Deed of Trust and the pledge of Work Product.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the Payment of any sum by Maker pursuant to the terms of this Note would result in the Payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the Payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note will be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

7.3 Subject to this Section, Holder will not seek or obtain judgment against Maker for the Payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any Payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the Payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

[SIGNATURES ON THE NEXT PAGE]

"MAKER"

249 Pennsylvania Associates, L.P.,
a California limited partnership

By: Pennsylvania 249 Housing Associates LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Roxanne Huey
Interim Co-Chief Executive Officer

SECURED PROMISSORY NOTE
(2023 Certificates of Participation)
(Predevelopment Amount)

Principal Amount: \$1,035,881

San Francisco, CA

Date: _____, 2024

FOR VALUE RECEIVED, the undersigned, **249 PENNSYLVANIA ASSOCIATES L.P.**, a California limited partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of One Million Thirty-Five Thousand Eight Hundred Eighty-One and No/100 Dollars (\$1,035,881.00) (the "Predevelopment Amount"), or so much of the Predevelopment 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**, the outstanding principal balance of the Note will bear simple interest at a rate of three percent (3%) per annum, provided, however, that prior to the Outside Construction Commencement Date, 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. 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 Predevelopment Amount. The entire principal balance of the Note, together with all accrued and unpaid interest and other unpaid fees and costs incurred (all together, the "Payment"), will be due and payable on the date that is the fifty-fifth (55th) anniversary of the Conversion Date (the "Predevelopment Maturity Date"); provided, however, subject to **Section 3.8** of the Agreement, if Borrower fails to commence construction of the Project on or before the Outside Construction Commencement Date, the Predevelopment Maturity Date will be the Outside Construction Commencement Date. The City may agree to extend the Outside Construction Commencement Date in its sole and absolute discretion. If the Predevelopment 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 and the pledge of Work Product.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the Payment of any sum by Maker pursuant to the terms of this Note would result in the Payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the Payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note will be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

7.3 Subject to this Section, Holder will not seek or obtain judgment against Maker for the Payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any Payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the Payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

[SIGNATURES ON THE NEXT PAGE]

"MAKER"

249 Pennsylvania Associates, L.P.,
a California limited partnership

By: Pennsylvania 249 Housing Associates LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Roxanne Huey
Interim Co-Chief Executive Officer

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

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

Assessor's Lot 015; Block 3999
Address: 249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania Avenue, San
Francisco, CA 94107

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

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

(Property Address: 249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania
Avenue, San Francisco, CA 94107)

**THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY
AGREEMENT AND FIXTURE FILING** ("Deed of Trust") is made as of _____,
2024, by **249 PENNSYLVANIA ASSOCIATES L.P.**, a California limited partnership
("Trustor"), whose address is 201 Eddy Street, San Francisco, CA 94102, to **OLD
REPUBLIC TITLE COMPANY**, a California corporation ("Trustee"), whose address is
275 Battery Street, Suite 1500, San Francisco, CA 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 new approximately 120-unit

multifamily residential project affordable to low-income and formerly homeless families, which will be known as 249 Pennsylvania Avenue (the "Project"); and

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

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

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

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

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

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

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

(i) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

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

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

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

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

(b) payment of the indebtedness evidenced by the Agreement and the Predevelopment Note in the original principal amount of One Million Thirty-Five Thousand Eight Hundred Eighty-One and No/Dollars (\$1,035,881), with interest, according to the terms of the Agreement and the Predevelopment Note; and

(c) payment of the indebtedness evidenced by the Agreement and the Acquisition Note in the original principal amount of Eleven Million Nine Hundred Sixty-Four Thousand One Hundred Nineteen and No/100 Dollars (\$11,964,119.00), with interest (if applicable), according to the terms of the Agreement and the Acquisition Note; and

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

3. Assignment of Rents.

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

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

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

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

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

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any

negligence in the management, upkeep, repair, or control of the Property; or

4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

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

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

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

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

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

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

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

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or

(iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

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

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

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

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

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

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the

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

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

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

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

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

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

6. Insurance and Condemnation Proceeds.

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

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

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Notes and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

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

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

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

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

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

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

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

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Notes, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

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

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

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

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

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

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

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

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

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

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

"TRUSTOR:"

249 Pennsylvania Associates, L.P.,
a California limited partnership

By: Pennsylvania 249 Housing Associates LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Roxanne Huey
Interim Co-Chief Executive Officer

[ALL SIGNATURES MUST BE NOTARIZED]

EXHIBIT A
Legal Description of the Land

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

PARCEL ONE:

Beginning at the Southwest corner of Pennsylvania Avenue (90 feet wide) and Mariposa Street (66 feet wide); thence Easterly along the Southerly line of said Mariposa Street 100.00 feet; thence at right angles Southerly 25 feet; thence at right angles Westerly 15.00 feet to a point in a line parallel with and distant Easterly 85 feet measured at right angles from the Easterly line of said Pennsylvania Avenue; thence Southerly along said parallel line 225.00 feet; thence at right angles Westerly 85.00 feet to a point in the Easterly line of said Pennsylvania Avenue; thence Northerly along said Easterly line 250.00 feet to the point of beginning.

As said parcel is described on the Certificate of Compliance recorded July 12, 2018 as Instrument No. 2018K638468.

Excepting therefrom rights to all oil, gas and minerals as reserved in deed dated September 23, 1952, from Southern Pacific Company, a corporation, to Northern California Hardware & Steel Co., a corporation, recorded October 7, 1952, Book 6014, Page 270, Series B-20709, Official Records.

Also excepting therefrom all minerals contained in the above described land, including, without limiting, the generality thereof oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals fifty feet (50') below the surface of said land, as reserved by the Atchison, Topeka and Santa Fe Railroad Company, a Delaware corporation, in Deed recorded October 30th, 1991 in Book F492, Image 126, Series No. F018797, Official Records.

PARCEL TWO:

Easement appurtenant to Parcel One for construction and maintenance of footings for retaining wall as granted in the deed from Southern Pacific Company, a Delaware Corporation, to Northern California Hardware & Steel Co., a corporation, dated September 23, 1952, recorded October 7, 1952, in Book 6014 of Official Records, at Page 270, in the office of the Recorder of the City and County of San Francisco, State of California, more particularly described as follows to wit:

BEGINNING at a point in a line parallel with and distant 25 feet Southerly at right angles from the Southerly line of Mariposa Street, distant 85 feet Easterly along said parallel line from the Easterly line of Pennsylvania Avenue; thence Southerly, parallel with and distant

EXHIBIT A

Easterly, 85 feet, measured at right angles from said Easterly line of Pennsylvania Avenue 225 feet; thence Easterly at right angles from the last described course, 3.5 feet to a point in a line parallel with and distant Easterly 88.5 feet, measured at right angles from said Easterly line of Pennsylvania Avenue; thence Northerly, along last said parallel line, 225 feet to a point in said line that is Page 2 of 2 parallel with and distant 25 feet Southerly, at right angles from the Southerly line of Mariposa Street; thence Westerly, along last said parallel line 3.5 feet to the point of beginning

Being a portion of Block 316 of the Potrero Nuevo Survey.

Assessor's Lot 015; Block 3999

Street Address: 249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania Avenue

EXHIBIT A

SITE ACQUISITION & PREDEVELOPMENT NOFA AWARDEE

249 PENNSYLVANIA

BUDGET AND FINANCE COMMITTEE
MARCH 27, 2024

ANNE ROMERO
SENIOR PROJECT MANAGER

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

SITE ACQUISITION AND PREDEVELOPMENT FINANCING FOR NEW AFFORDABLE RENTAL HOUSING

- Issued January 27, 2023 with applications due June 7, 2023
- Total of \$66.5M = \$40M Certificates of Participation (COP) + \$26.5M MOHCD sources
- 8 Total Applicants; 5 Awarded

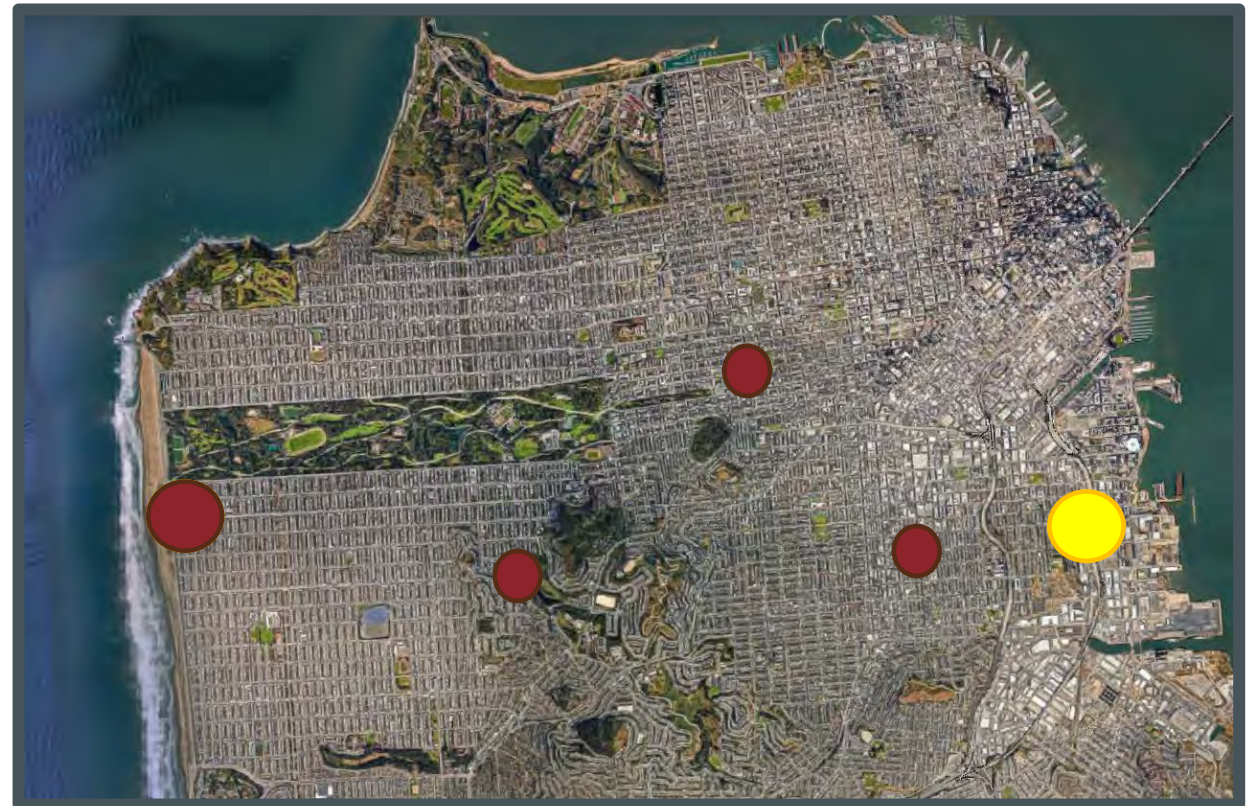
NOFA Expectations

- Funding for site acquisition and predevelopment
- Create opportunities for emerging and BIPOC developers
- Implement an interim use before construction start
- Minimum of 25% of units subsidized by LOSP for permanent supportive housing
- Maximize City's subsidy by securing State and private sources for construction and permanent financing
- Land transferred to MOHCD at construction close; ground lessor under a long-term ground lease
- Construction from 2026 – 2028, Occupancy in 2029

SITE ACQUISITIONS

Five new sites acquired:

Site	Units	Request
650 Divisadero	95 units	\$15,000,000
1234 Great Highway	216 units	\$24,000,000
249 Pennsylvania	120 units	\$13,000,000
3300 Mission	40 units	\$6,500,000
250 Laguna Honda	115 units	\$8,000,000
TOTAL	586 units	\$66,500,000



249 PENNSYLVANIA (BOUNDED BY MARIPOSA, 18TH STREET AND THE I-280 FREEWAY)

FILE # 240234

Current use

- Vacant site (Center Hardware store demolished in 2019)

Development Team

- Tenderloin Neighborhood Development Corporation (TNDC)
- Young Community Developers (YCD)

Proposed use

- 120 units (studio, 1-, 2- and 3-BR units) for families
- Up to half of the units as permanent supportive housing
- 7 stories
- 30% - 80% AMI (\$41,000 - \$110,000 4-person household)
- \$13,000,000 requested loan amount
 - \$11,964,119 Acquisition
 - \$1,035,881 Predevelopment

Timeline:

- 2024: Predevelopment and community engagement
- 2025: Entitlement and financing
- 2026-2028: Construction
- 2029: Fully occupied and operational



SHEILA NICKOLOPOULOS
DIRECTOR OF POLICY & LEGISLATIVE AFFAIRS
SHEILA.NICKOLOPOULOS@SFGOV.ORG

SARA AMARAL
DIRECTOR OF HOUSING DEVELOPMENT
SARA.AMARAL@SFGOV.ORG

ANNE ROMERO
SENIOR PROJECT MANAGER
ANNE.ROMERO@SFGOV.ORG

Thank you



NOTICE OF FUNDING AVAILABILITY

Site Acquisition and Predevelopment Financing for NEW AFFORDABLE RENTAL HOUSING

Issue Date: January 27, 2023
Application Due Date: April 7, 2023

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

Available Funds: up to **\$40,000,000** for site acquisition and predevelopment for new construction projects serving low-income households, including homeless households

TABLE OF CONTENTS

I.	INTRODUCTION	3
II.	IMPORTANT DATES AND SUBMISSION PROCESS	4
	A. IMPORTANT DATES	4
	B. PRE-SUBMISSION MEETING.....	4
	C. REGISTRATION FOR RFQ REQUIRED.....	4
	D. QUESTIONS AND REQUESTS FOR INFORMATION	5
	E. CONTACT PERSON, SUBMISSION DEADLINE AND PLACE.....	5
	F. FINAL REVIEW AND COMMITMENT OF FUNDS	
III.	PROJECT EXPECTATIONS	5
	A. RACIAL EQUITY GOALS	5
	B. ALIGNMENT WITH MOHCD AND HSH GOALS.....	6
	1. MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT	6
	2. DEPARTMENT OF HOMELESSNESS AND SUPPORTIVE HOUSING	7
	C. DEVELOPMENT GOALS	8
	D. ELIGIBLE USE OF FUNDS.....	9
IV.	SELECTION PROCESS, MINIMUM REQUIREMENTS, SELECTION CRITERIA AND SCORING, AND SUBMITTAL REQUIREMENTS OVERVIEW	9
	A. SELECTION PROCESS	9
	B. MINIMUM EXPERIENCE AND CAPACITY REQUIREMENTS	10
	C. MINIMUM PROPOSAL REQUIREMENTS.....	13
	D. FINANCING PLAN AND AFFORDABILITY RESTRICTIONS.....	15
	E. DESIGN REQUIREMENTS.....	16
	F. SUPPORTIVE SERVICES REQUIREMENTS.....	16
	G. SELECTION AND SCORING CRITERIA.....	17
	H. SUBMITTAL REQUIREMENTS OVERVIEW	24
V.	TERMS AND CONDITIONS OF NOFA	27
	A. DEVELOPER RESPONSIBILITIES.....	27
	B. ERRORS AND OMISSIONS IN NOFA	28
	C. ADDENDA TO NOFA.....	29
	D. OBJECTIONS	29
	E. CLAIMS AGAINST MOHCD.....	30
	F. SUNSHINE ORDINANCE	30
	G. RESERVATIONS OF RIGHTS BY THE CITY	30
VI.	LIST OF ATTACHMENTS	32

I. INTRODUCTION

In order to promote the development of permanent affordable housing for residents in San Francisco, including families, homeless households, veterans, and seniors—communities that have traditionally been underserved by new housing production—the Mayor’s Office of Housing and Community Development (MOHCD) announces the availability of predevelopment and acquisition funding for sites suitable for the development of new, permanent affordable housing.

The approved FY22-23 City Budget includes \$112 million for new housing and community development programs, including \$40 million for site acquisitions to be sourced by the issuance of Certificates of Participation (COPs) through the Controller’s Office of Public Finance.

This Notice of Funding Availability (NOFA) will help build the City pipeline of affordable housing, which is especially important at this time given the ambitious production goals of the General Plan’s Housing Element. For sites acquired under this NOFA, MOHCD will make predevelopment loans in 2023, with target construction start dates in 2026 and lease up complete in 2028. Additional development funds will need to be identified in FY2025 to construct the projects.

MOHCD will select proposals that meet the following eight outcomes.

1. MOHCD will prioritize affordable housing projects best positioned to secure funding from the CA Debt Limit Allocation Committee (see: [CDLAC Procedures and Application Instructions](#)) by falling into one of three (3) priority funding categories.
 - Site development will produce at least 25% 2-bedroom and 25% 3-bedroom units, so that development will qualify as [High/Highest Resource](#) family development.
 - Site development will include at least 45% units set aside for referrals of homeless households from HSH’s Coordinated Entry System, so that development will qualify as Homeless.
 - Site will be developed by a team that qualifies for the CDLAC BIPOC funding pool.
2. The proposed project must maximize density and unit count that may be built “as of right” using all available tools.
 - Use streamlined ministerial approval processes and maximize density per as-of-right zoning. For example, SB35 may be used in conjunction with the Affordable Housing Density Program or the State Density Bonus Program.
 - Adjust unit sizes to serve the proposed target populations.
 - Note: The City may determine, at its sole discretion, whether any projects with an existing entitlement meets this requirement.
3. The proposal must implement an interim use plan for the site that outlines contingencies for construction start delays of up to three years that includes:

- Retention, where possible, of existing active uses.
 - Active site management to prevent unsafe conditions.
 - Any proposed interim uses that will activate the site. Note that costs to sustain any interim uses are not eligible uses for funding from this NOFA.
4. The proposal must 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.
 - The site's development plan must accommodate funding constraints, namely, a maximum \$350,000 of City subsidy per unit, including land.
 - The proposal must secure construction and permanent financing that minimizes and leverages City resources to the greatest extent possible, e.g. a State of California, Housing & Community Development (HCD) loan and/or philanthropic contribution
 5. The proposal must designate a minimum of 25% of units for **Households Experiencing Homelessness**, subsidized by the City's Local Operating Subsidy Program.
 6. The proposal must align with the implementation of **City policies** on anti-displacement, racially inclusive communities, and creating stable housing for vulnerable populations, as described below in Section III.
 7. The proposal must create opportunities for the growth of **Emerging Developers** in primary development roles, as members of the development team, or as key members of selected development teams.
 8. Serve at least 30% Extremely Low Income (ELI) households, eg \$29,100 for a single person household, or \$41,550 for a family of four.
 - This may be homeless households referred through the Coordinated Entry System or income restricted units that are subject to the Chapter 47 Preferences.
 - Maximize the number of target population placements into the Project (COP holders, etc.).

Funds issued under this NOFA will be available in late Summer 2023. MOHCD reserves the right to select any number of Projects it determines appropriate, given available resources for housing development and in order to fulfill the express goals of the NOFA.

**** Note: the availability of funds may be subject to the Board of Supervisors' approval of the bond issuance.***

II. IMPORTANT DATES AND SUBMISSION PROCESS

A. IMPORTANT DATES

NOFA Issued	JANUARY 27, 2023
Pre-submission conference via Zoom or MS Teams	FEBRUARY 9, 2023
Deadline for questions and requests for additional information	MARCH 17, 2023
Proposal Submissions Due	APRIL 7, 2023
Notification to Project teams who met submission requirements	APRIL 28, 2023
Project team interviews, if necessary	EARLY MAY 2023
Announcement of selection of projects	MID-MAY 2023
Deadline for Objections	LATE MAY 2023
Loan Committee	LATE SUMMER 2023
Execute Loans	LATE FALL 2023*
Estimated Site Entitlement	No later than December 31, 2024

* Note: the availability of funds may be subject to the Board of Supervisors approval of the bond issuance.

B. PRE-SUBMISSION MEETING

MOHCD will hold a pre-submission conference via ZOOM or Microsoft Teams on **February 9 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 March 17, 2023. Attendance at the pre-submission conference is highly recommended but not mandatory. Please see **Attachment C – NOFA Registration Form** for information on registering for the pre-submission conference.

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 March 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 mohcdHFOpps@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 Mara Blitzer, Director of Special Projects at MOHCD, at mohcdHFOpps@sfgov.org.

Respondents to this NOFA must submit one (1) electronic copy of each of their proposals to MOHCD no later than 4:00 PM, April 7, 2023. **Proposals are to be delivered by email at mohcdHFOpps@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 availability of Certificates of Participation bond funds is subject to the approval of the Board of Supervisors.

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

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

A. **ALIGNMENT WITH CITY RACIAL EQUITY GOALS**

The City is required to affirmatively further fair housing as established by the State of California and the US Department of Housing and Urban Development.

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

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 Emerging Developers (smaller organizations) in a development role or as a 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.
- Submit responses to requests for demographic data regarding the Boards of Directors of member organizations of the Development Team’s and of the staff of the Respondents that are selected. This data will not be evaluated or scored.
- Split any Developer Fee per MOHCD Underwriting Guidelines, linked here: [Multi-family housing forms, documents, policies and guidelines | San Francisco \(sf.gov\)](#).

B. **ALIGNMENT WITH MOHCD DEPARTMENT GOALS**

1. Respondents should align their development approach with the key findings in MOHCD’s Theories of Change (as described in the 2020- 2024 Consolidated Plan at [this link](#)). MOHCD is addressing the City’s priority needs via five interconnected, multidisciplinary objectives that cross program areas and leverage strategies both internally and across multiple city departments. These five objectives are:

Objective 1: Families and individuals are stably housed

Objective 2: Families and individuals are resilient and economically self-sufficient

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

Objective 4: Communities at risk of displacement are stabilized

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

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

- Households experiencing a legacy of exclusion
 - Households destabilized by system trauma
 - Households with barriers to access to opportunities
 - Extremely and very low-income households
 - Households at risk of displacement
2. MOHCD aims to deploy at least 25% and up to 50% of its resources to sites/programs located in Well-Resourced Neighborhoods, and deploy remaining resources to support Priority Equity Geographies as defined in the Housing Element (2023 draft). See: [CTCAC Tax Credit Programs](#) and Figure 19 here: [Housing Element 2022 Update 12.16.22 Clean.pdf \(sfhousingelement.org\)](#).

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

Sites and projects proposed under this NOFA must designate a minimum of 25% of units for households experiencing homelessness, subsidized by the City's Local Operating Subsidy Program.

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

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

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

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

D. ELIGIBLE USES OF FUNDS

Funding awarded through this 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.

- Property acquisition and holding costs, with the exception of interim uses (which are not eligible uses)
- Architectural and engineering expenses
- Environmental assessments
- Appraisals
- Legal costs
- 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 for potential interim uses of such spaces are not eligible for support with these funds.

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

E. SUMMARY OF FUNDING TERMS

Soft Debt Loan Terms Include:

- Maximum City Subsidy: \$350,000 per unit for buildings, to include land
- 3% annual simple interest
- 55-year term
- Repayment due to the extent that residual cash flow is available and at expiration of the loan term
- Rents restricted at an average of 60% MOHCD AMI for the life of the project
- Restrictions must be recorded in first position on title
- Eventual opportunity for City to own the land as ground lessor under some other

land dedication/ subdivision mechanism that will insure long-term affordable housing as the primary use of the land

Please see:

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

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 applicants, at which time applicants 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 interviews have been completed, the Selection Panel will 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 applicants will enter into acquisition and predevelopment loan agreements with milestone requirements established in accordance with the terms of this NOFA. If MOHCD staff cannot enter into a loan agreement with a selected applicant 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 applicant, 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 applicant team should it be determined that the team lacks representation necessary to the achievement of the goals of the NOFA.

B. MINIMUM CAPACITY AND EXPERIENCE REQUIREMENTS

1. Minimum Development Team Characteristics

The proposed applicant team must include the following.

- A nonprofit developer (or developers) with experience developing permanent affordable housing for low-income households or a for-profit developer working in partnership with a nonprofit developer, of which one of the joint venture partners must have experience developing affordable housing (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.
- A property management entity with experience managing housing for formerly homeless families with Housing First principles.
- A community-based, service-providing entity with experience providing culturally competent, and trauma-informed, services appropriate for formerly homeless households in a supportive housing context.

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; they are used to determine 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.

- The project must be new construction (not a requirement for Minimum Service Provision Experience) in a construction type appropriate for the proposed site development (not a requirement for Minimum Property Manager and Service Provision Experience).

- The project must include units for households experiencing homelessness.
- The project must be financed in part with Low-Income Housing Tax Credits.

3. Minimum Developer And Owner Capacity Requirements

Minimum Developer Experience: The proposed Developer must have completed within the past ten years at least **one** Qualifying Project. The definition of “completed” is 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 NOFA response and must be acceptable to MOHCD.

Minimum Ownership Experience: The proposed site owner must have owned at least **one** Qualifying Project for at least five (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.

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

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

onsite staff and their supervisors.

Other Consultants: For any applicant team, the experience of key staff members or “other consultants” may be substituted for the experience of the organization as a whole as long as the staff member’s or consultant’s experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform as a member of the Respondent’s team.

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

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

- *Financial Capacity:* The proposed Developer (or Guarantor where another entity is providing required guarantees) must demonstrate its ability to obtain competitive financing, as evidenced by submitting the latest (2) years of either signed federal income tax returns (including schedules or attachments, if any); or audited financial statements (with management letters, if any). The proposed Developer must also submit **Attachment F – Financing Terms for Developer’s Qualifying Project** documenting the equity pricing and debt terms for the Qualifying Project submitted under Minimum Developer Experience.
- *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.
- *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 by applicant* as evidenced by appropriate documentation (Deed of Trust, Purchase Agreement, Option to Purchase Agreement.) 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, and must be supported by an appraisal as part of the application package.
2. Must include a description of proposed interim uses for the Site during the extended predevelopment period through 2026. This should include a description of current structures and uses; what if any structures or amenities will be preserved; and the timeline, budget, and scope of planned interim uses. The budget should include a description of how security and other holding costs have been calculated.
3. Must include a description of site context: parcel history; current zoning; parcel configuration, including the need for potential parcel mergers; potential historic resources on the site or adjacent to it; and prior uses at the site that may have left environmental impacts. Applicant must include a map of neighboring amenities.
4. Must demonstrate ability for the project to make use of streamlined entitlements through SB 35 or another streamlining initiative.
5. 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.
6. Must demonstrate overall financial feasibility through inclusion of a Financing Plan. The financing plan must include a detailed Sources and Uses Budget that includes the following and uses the most current version of the MOHCD Underwriting Guidelines, available on the MOHCD website (<https://sfmohcd.org/housing-development-forms-documents>.) 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.
 - a. Primary capital funding sources can 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. Do not assume access to Section 8 (Housing Choice Vouchers, Project Based Section 8, or Continuum of Care, for example.)

- b. Rents set at affordability levels appropriate for the target population.
 - i. For the LOSP units serving formerly homeless households, applicants 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.

- ii. For the non LOSP units serving low income households, 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.
 - iii. For units serving seniors age 62+ intending to use the SOS Program subsidy, assume that 40% of the senior units will have an SOS contract. Rents to be set at 15% AMI and 25% AMI, with contract growing at 4% annually.
- 7. 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.
- 8. 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.

9. Must demonstrate competitiveness for State bond and tax credit funds administered by the California Debt Limit Allocation Committee.
10. Proposals that include any displacement/relocation of residential and/or commercial tenants must include a full relocation plan and budget. Displacement or relocation that is required as a condition of site control is highly discouraged, though in some cases may be justified.
11. Must budget for a supportive services and housing stabilization component that is appropriate for the needs of the anticipated tenant population, including households who have experienced homelessness, and within either HSH's or MOHCD's funding guidelines for the services contract.
12. 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. This also needs to cover the entire development period, including interim use and construction work.
13. Must include 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 households who were formerly homeless, for which the City will provide funding.
14. Must provide a construction cost estimate that reflects current construction costs and show escalation assumptions as a separate line item.
15. Must include a Services Plan and Budget that complies with MOHCD underwriting requirements. The awarded development team 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 these agencies. Successful applicants under this NOFA will receive priority for funding from HSH and MOHCD for services and operating subsidies.
 - Operating budgets should include up no (and no more than) 1:100 staffing for the non-homeless residents.

- For the 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.

16. Must 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 two (2) 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. Note: This information does not constitute a formal design submission. There is no reimbursement for costs related to this requirement.

D. SELECTION CRITERIA AND SCORING

Responsive submittals include all the required information listed above, and 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 listed in Section IV.B and IV.C will be scored and ranked according to the extent to which their Experience and Vision meets the following selection criteria:

	Category	Points
A.	EXPERIENCE:	40
i.	<p>Developer (12 pts)</p> <ul style="list-style-type: none"> ▶ Experience with the following: <ul style="list-style-type: none"> ○ Completing projects on time and on budget ○ Obtaining competitive financing terms ○ Developing proposed type of construction ○ Developing housing for low-income households, including those experiencing homelessness, as applicable ▶ Building community support through outreach ▶ Current staff capacity and experience to take on this 	

	project type	
ii.	<p>Owner (4 pts)</p> <ul style="list-style-type: none"> ▶ Track record successfully owning housing financed with Low-Income Housing Tax Credits ▶ Experience owning affordable housing for low-income households, including those experiencing homelessness, if applicable ▶ Effectiveness of current asset management structure and staffing, given portfolio size ▶ Capacity for assuming asset management of an expanded portfolio once the development is complete 	
iii.	<p>Property Manager (8 pts)</p> <ul style="list-style-type: none"> ▶ Experience managing property for low-income households, including those experiencing homelessness, if applicable ▶ Experience achieving high rates of housing retention ▶ Implements low barrier tenant selection policies consistent with Housing First principles and the HSH Documentation Policy ▶ Contributes to long-term sustainability of the development ▶ Achieves cost efficiencies in operations 	
iv.	<p>Service Providers (8 pts)</p> <ul style="list-style-type: none"> ▶ Experience providing access and delivering services to low-income households, including those experiencing homelessness, if applicable ▶ Experience linking residents to the City’s safety net of services ▶ Works with property management to achieve high rates of housing retention ▶ Supports positive outcomes for residents around health and economic mobility ▶ If applicable, provides explanation for service contracts terminated prematurely within the last 5 years ▶ Capacity to attract and retain adequate staffing to take on this project 	

v.	<p>Racial Equity (8 pts)</p> <ul style="list-style-type: none"> ▶ Experience providing housing to COP holders and neighborhood preference holders ▶ Uses innovative approaches to engagement with COP and neighborhood preference holders ▶ Demonstrates commitment to racially diverse project development teams ▶ Demonstrates experience with serving historically excluded communities of color ▶ Describes experience providing access and implementing effective service delivery strategies to historically excluded communities of color 	
----	--	--

B.	VISION:	60
i.	<p>Site and Project Concept (15 pts)</p> <ul style="list-style-type: none"> ▶ 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. ▶ Describes vision for a development program at this site, while best achieving the project goals, and includes: <ul style="list-style-type: none"> ○ A residential program and other envisioned uses; ○ Indicates how the proposed uses and amenities will enhance the lives of the proposed target population and the surrounding neighborhood. ▶ Indicates populations served by the programs and spaces (families, families experiencing homelessness, young adults, children etc.). ▶ Describes the interim use strategy, including contingencies for construction start delays of up to three (3) years 	

<p>ii.</p>	<p>Community Engagement Strategy (10 pts)</p> <ul style="list-style-type: none"> ▶ Describes community engagement strategy and includes: <ul style="list-style-type: none"> ○ The team’s philosophy on community engagement ○ Process for establishing and/or building positive relationships with surrounding neighbors and the larger community ○ Efforts designed to engage all interested community members—particularly BIPOC members of the target populations—and including monolingual non-English speaking community members; ○ How the Development Team intends to comply with the City’s Language Access Ordinance ▶ 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. ▶ 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. 	
------------	--	--

<p>iii.</p>	<p>Services Delivery Strategy (10 pts)</p> <ul style="list-style-type: none"> ▶ Describes the Development Team’s services delivery strategy and includes: <ul style="list-style-type: none"> ○ The overall service philosophy; ○ Model for providing services to formerly homeless residents (including case management ratio and provision of amenities such as front desk clerks, if applicable); ○ The services goals of the proposed vision. ▶ A brief description of the desired outcome of the services to be provided and innovative approaches to services provision, including the strategy of engaging residents and encouraging access to services. ▶ Describes how services for residents will be coordinated with the existing network of services in the neighborhood and community. ▶ Describes strategies used to help BIPOC tenants overcome barriers to accessing supportive services and income that mitigate the effects of poverty and lead to improved self-sufficiency. 	
<p>iv.</p>	<p>Finance & Cost Containment Approach (15 pts)</p> <ul style="list-style-type: none"> ▶ Describes the Development Team’s financing approach to the project. ▶ Describes how project is strategically positioned to successfully compete for State funding resources, including funding from the CA Debt Limit Allocation Committee and Department of Housing and Community Development ▶ Includes the Team’s process for structuring the project and controlling development costs. ▶ Includes innovative strategies intended to minimize MOHCD’s projected capital gap financing. ▶ Describes any innovative (i.e. non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses. ▶ Includes proforma financials. ▶ Includes project design concept to fact check the financials 	

v.	<p>Racial Equity Strategy (10 pts)</p> <ul style="list-style-type: none"> ▶ Explains how vision aligns with the primary goals of this NOFA set forth in the Introduction and Project Expectations. ▶ Proposes a substantive partnership that increases opportunity/capacity for growth of Emerging Developers (smaller organizations). 	
TOTAL POSSIBLE POINTS		100

Projects must receive at least 70 points to proceed through the selection process.

E. 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:

- a. **Certificate of Good Standing** from the California Secretary of State
- b. **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:

- a. Minimum Development Experience

- b. Minimum Ownership Experience
- c. Minimum Property Management Experience
- d. Minimum Service Provision Experience
- e. 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.

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**.

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

- i. **Experience:** Provide written narrative of **no more than five pages** (in Times New Roman font, 12 font size, and 1-inch margins).
- ii. **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, except as identified on the **Attachment B: Submittal Checklist**.

F. Scoring for 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).

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.

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".

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.

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.

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.

G. Scoring for 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:

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 two 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.

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.

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.

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.

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 Emerging Developers (smaller organizations) in development roles. Explain how the Development Team’s model removes barriers to intergenerational wealth, self-sufficiency and resiliency for persons of color, particularly COP holders, African American households and/or households in historically African American neighborhoods.

In this section, include the following attachments:

- Evidence of Site Control
- Appraisal
- Map of Neighborhood Amenities
- MOHCD Application Proforma
- **Attachment I – CDLAC Self Score Worksheet**

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: Applicants 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 applicant 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. Minimum Insurance Requirements: see Appendix A – Minimum Insurance Requirements.

B. ERRORS AND OMISSIONS IN NOFA

Applicants are responsible for reviewing all portions of this NOFA. Applicants 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

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 mohcdHFOpps@sfgov.org setting forth with specificity the grounds for the objection no later than seven (7) calendar days of the date for submitting qualifications (See Section 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.

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.

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.

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 mohcdHFOpps@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

Attachment I: CDLAC Self-Score Worksheet

See attached document

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



London N. Breed
Mayor

Eric D. Shaw
Director

May 30, 2023

Memorandum To: All Potential Applicants

From: Lydia Ely, Deputy Director of Housing
Mayor's Office of Housing and Community Development

Subject: Amendment to Notice of Funding Availability for Site Acquisition and
Predevelopment Financing for New Affordable Rental Housing (Issued
1/27/2023) ("NOFA")

Please be advised that additional funds have been identified for availability under the NOFA. Accordingly, the NOFA has been amended as follows:

1. Page 1 is amended as follows:

Available Funds: up to ~~\$40,000,000~~ \$66,500,000 for site acquisition and predevelopment for new construction projects serving low-income households, including homeless households

2. Page 2 is amended as follows:

The approved FY22-23 City Budget includes \$112 million for new housing and community development programs, including \$40 million for site acquisitions to be sourced by the issuance of Certificates of Participation (COPs) through the Controller's Office of Public Finance. An additional \$26,500,000 will be available from MOHCD's other sources of funds, for a total amount of \$66,500,000 available under this NOFA.

There are no further changes to the NOFA.

Due to the above amendment, **MOHCD will receive any new applications by Wednesday, June 7, 2023, at noon.** Applications previously submitted do not need to be re-submitted. Any applicant who has previously submitted an application by the original deadline may not submit the same application again if such application has been deemed Non-Responsive.




GENERAL PLAN REFERRAL

February 27, 2024

Case No.: 2024-001361GPR
Address: 249 Pennsylvania Avenue
Block/Lot Nos.: 3999/015

Project Sponsor: Mayor's Office of Housing & Community Development
Applicant: Anne Romero – (628) 652-5834
anne.romero@sfgov.org
1 South Van Ness Ave., 5th Floor
San Francisco, CA 94103
Staff Contact: Amnon Ben-Pazi – (628) 652-7428
Amnon.Ben-Pazi@sfgov.org

Recommended By: 
Joshua Switzky, Deputy Director of Citywide Policy for
Rich Hillis, Director of Planning

Finding: The project, on balance, is **in conformity** with the General Plan.

Project Description

The City and County of San Francisco, acting by and through the Mayor's Office of Housing & Community Development (MOHCD), is proposing to provide acquisition and predevelopment financing for the proposed project located at 249 Pennsylvania ("Project"). The Project was awarded MOHCD financing under the 2023 Multi Site Acquisition and Predevelopment Notice of Funding Availability (NOFA) proposal submitted by Tenderloin Neighborhood Development Corporation and Young Community Developers to finance 100% affordable housing. The site is at the corner of Pennsylvania Ave and Mariposa Street, adjacent to I-280. GPR referral is required due to the proposed Predevelopment and Acquisition financing, as well as the future ground lease between the City and the project developer / owner to develop, own and operate the housing.

The Site is currently excavated, and once housed Center Hardware, which was demolished in 2019 leaving a large, rectangular site well positioned for housing development. The UMU zoning and 40-X height limit lends itself to residential multifamily development, and using the State Density Bonus, allows for a mid-rise building. The project team will select an architect to begin the design process, alongside robust community outreach. The team is confident that the site can support 100+ units needed to create economies of scale during property operations and ensure its financial sustainability long into the future. The team will mitigate the adjacency to I-280 by planning for increased air filtration, upgraded windows and soundproofing, and using greenery and outdoor spaces to buffer the building from the freeway.

The project is anticipated to house families between 30%-80% of Area Median Income (AMI) (approx. \$38,900-\$103,750/year for a three-person household). With the focus on family households, at least half of the units will be 2- and 3-bedroom units. Amenities will include a large community room, ample laundry facilities, bike parking, and offices for property management and social service staff.

Environmental Review

The Project is a real estate transaction only. It is not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

General Plan Compliance and Basis for Recommendation

As described below, the proposed refinancing and rehabilitation is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

SHOWPLACE SQUARE/POTRERO AREA PLAN

OBJECTIVE 2.1

ENSURE THAT A SIGNIFICANT PERCENTAGE OF NEW HOUSING CREATED IN THE SHOWPLACE / POTRERO 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

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 BEDROOM UNITS

POLICY 2.3.1

Target the provision of affordable units for families.

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.

The Project would provide housing affordable to very low- and low-income households. At least half of the housing units will be 2- and 3-bedroom units suitable for families.

HOUSING ELEMENT

OBJECTIVE 4.A

SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW- TO MODERATE-INCOME HOUSEHOLDS

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.

OBJECTIVE 4.C

DIVERSIFY HOUSING TYPES FOR ALL CULTURES, FAMILY STRUCTURES, AND ABILITIES

Policy 33

Prevent the outmigration of families with children and support the needs of families to grow.

The Project would provide housing affordable to very low- and low-income households, to help meet the City's Regional Housing Needs Allocation targets. At least half of the housing units will 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 very low-, Low-, and moderate-income households who may otherwise be displaced from the City to reside

in the neighborhood.

3. That the City's supply of affordable housing be preserved and enhanced;

The Project would enhance the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The Project would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking in San Francisco County.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The Project would have no effect on the City's industrial or service sectors or on future opportunities for resident employment or ownership in these sectors.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The Project would be built to all applicable seismic standards.

7. That the landmarks and historic buildings be preserved;

The Project would have no effect on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The Project would have no effect on the City's parks and open space and their access to sunlight and vistas.

Finding: The project, on balance, is **in conformity** with the General Plan.

Citywide Affordable Housing Loan Committee

Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller's Office of Public Finance

249 Pennsylvania

\$11,964,119 for Acquisition

\$1,035,881 for Predevelopment

Total Funding \$13,000,000

Evaluation of Request for:	Acquisition and Predevelopment
Loan Committee Date:	October 13, 2023
Prepared By:	Anne Romero, Project Manager
Asset Manager:	Carmen Otero
Construction Representative:	Sarah Tenpas
Source of Funds Recommended:	\$10,400,000 CDBG \$2,600,000 Certificate of Participation
NOFA/PROGRAM/RFP:	2023 Multisite Site Acquisition and Predevelopment NOFA
Total Previous City Funds Committed:	N/A
Applicant/Sponsor Name:	Tenderloin Neighborhood Development Corporation Young Community Developers

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	249 Pennsylvania	Sponsor(s):	Tenderloin Neighborhood Development Corporation Young Community Developers
Project Address (w/ cross St):	249 Pennsylvania (btwn 18 th & Mariposa)	Ultimate Borrower Entity:	Limited Partnership still to be formed Loan Request borrower entity is <u>Pennsylvania 249 Housing Associates LLC</u> , which will acquire the parcel and own it during the interim use period.

Project Summary:

In January of 2023, MOHCD issued a Multisite Acquisition and Predevelopment Notice of Funding Availability (NOFA) for the financing of new, affordable rental housing. Tenderloin Neighborhood Development Corporation (TNDC) and Young Community Developers (YCD) (together Sponsor) applied under the NOFA for acquisition of 249 Pennsylvania Ave, currently a vacant lot in San Francisco's Potrero Hill neighborhood.

The parcel occupies most of the City block bounded by Pennsylvania Ave, Mariposa Street, 18th Street, and the I-280 Freeway. The Sponsor envisions parking (or other low infrastructure-needing uses) as the interim use before development into a 120-unit Type III/I residential building with 7 stories. The Sponsor aims to promote the development of permanent affordable housing for low income and formerly homeless families in a high resource neighborhood. The Site was in a designated high resource area in 2022, the only such area across the southeastern portions of the City. Though that designation was lost in 2023, the project team has preserved that designation for an additional seven years by gaining site control before the end of 2022. The proposed project is consistent with the City's Consolidated Plan and Master Plan Housing Element.

249 Pennsylvania will bring approximately 120 affordable units (60 studios, 30 2-bedrooms and 30 3-bedrooms), with 50% of units serving formerly homeless households supported by the City's Local Operating Subsidy Program (LOSP). The remaining units will serve low-income families between 40% and 80% MOHCD AMI. No retail or commercial spaces are contemplated.

This request for financing is to take out Corporation for Supportive Housing's (CSH) acquisition loan in the amount of \$11.9 million, as well as provide \$1,035,881 for predevelopment expenses. The Site acquisition is scheduled to close by October 11, 2023 with CSH's loan of up to \$14,000,000 for acquisition and predevelopment. Upon acquisition loan repayment in early 2024, CSH will provide additional predevelopment funds as needed, and will support the interim use costs. As per the requirements of the NOFA and the interim use plan, the Project is not scheduled to start construction until 2026, after successful applications for state financing in 2025. The land will be transferred to MOHCD upon construction start. Lease up is estimated to begin in 2028.

Project Description:

Construction Type:	Type III/I	Project Type:	New Construction
Number of Stories:	7	Lot Size (acres and sf):	0.50 acres
Number of Units:	120	Architect:	TBD

Total Residential Area:	~ 83,000 SF	General Contractor:	TBD
Total Commercial Area:	N/A	Property Manager:	TNDC
Total Building Area:	~ 83,000 SF	Supervisor and District:	Sup. Walton, D10
Land Owner (future):	MOHCD	MOHCD Acquisition Cost:	\$11,964,119
Total Development Cost (TDC) w/o land:	\$111,698,872	MOHCD Acquisition Cost /unit:	\$99,700
TDC/unit without land:	\$930,824	MOHCD projected Gap request without land:	\$20,982,236
Loan Amount Requested:	\$13,000,000	Request Amount / unit:	\$108,333
Total MOHCD Subsidy / unit with land	\$274,553	Total MOHCD Subsidy / unit without land:	\$174,852
HOME Funds	N	Parking?	TBD
CBDG Funds	Y		

PRINCIPAL DEVELOPMENT ISSUES

- MOHCD Underwriting and Subsidy per unit: The Project underwriting for this request is based solely on the response from the Sponsor to the NOFA. Per the terms of the NOFA, the Sponsor needs to limit the MOHCD subsidy to \$350k per unit, including acquisition and gap financing. Based on the NOFA submission, the Sponsor is at approximately \$275k per door, below the subsidy ceiling. Considering the nascent stage of development, the MOHCD gap is likely to change. See Section 6 Financing Plan.
- A plan for interim use was a requirement under the NOFA; however, opportunities are limited by the Site’s lack of infrastructure. Low-intensive uses, like fleet or public parking, are not principally permitted uses under the Site’s zoning. The Sponsor is searching for prospective tenants to confirm if an approval pathway exists under a PDR designation but may otherwise require Board of Supervisors action to approve a wider range of interim uses, which could take around six months. See Section 4.7.
- Design remains highly conceptual. Upon procurement of the design team, the Sponsor can evaluate changes to the baseline design, such as substituting 1 BR units for studios, exploring the feasibility of parking (a primary neighborhood concern), and maximizing density within the Density Bonus programs. See Section 4.2.
- Site location adjacent to freeway. The subject property is located in a transitioning former industrial area in the Potrero neighborhood immediately adjacent to the I-280 freeway and an exit ramp. To mitigate noise and air pollution, the sponsor will work with the design and engineering team to design upgraded windows, improve air filtration and thoughtful courtyard design. See Sections 2.5 and 4.2.

- **Federal Environmental Review** – a NEPA review will be required to invest CDBG funds in the acquisition prior to loan closing, and MOHCD and the Sponsor are currently investigating the timeline that this environmental review will take. If it is not possible to complete in time, MOHCD will utilize other funds. See Section 2.4.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Per Unit	Terms	Status
MOHCD Acquisition*	\$11,964,119	\$99,701	0% at 3 years	THIS REQUEST
MOHCD Predevelopment	\$1,035,881	\$8,632	3% at 3 years	THIS REQUEST
CSH Acq. Loan / Interim Use Income Takeout Source	\$180,000	\$1,500	2% at earlier of construction loan closing or 4 years	Committed
Total	\$13,180,000	\$109,833		

Permanent Sources	Amount	Per Unit	Terms	Status
MOHCD	\$20,982,236	\$174,852	55 years at 3% / Res Rec	Not Committed
MOHCD for acquisition*	\$11,964,119	\$99,701	0%	Not Committed
LIHTC Equity	\$51,018,244	\$425,152	\$0.96 per Fed LIHTC	Not Committed
HCD-MHP	\$34,580,356	\$288,170	55 years min int pymt/Res Rec	Not Committed
FHLB-AHP	\$1,030,000	\$8,583	15 year grant 0%	Not Committed
Income from Interim Use	\$150,000	\$1,250	TBD	Not Committed
Deferred Fee	\$769,017	\$6,408	0% deferred	Not Committed
GP Equity	\$3,169,018	\$26,408	TC Equity: Price per credit	Not Committed
Total	\$123,662,990	\$1,030,525		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$11,964,119	\$99,701	\$110.14
Hard Costs	\$79,473,927	\$662,283	\$731.64
Soft Costs	\$24,943,706	\$207,864	\$229.63
Reserves	\$943,203	\$7,860	\$8.68
Developer Fee	\$6,338,035	\$52,817	\$58.35
Total	\$123,662,990	\$1,030,525	\$1,138.45

*Acquisition will be considered paid in full once the Site is transferred to MOHCD at construction close. The final MOHCD gap amount is projected at \$20.9 million, inclusive of predevelopment funds, but not acquisition cost.

1. BACKGROUND

1.1. Project History Leading to This Request. On January 27th, 2023, MOHCD issued a NOFA for development of new affordable rental housing for low-income families including a set aside for referrals of homeless households from the Department of Homelessness and Supportive Housing's (HSH) Coordinated Entry system. After the initial review of applicants, five teams were interviewed and all five teams were provided an award letter on June 22, 2023. TNDC and YCD were selected as one of the five teams.

A requirement of the NOFA, teams were to propose acquisition of a property in a high resource area, to be competitive for state financing, as well as be able to hold a property for the near long term, requiring an interim use. TNDC identified the vacant lot at 249 Pennsylvania, with the help of a broker from Kidder Matthews. The Site was in a high resource area in 2022. Though that designation was lost in 2023, the project team has preserved that designation for seven years by gaining site control before the end of 2022 which will be documented when they apply to TCAC per TCAC regulations.

The Site was envisioned as market rate housing under a few different configurations before the owners decided to sell the property, as they were unable to get entitlement concessions that would make their project pencil. As a 100% affordable project, the development would qualify for streamlining and incentives, concessions, and waivers to make development feasible. With the density bonus allowing up to seven stories of housing, and family amenities in the neighborhood, the Site is envisioned as a suitable location for affordable family housing.

TNDC has successfully developed nearby projects in adjacent neighborhoods, including Mission Bay and the Mission District. YCD has projects in process at Pier 70 and Potrero Yard, both of which are within one mile of the project site. TNDC and YCD have also previously partnered on Candlestick 10a, and this project builds on this successful relationship. TNDC and YCD responded to this NOFA as a Joint Venture.

TNDC began due diligence and conducted financial feasibility prior to NOFA submission, and will close on the property using an acquisition loan from CSH in October 2023. That loan carries a 2% interest rate, and additional information on the purchase and acquisition loan terms are included below in Section 3.2 – Site Control.

1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

MOHCD issued a Multisite Acquisition and Predevelopment Notice of Funding Availability (NOFA) for the financing for new, affordable rental housing on January 27, 2023. The NOFA specifically sought projects with acquisitions in high resource areas that would be competitive for state financing. In addition, the NOFA stated goals included the following:

- Interim Use through 2025
- Construction start 2026
- Maximizing density
- City Subsidy of no more than \$350k per door with acquisitions
- A 25% LOSP set aside
- Racial Equity goals

TNDC and YCD met the minimum threshold eligibility requirements and was one of five teams to submit qualifications to acquire and develop a site. Via a competitive scoring process, the Sponsor was selected, scoring 79 out of 100 possible points.

1.3. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

1.3.1. Borrower. The borrower entity for land acquisition and initial predevelopment funding is 249 Pennsylvania Housing Associates LLC. TNDC is the manager of this entity, with YCD as the second member. The ultimate limited partnership entity will be established closer to construction loan closing when the Site is transferred to the City, and existing loans will be assigned to the new limited partnership entity.

1.3.2. Joint Venture Partnership. This partnership between TNDC and YCD leverages each organization's experience and expertise to successfully guide 249 Pennsylvania through its acquisition and interim use period, development process, and transition to operations. TNDC and YCD executed a Memorandum of Understanding on April 6, 2023, outlining the roles and responsibilities in the development process. YCD's share of developer fee will be 25% and TNDC's share will be 75% of the net fee received. TNDC will lead the project through design, entitlement, financing, bidding, construction, and stabilized operations while YCD will lead the community outreach and leverage its resources and job training programs to maximize contracting opportunities for neighborhood residents. YCD will also participate in all aspects of the development process to increase their capacity in housing development, and help coordinate connections with service providers that have a presence in District 10 at Project completion. The combined strengths and experiences of each partner will ensure the project team is appropriately supported while growing the capacity of both organizations.

1.3.3. Demographics of Board of Directors, Staff and People Served.
TNDC and YCD are racially diverse organizations:

TNDC: the CEO, 85% of staff, 60% of the Board, and half of the executive staff are people of color. TNDC is working to foster similar diversity amongst its consultant development teams and has partnered with local emerging BIPOC-led businesses on its development projects.

YCD: Established in 1973, YCD is a black-led California community-based nonprofit that provides a variety of training and support opportunities for the Bayview Hunters Point neighborhood of San Francisco, which is located in District 10. YCD is a BIPOC led organization where the CEO, 91% of the board, 90% of senior management, and 80% of staff are people of color.

Board: YCD's Board of Director/Trustees consists of 12 members; of those 12 members 11 identify as BIPOC and there is a 50/50 split between those who identify as male and female.

Organization Staffing: YCD's Senior Management consists of over 50% identifying as Black/African American and the remaining 40%+ identifying as BIPOC with a 3:1 ratio of female to male.

Departments share similar representation as our leadership with over 80% of our workforce identifying as BIPOC and a 3:1 ratio male to female.

Development Team Staffing: YCD's Development team currently consists of 5 team members 3 of which identify as female and BIPOC.

As a Black-led California community-based nonprofit that has over 50% of its staff identified as Black or African American, YCD's racial equity vision is established through its Executive Director, Board, and staff. YCD has been working to build cultural competency with District 10's Asian population, as Asians are the largest racial and ethnic group in District 10 representing approximately 37% of the population.

1.3.4. Racial Equity Vision. TNDC and YCD are mission-driven and values-led organizations committed to building a future with economic and racial equity. Their respective missions are to develop community and provide affordable housing and services for low-income individuals through San Francisco, and to promote equitable access to opportunity and resources. Their dedication to this vision is demonstrated through their respective efforts and programs.

YCD's Workforce, Education and Housing programs were created to address the opportunity gap for San Francisco's most marginalized and under-resourced residents for whom meeting primary needs is an inherent and ongoing challenge. Established in 2014, YCD's housing department came about because of the dramatic drop in the Black population throughout San Francisco as housing market forces fueled gentrification and displacement. As a part of their vision, YCD has been focusing on developing new housing, acquiring, and preserving existing housing, advocating for policies that prioritize the neighborhood and Black households, and direct services to prevent displacement.

TNDC has historically supported underserved communities, especially people with low incomes and people of color—from its founding mission of acquiring and removing buildings from the speculative marketplace to curb displacement—to currently ensuring that the Tenderloin has the amenities and services needed to sustain a thriving neighborhood. A majority of TNDC tenants are from BIPOC communities, and their programs support these diverse tenants through a variety of culturally responsive, trauma informed, and harm-reduction services and programs that eliminate barriers. TNDC conducts annual tenant surveys regarding satisfaction with onsite support services. These surveys are available in multiple languages, and include demographic data, so responses can be disaggregated by race/ethnicity to identify racial disparities in the way clients experience services. These results inform future programming as well as efforts to increase tenant participation in services.

TNDC is experienced in the implementation and expansion of Certificates of Preference (COP) and neighborhood preference policies. In 2016, TNDC helped the City of San Francisco introduce new federal policy—the Anti-Displacement Preference—as part of leasing up TNDC's Willie B. Kennedy Apartments. TNDC also works with community partners such as Bethel AME Church, Bayview Senior Services, Bayview Hunters Point Multiservice Center, SOMCAN, and Veterans Equity Center to market directly to COP holders, previously displaced households, and people of color.

Both TNDC and YCD ensure people of color are represented and valued at all levels of their organizations, influencing policies that dismantle racist structures and build racially and economically inclusive communities. In 2019, TNDC launched its Racial Equity Initiative which has implemented several policies, including raising their minimum wage after internal research demonstrated that lowest paid staff were disproportionately African-American and Latinx.

1.3.5. Relevant Experience. The partnership between TNDC and YCD leverages each organization's experience and expertise to successfully guide 249 Pennsylvania through its acquisition and interim use period, development process, and transition to operations.

TNDC has 42 years of experience developing 100% affordable housing, including on tight, urban-infill sites like 249 Pennsylvania. Over 30% of TNDC's portfolio houses people and households coming from direct experiences of homelessness. With a development pipeline of over one billion dollars, TNDC is adding over 1,500 units to its portfolio over the next five years – all in either the Type I or Type III/V over I structural systems proposed for this site. As evidenced by project completions at 626 Mission Bay, Eddy & Taylor, and 1036 Mission, TNDC completes complex projects on time and on budget and has a successful track record of receiving HCD and TCAC/CDLAC awarded funding applications. TNDC's 18-person development team includes a housing director, three associate directors, three senior project managers (SPM), four project managers (PM), five assistant project managers (APM), a department administrator, and one intern.

YCD has deep experience in San Francisco's southeastern neighborhoods and has been building its capacity and familiarity in Potrero Hill. In addition to its growing development experience, including active projects nearby at the Potrero Yard, Mission Bay Block 9A, and Pier 70, YCD's strong connections with local residents and service providers will help ensure that 249 Pennsylvania is responsive to the needs of the City's and neighborhood's low-income and BIPOC households. YCD's team includes a housing director, two PM's, one APM, and one policy analyst and advocate. This project and partnership will encourage YCD's continued growth as an organization that can consistently deliver much needed housing to underserved communities.

1.3.6. Project Management Capacity.

The following staff members are assigned to 249 Pennsylvania with percentage of work time indicated:

Esther Kim (Project Manager, TNDC) 35% FTE
Robert Abbott (Sr. Project Manager, YCD) 40% FTE
Alberto Benejam (Assoc. Dir. of Housing Development, TNDC) 35% FTE
Chris Cummings (Director of Housing Development, TNDC) 2% FTE
Divali Ramkalawan (Director of Housing Development, YCD) 5% FTE

Hatti Wyatt (Director of Potrero Hill Site) 15% FTE

1.3.7. Past Performance.

1.3.7.1. City audits/performance plans. TNDC participated in the citywide fiscal and compliance monitoring program in the last few years and were monitored by DCYF 2021. There are no known findings or issues with the audit. Per 9/27/2023 email from Helen Hale, Director of Residential and Community Services, Helen's team works closely with TNDC and YCD (as providers of RAD units) and has no concerns. Both agencies are responsive to community, hire competent staff, provide thorough training and supervision, complete reporting well, and lean in with partners to think collaboratively about solutions.

1.3.7.2. Marketing / lease-up / operations. Marketing and lease-up of TNDC projects have generally gone smoothly. However, the recent lease-up of 681 Florida had some project specific challenges such as reducing studio rents for lease up without market research and some miscommunication between management staff, development staff and leasing agents. Generally the property management team has a diverse staff, doesn't check credit and criminal background of applicants, and meets the requirements of the Fair Chance Ordinance. As a result, the typical Resident Selection Criteria of TNDC for recent projects is low-barrier and encourages tenant placement.

YCD has not been involved in affordable housing lease ups to date, and will rely on TNDC for this role.

For units TNDC manages, the breakdown of households by race includes:

Overview of Head of Household by Race and Ethnicity (Only Properties in Operations)		
	# of units	% of Units
American Indian/Alaska Native	82	3%
Asian	1,096	39%
Black/African American	777	28%
Native Hawaiian/Other Pacific Islander	47	2%
White (Hispanic or Latino)	93	3%
White (not disclosed)	33	1%
White (Not Hispanic or Latino)	658	24%
Not Disclosed*	896	N/A
Vacant	191	N/A
Grand Total	3,873	100%

*Note: the demographic info at 270 Turk and Avery Lane is not available, and therefore included in "Not Disclosed".

Across TNDC's portfolio of homeless units, the eviction rate is under 2%.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	UMU - Urban Mixed Use; 40-X Height and Bulk District (See Section 2.1)
Maximum units allowed by current zoning (N/A if rehab):	No density limit. Density is regulated by the permitted height and bulk
Seismic (if applicable):	Not in a liquefaction zone
Soil type:	Phase I report by PathForward, completed on 2/8/2023. The report describes the lithology as consisting of several feet of gravel and soil fill of varying thickness, underlain by silty clay. Serpentine bedrock was encountered at approximately 28 feet below ground surface (bgs).
Local/Federal Environmental Review:	The Project will be eligible for streamlined approvals under AB 2162. CEQA is not required under AB2162 approval. Phase I investigation was completed on February 8, 2023, and no substantial environmental concerns were found.
Adjacent uses (North):	Mariposa Street, followed by vacant industrial land beneath an elevated Interstate 280 off ramp, zoned MB-RA (Mission Bay Redevelopment Area).
Adjacent uses (South):	Zoned as P (Public) for the Pennsylvania Street Community Garden
Adjacent uses (East):	Zoned as P (Public) Interstate 280 elevated off ramp
Adjacent uses (West):	3-story condominiums across Pennsylvania Ave Zoned UMU (Urban Mixed Use); RH-2 across remainder of the block, with smaller scale single- and multi-family residential
Neighborhood Amenities within 0.5 miles:	Grocery Stores: <ul style="list-style-type: none"> New Potrero Market (west of Site on 18th Ave and Texas St) Schools: <ul style="list-style-type: none"> Daniel Webster Elementary (20th and Texas) San Francisco Int'l High School (18th and De Haro) Downtown High School (19th and Vermont) Healthcare: <ul style="list-style-type: none"> UCSF Benioff Children's Hospital (800 feet) Kaiser Permanente Mission Bay (1,800 feet) Places of worship: <ul style="list-style-type: none"> St. Teresa of Avila (19th and Connecticut)

	<ul style="list-style-type: none"> • Shekinah Christian Fellowship (19th and Tennessee) • St. Gregory's Episcopal Church (Mariposa & De Haro)
Public Transportation within 0.5 miles:	T Third MUNI Light Rail 15 Bayview Hunters Point Express (bus) 19 Polk (bus) 22 Filmore (bus) 48 Quintara/24th Street (bus) 55 Dogpatch (bus) Caltrain – 22 nd St Station
Article 34:	Not Exempt and staff will submit the Art 34 request prior to Loan Committee
Article 38:	Article 38 applies as the PIM states it is in an air pollutant exposure zone. Mitigation will be addressed with specific input from the design and engineering team during predevelopment.
Accessibility:	To be determined. At a minimum, Project will have 15% of restricted units designated as mobility accessible and an additional 10% of units will include hearing and vision accessibility features.
Green Building:	TBD during predevelopment.
Recycled Water:	Exempt
Storm Water Management:	Property is not in SFPUC stormwater flood zone. Sponsor will work with SFPUC on a stormwater control plan during schematic design.

2.1. Site Description. The proposed site is 249 Pennsylvania, at the corner of Pennsylvania Ave and Mariposa Street and backing up onto I-280. The total lot area is 21,625 sf (Site). Though the adjacent street is significantly sloped, this is an already excavated site, once housing Center Hardware. The Site is currently vacant, with the store demolished in 2019, leaving a large, rectangular site well-positioned for housing development, on two levels.

2.2. Zoning. The UMU zoning and 40-x height limit lends itself to residential multifamily development, and using the State Density Bonus, allows for a mid-rise building to maximize unit count.

	Allowed/Required	Requested
Height	40-X	Increase by 3 stories to 73 feet due to height density allowed for 100% Affordable Housing under AB 2162

Open Space	100 square feet per unit if private, or 133 square feet per unit if common	Total proposed 10,800 sf, or 90 sf per dwelling unit
Rear Yard	Required at the Second Story and at each succeeding level or Story of the building, and at the First Story if it contains a Dwelling Unit: 25% of lot depth, but in no case less than 15 feet	Minimum required – 5,406 sf Total proposed – 5,500 sf
Ground Floor Height	5 Foot Height Bonus for Active Ground Floor Uses	

2.3. Probable Maximum Loss. N/A – new construction

2.4. Local/Federal Environmental Review. CEQA is not required under SB35. A NEPA review will be required to invest CDBG funds in the acquisition prior to loan closing and by March 2024, and MOHCD and the Sponsor are currently investigating the timeline that this environmental review would take. If it is not possible to complete the review in time, MOHCD will utilize other funds.

2.5. Environmental Issues.

- Phase I/II Site Assessment Status and Results. The Phase I ESA completed in February 2023 has revealed no evidence of recognized environmental conditions (RECs), historical recognized environmental conditions (HRECs), controlled recognized environmental conditions (CRECs), or *de minimis* conditions, in connection with the subject property, except for the following:
 - The Maher Ordinance requires that the San Francisco Department of Public Health (SFDPH) provide, “oversight for characterization and mitigation of hazardous substances in soil and groundwater in designated areas zoned for industrial uses, sites with industrial uses or underground storage tanks, sites with historic bay fill, sites in close proximity to freeways or underground storage tanks.” In 2016, the SFDPF approved a Site Mitigation Plan and noted that a deed restriction may be required; however, subsequent review notes by the SFDPH in 2021 indicate that additional soil data may be needed. Some soils on the subject property may require handling as hazardous waste. This finding is a Recognized Environmental Condition (REC).
 - The subject property is located within an ultramafic geologic unit and will be subject to the California Air Resources Board Asbestos Airborne Toxic Control Measure (ATCM) for construction and grading. Additional controls may be required during Site work due to the nature of naturally occurring minerals in the Site subsurface. This finding is not related to a release of hazardous substances or

petroleum products and is de minimis; however, the condition may present a business environmental risk.

- Potential/Known Hazards. None requiring mitigation beyond the encapsulation already needed to build the development and addressing environmental factors related to adjacency to freeway and exit ramp. The nearby freeway will create noise and air pollution, that will be mitigated to the extent possible through design and engineering during predevelopment. Options include upgraded windows, especially on any facing the freeway (triple-pane with gas insulation); improved filtration (Merv 16); and careful courtyard design.

2.6. Adjacent uses and neighborhood amenities. The Site is located in a transitioning former industrial area in the Potrero neighborhood immediately adjacent to the 280 Freeway and an exit ramp, across the street from newer condo developments. The Site offers good access to transit and is proximate to the wider neighborhood amenities of parks, library, grocery store and schools. Two hospitals and various medical centers are nearby.

2.7. Green Building. The green building approach will be determined in predevelopment.

3. COMMUNITY SUPPORT

3.1. Prior Outreach. To date, TNDC and YCD have conducted limited community outreach given the early stage of the Project. TNDC and YCD reached out to the Potrero Boosters Neighborhood Association and the Dogpatch Neighborhood Association, to inform them of the selection of this Site for funding through the NOFA. The Potrero Boosters responded with support for the project (they had supported the earlier market-rate developments proposed on this site) and were appreciative of efforts to convert this site to affordable housing. The Dogpatch N.A. has yet to respond.

The Sponsor also met with Supervisor Walton's office, along with representatives from MOHCD. Supervisor Walton's team referred the Sponsor to the above neighborhood associations, and the Sponsor will continue to work with the Supervisor's office to identify additional stakeholders and area organizations.

Additionally, YCD maintains a presence in Potrero Hill, staffed full-time by Hattie Wyatt, Program Service Director. She has identified upcoming neighborhood events and outreach opportunities based on her close networks in the neighborhood.

3.2. Future Outreach. The Sponsor will endeavor to kick off community outreach and engagement in Fall 2023 in advance of the Board of Supervisors' approval of the MOHCD loan. The project team will work with interested neighborhood groups, like the Potrero Boosters, to solicit

feedback from their members, in addition to planning events on-site in the upper portion of the lot next to the Pennsylvania St Community Garden. Anticipated areas of neighborhood interest are the interim use period and resident parking.

- 3.3. Proposition I. Proposition I – Neighborhood Notification is required for the Project and will be posted on October 16, 2023 after Loan committee approval and will be complete prior to the Mayor’s execution of the predevelopment loan agreement.

4. DEVELOPMENT PLAN

- 4.1. Site Control. TNDC entered into a Purchase and Sale Agreement for \$11,350,000 on December 31, 2022, with an initial deposit of \$100,000. An additional \$200,000 deposit was due upon the release of Due Diligence contingency. Additional extensions of the various phases of the PSA required an additional \$30,000 in deposits, with the final closing date no later than October 11th, 2023. Deposits total \$330K, with all deposits applied to the purchase price, which became non-refundable upon release of due diligence. Due diligence included a Phase I, subsurface investigation report, ALTA Survey, geotechnical review of seller’s geotech report, and review of seller’s disclosure information and site visit to confirm interim use capabilities and steps to prepare for site activation.

TNDC negotiated to reduce the seller’s transfer tax in return for the Site being restricted by the Community Opportunity to Purchase Act (COPA) to be preserved as affordable housing, with transfer tax savings of around \$600k. COPA will restrict the units for the life of the Project, and have an average affordable rent set to not exceed 80% of Area Median Income. Tenants at initial occupancy shall have a household income not exceeding 120% of Area Median Income. CSH, as the acquisition lender, was concerned that the restriction would lower the value of the Site in the event of foreclosure and that it would be difficult to sell it at the price necessary to repay their loan if the deal doesn’t move forward. MOHCD, the Assessor and CSH have reached an approach whereby MOHCD would be listed as a third party beneficiary of the CSH restrictions, which are less stringent than the COPA restrictions, and if there is a foreclosure, either TNDC or CSH would need to pay the full value of the transfer tax as well as taxes and penalties to make the City whole. Assuming the deal moves forward, the MOHCD restrictions will include the COPA restrictions to be recorded when the MOHCD loan closes and TNDC repays off the acquisition portion of their CSH loan.

The Sponsor plans to acquire the Site with a CSH loan in October 2023. After Board of Supervisors approval in December 2023, the acquisition portion of the \$13,000,000 MOHCD loan will be used to pay down the CSH loan and accrued interest to cover the acquisition cost. The

Sponsor will have access to additional CSH predevelopment funds. The Sponsor will maintain the Site through construction start, when ownership of the land will be transferred to MOHCD and the acquisition loan will be considered paid in full.

4.1.1. Proposed Property Ownership Structure. The Sponsor will own and hold the Site during predevelopment via an affiliate LLC. Prior to construction, the Site will be transferred to the City. Improvements built upon the site will be owned by the to be formed limited partnership entity.

4.2. Proposed Design. The Sponsor responded to the Notice of Funding Availability with a preliminary design featuring 120 units of family housing in a seven-story Type III/I building that terraces up along the slope of Pennsylvania Ave. The initial design featured 60 studios, 30 two-bedroom units, and 30 three-bedroom units, to qualify the project under TCAC’s Large Family set aside. The initial design did not propose parking or commercial/retail uses. A courtyard is envisioned to buffer future residents from the noise and air quality concerns given the adjacency to the freeway, while the sloping designs allows for additional outdoor space or greenery on the two lower roofs. A small rear yard setback will also protect the adjacency to the community garden. A 2,000 sq ft community room alongside Mariposa St will provide gathering space for residents while also enlivening the streetscape along that building’s frontage, alongside office spaces for Property Management and Services staff.

The Sponsor will start the procurement process for an architect in Fall 2023, to begin the design of the building in earnest. Additional consideration is needed to evaluate the maximization of density on the Site, contemplate the substitution of one-bedroom units for studios, and evaluate if parking can be added to the design. The evolving design will be informed by community input on key elements.

Unit Square Footage Summary Chart:

Avg Unit SF by type:	TCAC Minimum Unit Sizes	Proposed Average Unit Sizes	Increase from TCAC Minimum Unit Size
Studios	200 SF	400 SF	100%
1-BR	450 SF	N/A	N/A
2-BR	700 SF	800 SF	15%
3-BR	900 SF	1,030 SF	15%
Residential SF:	82,900 SF		
Circulation SF:	29,800 SF		
Parking Garage SF:	0 SF		
Common Area SF:	5,800 SF		

Utility SF:	5,500 SF
Building Total SF:	124,000 SF
Retail:	0 SF

4.3. Proposed Rehab Scope. N/A

4.4. Construction Supervisor / Construction Representative's Evaluation. The 249 Pennsylvania Site is located on a significant slope adjacent to Interstate 280 & the I-280 south off ramp. Based on an early constructability review by a local contractor, the Project is tentatively planned to be a seven story, wood framed structure over concrete.

Based on initial environmental testing, there is the potential for hazardous waste, though at this point none has been discovered. Due to the naturally occurring serpentine rock which contains trace asbestos, additional environmental monitoring and dust control may be required. Fortunately, most of the excavation has been completed. This site consists of two-level slabs, one of which is significantly lower than the street elevation and necessary shoring. The future foundation and remaining excavation work should be more manageable and cheaper compared to a site with soil at street level.

From a constructability perspective, the future contractor will need to work closely with SFMTA to ensure traffic from I-280 off ramp will not be impacted by construction and staging can happen safely. The project is expected to spend more money on acoustic dampening finishes at the east exterior due to its proximity to I-280. Buildings on a slope typically cost more because of the complexity of the step foundations needed.

The Project is considering a Design-Build approach to the construction of this building, which could prove very beneficial due to the slope of the site, acoustic concerns, and constructability of the project. Parking is not currently planned for the project but may be considered during early design.

In the cost comparison to other mixed unit sized Type III over Type I (wood over concrete or fire-protected steel) projects, this project was 36% more per square foot for total development costs. This overage was driven by the above average acquisition cost of \$11.35M and the soft costs were 94% higher per square foot than comparable projects, \$32M compared with \$20M average soft costs.

4.5. Commercial Space. None currently proposed.

- 4.6. Service Space. Office space for three social workers and a 2,000 sf community room are included in the preliminary design of the building. Service space planning will be vetted with the City's Department of Homelessness and Supportive Services (HSH) as part of programming and service plan review. All offices will be located on the ground floor.
- 4.7. Interim Use. The property is currently two vacant slabs on grade, as the hardware store that previously occupied the site was demolished in 2019. The Sponsor is working closely with MOHCD and the Planning Department to find the best pathway to permit a low-intensity interim use on the site, such as parking. Neither fleet nor public parking are principally permitted uses under the Site's UMU zoning designation, and Board of Supervisors action may be needed depending on the ultimate tenant selected for the space. The conditional use approval could take ~6 months, and the Sponsor is actively looking for potential tenants now. If an interested entity qualifies under a PDR use, the Sponsor won't need to obtain a Conditional Use, but would need to submit the interim use permit alongside the site permit, which could also take around 6 months for approval.

Additionally, the upper vacant slab is adjacent to the Pennsylvania St Community Garden. This portion of the site could be used as a community pop-up space to promote local vendors and neighborhood groups, as well as an opportunity for interactive community outreach. Neighbors and stakeholders would be able to visit the site, learn about the proposed development and provide input and ideas to maximize the project's benefit to the neighborhood and future residents.

- 4.8. Infrastructure. N/A. No infrastructure is included in this loan.
- 4.9. Communications Wiring and Internet Access. The Sponsor will work with the MOHCD Construction Representative to determine the appropriate communications wiring scope that meets MOHCD's standards.
- 4.10. Public Art Component. Public Art Component. The Sponsor is showing \$229,433 for Art in the current budget, almost double the Project's public art requirement calculation, which is based off 1% of expected construction cost multiplied by the percent of Project funded by MOHCD. The Sponsor will reduce the cost of Public Art to be in line with MOHCD Underwriting Guidelines by preliminary gap. See Section 9.2 Recommended Loan Conditions.

MOHCD Estimated Gap Funds	\$20,982,236
TDC	\$111,698,872
Hard Cost Total	\$79,473,927
Public Art Calculation	

Construction Cost	\$65,124,476
1% of Construction Cost	\$651,244.76
Percent funded by MOHCD (MOHCD Committed / TDC)	18.78%
Public Art Requirement	\$122,303

4.11. Marketing, Occupancy, and Lease-Up. The 60 units for households who have experienced homelessness will be leased through the HSH Coordinated Entry system. MOHCD’s marketing policies and procedures will be applied to the remaining units except the on-site manager’s units.

Residents for the other units will be selected through a City-managed lottery that has four preference groups designated by the Board of Supervisors. The following preferences will apply:

MOHCD Preference	Applicant Category
1	Certificate of Preference (COP) Holders
2	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20% of the lottery units; 21 units total)
3	Neighborhood Resident Housing Preference (NRHP) (25% of the lottery units; 27 units total)
4	Live/Work in San Francisco
5	All Others

Residents who live in District 10 or within half mile of the property may be eligible for the NRHP.

4.12. Relocation. N/A

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	TBD	TBD	N
Landscape Architect	TBD	TBD	N
JV/other Architect	N/A	TBD	N/A
General Contractor	TBD	TBD	N
Owner’s Rep/Construction Manager	TBD	TBD	N
Financial Consultant	TBD	TBD	N
Joint Trench	TBD	TBD	N

Legal	Gubb & Barshay (transaction) Goldfarb & Lipman (acquisition) Farella Braun & Martell (land use)	N	N
Property Manager	TNDC	N	N
Services Provider	TNDC Young Community Developers	N	N
MEP Consultant	TBD	TBD	N

5.1. Procurement Plan. The Project Sponsor attended a training with the Office of Contract Management Division (CMD) on September 25, 2023, and will submit a Procurement Plan and request an assignment of SBE goal. Upon approval, Sponsor will issue a Request for Qualifications (RFQ) for Architect in Nov 2023, which will be followed by procurement of a construction manager in Spring 2024.

5.2. Opportunities for BIPOC-Led Organizations. This Project intends to meet or exceed contracting goals for LBE/SBE, with a special focus on San Francisco’s Southeastern neighborhoods and District 10 firms. The development team will direct project resources to organizations that reflect the community while seeking to reduce barriers to participation from historically disadvantaged companies and firms. In addition to directly awarding work to qualified BIPOC-led organizations, the Sponsor will also prioritize working with firms who share the mission of advancing racial equity.

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. N/A. This is the first request for Funding from the Sponsor.

6.2. Disbursement Status. The project has incurred costs dating back to February 1, 2023, yet are eligible to receive reimbursement only starting the date of the NOFA Award. Upon approval of this request, Loan Committee approves payment of costs no earlier than the date of NOFA award, June 22, 2023, so long as these costs are deemed acceptable and correspond to the acquisition and predevelopment budget attached herein.

6.3. Fulfillment of Loan Conditions. N/A. This is the Sponsor’s first request for funding.

6.4. Proposed Predevelopment Financing

6.4.1. Predevelopment Sources Evaluation Narrative. Predevelopment sources include the proposed MOHCD loan and a loan from Corporation for Supportive Housing (CSH), which will fund acquisition until MOCHD take-out, predevelopment and interim uses.

6.4.1.1. MOHCD Acquisition / Predevelopment Loan will be used to pay off the acquisition portion of the CSH loan in the amount of \$11,964,119, and will not cover CSH-funded interim use costs, which will be repaid by interim use income or by TNDC. The remainder \$1,035,881 of the MOHCD loan will fund predevelopment expenses. The acquisition portion loan term is earlier of 3 years or upon land transfer at 0% interest. The predevelopment loan term is 3 years at 3% interest.

6.4.1.2. CSH Acquisition Predevelopment Loan is up to \$14,000,000 to allow TNDC to acquire the site and meet the acquisition timeline of the Purchase and Sale Agreement, as well as fund early predevelopment costs. The acquisition portion of the loan will be repaid by MOHCD financing, excluding the interim use expenses. The loan terms are 2% to be paid back at the earlier of construction loan closing or 4 years from the recordation of the Deed of Trust.

6.4.2. Predevelopment Uses Evaluation: The Predevelopment budget covers acquisition, holding costs and only a small amount of predevelopment expenses. The Sponsor anticipates having continued access to the CSH predevelopment loan to supplement MOHCD's predevelopment financing once the CSH acquisition loan is taken out by MOHCD. Before the MOHCD loan closes, the Sponsor will update the predevelopment loan to reflect full costs anticipated during the predevelopment period, including the additional CSH predevelopment source.

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Acquisition Cost is based on appraisal	Y	The acquisition cost per the Purchase and Sale Agreement is \$11,350,000. The Site appraised at \$12,110,000 as market value for entitled site in February 2023. Acquisition Cost is \$ 101K /unit based on preliminary unit mix estimate
Architecture and Engineering Fees are within standards	N	Architecture is assumed at \$395,000, which is not sufficient for the entire predevelopment period; the Sponsor will include the full A&E cost in the updated predevelopment budget including additional CSH predevelopment financing
Construction Management Fees are within standards	N	Fee is \$15k, far lower than the \$4k monthly allowed in MOHCD Guidelines; this fee will be adjusted in the

		predevelopment budget update forthcoming
Developer Fee is within standards	N	Dev Fee for predevelopment period was not requested in the NOFA response. Sponsor will adjust the schedule to allow for a maximum \$550k payout during predevelopment period in the predevelopment loan update prior to closing, as listed in Loan Conditions under 9.2.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%

Based on the items above, the predevelopment loan of \$1,035,881 would not be sufficient to carry the Project through a 30-month predevelopment period, starting in January 2024, when the loan will close. When additional funds are needed, the Project Sponsor will need to secure financing during predevelopment under terms approved by MOHCD, which is currently planned via the CSH predevelopment loan. The Sponsor will update the Predevelopment Budget to include the full predevelopment period prior to closing per the proposed loan conditions.

6.5. Potential/Proposed Permanent Financing. Permanent financing is being presented to demonstrate the project’s overall feasibility but not intended to be presented for approval at this time. Sponsor will return with a MOHCD Gap Request for approval of the permanent financing plan.

6.5.1. Permanent Sources Evaluation Narrative: The Sponsor proposes to use the following sources to permanently finance the project, which excludes the acquisition cost:

- MOHCD Gap Loan (\$20,982,236): The MOHCD Gap excluding acquisition is projected at \$175k in MOHCD subsidy per door. This number is not being presented for approval currently and the Sponsor will return at preliminary gap with a more refined number.
- 4% Tax Credit Equity (\$51,018,244): Equity Investor TBD. Sponsor is assuming \$0.96 federal credit pricing. Considering the market and recent pricing from projects in the MOHCD pipeline, this equity amount appears conservative. Should the market improve an increase in equity would assist in reducing the overall gap. See Section 9.4, Recommended Loan Conditions.
- MHP Loan (\$43,580,356): 55 years, 3% simple interest rate with a 0.42% mandatory payment, residual receipts. The Project meets the MHP scoring priorities of high resource area and hopes to maximize competitiveness by providing deeply affordable units and aligning other project details with evolving tie-breaker scoring criteria. The Project is expected to be very competitive.

- AHP Grant (\$1,000,000): 15 years, 0% interest. The Sponsor plans to apply closer to gap financing approval, and if not awarded, will continue to apply as many times as possible prior to the temporary certificate of occupancy (“TCO”) is issued for the development. As a condition, Sponsor will provide an analysis by the next AHP round. See Section 9.4 Loan Conditions.
- Deferred Developer Fee (\$769,017): The Sponsor will receive deferred fee that is paid out in by year 5.
- General Partner Equity (\$3,169,018): Sponsor is only required to provide \$100 in GP equity, but the additional GP equity contribution boosts eligible basis to maximize the project’s tax credit equity.
- Interim Use Income (\$150,000): the project hopes to generate some minimal interim use income through leasing to an organization or company looking for fleet parking, or another low-infrastructure intensive use. This assumes two and half years of operations generating \$6k in income a month, minus holding costs for insurance, taxes and security.
- Construction Loan (\$84,936,135): 31 months, 6.40% interest rate. This loan would be funded through proceeds from a tax-exempt bond allocation. This loan is referenced here although this is not a permanent source. The term of the construction loan may be reduced to 28 or 30 months, pending further review.

6.5.2. CDLAC Tax-Exempt Bond Application: The Project will be very competitive, scoring in the ELI/VLI set-aside within the New Construction pool, the Bay Area’s geographic set-aside, and will also compete in the homeless set-aside with priority for projects over 45% homeless. The Sponsor will apply to CDLAC-TCAC in 2026 for a 2026 allocation with an approximate \$62.6 million tax-exempt bond request, scoring 120 out of 120 total points, with a tiebreaker of 123.5% (based off the 2022 tiebreaker calculation).

CDLAC Self-Score	
Opportunity Map Resource Level	TCAC/HCD Opportunity Map: High (In QCT/DDA) Though no longer High Resource, the Sponsor locked in the 2022 High Resource Designation for 7 years per CDLAC regs by obtaining Site Control by the end of 2022
TCAC Housing Type (new construction only)	TCAC regs: Large Family; Special needs
Bond Allocation Request Amount	\$85M
Total Self-Score (out of 120 points)	120
Tiebreaker Score	123.5%

6.5.3. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	Y	\$ 662K / unit is under the comparable average for this building type by construction cost per unit (-8%), per bedroom (-4%) and slightly over per square foot (7%)
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	N	Hard Cost Contingency is 5.8% Design Contingency is 2% Bid Contingency is 2% Plan Check Contingency is 2% Escalation of 10.2% Hard cost contingency should be reduced to 5%, which will be included in the budget update prior to closing. The other contingencies are reasonable for this stage of development and will be monitored during predevelopment
Architecture and Engineering Fees are within standards	Y	\$3,540,000 or \$29.5k/unit This architecture fee is comparable to other recent projects of similar scale and scope; if design build is included, it could increase or decrease the fee, depending on how the RFPs are structured
Construction Management Fees are within standards	Y	Total projected CM cost is \$175K for estimated 31-month predevelopment and construction period, which is \$5,645 / month, below MOHCD's \$6,000 monthly thread hold during construction.
Developer Fee is within standards, see also disbursement chart below	N	Total Dev Fee is \$6,338,035 Total At-Risk Dev Fee is \$1,300,000 The Sponsor can go up to 15% of basis and contribute \$3.1 million back as a GP equity source given that it has a very competitive tie breaker score
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 \$499K underwritten at 3 months of budling operations
Other Capitalized Reserves are reasonable	N	Rent Up Reserve of \$444K to cover the property's net operating loss during lease up to cover the transition into operations

		The project budget also includes a Rent Up reserve in amount of \$260K which may be excessive and will be reexamined during predevelopment.
Entitlement and Building Permit Fees	Y	\$1,200,000 based on recent TNDC projects
Furnishings	Y	Sponsor is carrying \$567,000 for furnishings, inclusive of furnishings for PSH units and common area furnishings based on total unit count which meets MOHCD Underwriting Guidelines
MOHCD Loan Origination Fee	N	This fee is missing and will be included in the MOHCD budget update prior to the predevelopment loan close

6.5.4. Commercial Build Out- N/A

6.5.5. Developer Fee Evaluation. Below is the total development fee with a breakdown by milestone of the payment of the developer fee to the Sponsor specified. The predevelopment portion of fee will be included in the updated budget prior to close:

Total Developer Fee:	\$6,338,035	
Amount of Remaining Project Management Fee:	\$1,100,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	Not Requested	
Amount of Fee Deferred (the "Deferred Fee"):	\$769,017	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$3,169,018	
Milestones for Disbursement of Developer Fee payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Project Management Fee: Acquisition/Predevelopment Closing	\$165,000	15%
Predevelopment milestone #1: Entitlement Approval	\$165,000	15%
Predevelopment milestone #2: Submission of HCD Funding Application	\$110,000	10%
Predevelopment milestone #3: Submission of CDLAC and TCAC Application	\$110,000	10%
At the Construction Closing	\$220,000	20%
Construction Completion	\$220,000	20%
Milestones for Disbursement of that portion of Developer Fee defined as At-Risk Fee		Percentage At Risk Fee
95% lease up and draft cost certification	\$620,000	20%
Permanent Conversion	\$650,000	50%
Project Close-out	\$390,000	30%

Milestones for Disbursement of that portion of Developer Fee defined as Commercial Fee	N/A	Percentage Commercial Fee
--	-----	---------------------------

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

7.1. Annual Operating Budget. The annual operating budget is being presented to demonstrate the Project's overall feasibility but is not intended to be presented for Loan Committee approval at this time. Sponsor will return to Loan Committee at the gap loan request.

The Project is currently estimating first year operating expenses of \$1,866,246, around \$15,500 PUPA, including non-LOSP supportive services, debt service and minimum HCD debt payments, which appears low compared to other similar sized projects with a significant PSH component. Currently, the Project does not go negative in subsequent years and shows a 2.883 DSCR in Year 1 and 2.143 in Year 20, suggesting the Project may be able to take on permanent debt. The Partnership Management and Investor Service Fees are not trended out past year one, which will be corrected in the budget update prior to close.

The Project team should apply for additional subsidy if available to solidify the Project budget for future years, including by adding Continuum of Care (CoC) funding to a portion or all of the PSH units, or some other federal project-based vouchers for the non-PSH unit.

7.2. Income. As noted above, the budget presented will need to be refined through the predevelopment period and building design.

The Project is requesting LOSP operating subsidies to support 60 units. Annual LOSP tenant rents in Year 1 are shown at \$15,000 from 60 LOSP households, and should be reflected at \$180,000, a rent assumption of \$250 / unit / month. This will be updated in the budget update prior to close. Rents paid by LOSP tenants trend at 1% increase per year. The LOSP subsidy is projected at \$996,054 for the first year, or \$16,600 per unit per annum. The 15-year LOSP contract is estimated at \$18.7 million, and will decrease slightly once the LOSP tenant rent assumption is updated.

The remaining 59 units will be at rents between 50% - 80% MOHCD AMI. Recently, MOHCD has seen difficulty leasing up higher AMI units but this neighborhood has seen a rise in rents given the concentration of new market rate construction. The Sponsor will refine the budget to lower the highest AMIs to marketable rents, while still maintaining positive cashflow.

7.3. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio (DSCR) is between minimum 1.10:1 and maximum 1.15:1 at year 15	N	Prior to closing, TNDC will update the operating budget and cashflow to meet the DSCR guidelines; certain fees are not trended past Year 1 and there may be other errors causing the DSCR to appear too high; other ways to mitigate the cashflow are to reduce the highest AMI levels and / or leverage debt.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	DSCR exceeds 2 in Year 20, yet there are errors which need to be corrected (see above)
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5% for non-LOSP, LOSP escalation is 1% for tenant rents
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	Total Operating Expenses are \$15,522 per unit before debt and reserves based on CY 2023, which is lower than average but within the range of other MOHCD funded family developments with PSH units. Family comp projects with PSH units show an average of \$16,100 PUPA, with a range of \$10,200 to \$21,600 PUPA.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$84,960 or \$59 PUPM
Property Management staffing level is reasonable per comparables	Y	1 FTE General Mgr; 1 FTE Ass't GM 2 FTE Maintenance; 1 FTE Janitor
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$24,280/yr. Annual PM Fee is \$22,260/yr. However, the Partnership Management Fee is not trended out past Year 1 in the cashflow and will be updated in the budget update prior to close.

Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year per HCD requirements
Limited Partnership Asset Management Fee meets standards	Y	\$5,000 per year. Cost does not escalate and ends in Year 15. Needs to be trended out past Year 1 in the cashflow which will be incorporated in the budget update.

- LOSP Allocation: The Sponsor currently shows all LOSP allocations at 50% in the Operating Budget, except for desk clerks (75% LOSP; 25% Non-LOSP) and Social Services (1:20 case mgmt. ratio for LOSP units (not in the operating budget; 1:100 non-LOSP). Any changes to the allocation in the future will need to be reviewed and approved by both MOHCD and HSH.
- Management Fee: Shows as \$59 per unit per month, which is withing HUD schedule but is low considering the population.
- Property Management Staffing (\$493,391): Sponsor is showing 1 General Manager, 1 assistant manager, and 1 FTE for night manager, as well as 4.2 FTE Desk Clerks. The position of the night manager plus 24 hour desk clerks appears atypical and will be further analyzed during predevelopment.
- Insurance (\$185,297) appears potentially low given recent property insurance increases, and will be priced out during predevelopment.
- Utilities (\$315,565): based on TNDC comps from other similar buildings. MOHCD to work with Sponsor to bring these costs in line with other projects in MOHCD pipeline.

7.4. Commercial Operations – N/A

7.5. Income Restrictions for All Sources. The table below summarizes the equivalent affordability restrictions from all funders, including those that will be proposed to HCD in the MHP application, and will be used at the time of marketing to determine the most restrictive income and rent levels. The LOSP MOHCD restrictions should be increased to 50% AMI to make sure they aren't more restrictive than TCAC, and will be updated at the next Loan Committee request.

	No. of Units	MOHCD	TCAC	HCD
NON-LOTTERY				
Studio – LOSP	36	30% MOHCD AMI	25% TCAC AMI	25% TCAC AMI
2 BR – LOSP	12	30% MOHCD AMI	25% TCAC AMI	25% TCAC AMI

3 BR – LOSP	12	30% MOHCD AMI	25% TCAC AMI	25% TCAC AMI
Sub-Total	60			
LOTTERY				
Studio	9	50% MOHCD AMI	40% TCAC AMI	40% TCAC AMI
2 BR	4	50% MOHCD AMI	40% TCAC AMI	40% TCAC AMI
3 BR	5	50% MOHCD AMI	40% TCAC AMI	40% TCAC AMI
Sub-Total	18			
Studio	15	60% MOHCD AMI	50% TCAC AMI	50% TCAC AMI
2 BR	6	60% MOHCD AMI	50% TCAC AMI	50% TCAC AMI
3 BR	6	60% MOHCD AMI	45% TCAC AMI	45% TCAC AMI
Sub-Total	27			
2 BR	7	80% MOHCD AMI	65% TCAC AMI	65% TCAC AMI
3 BR	7	80% MOHCD AMI	60% TCAC AMI	60% TCAC AMI
Sub-Total	14			
STAFF UNITS				
2 BR	1	N/A	N/A	N/A
TOTAL	120			
PROJECT AVERAGE		46%	35%	35%
AVERAGE FOR LOTTERY UNITS ONLY		62%	49%	49%

7.6. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
0 BR	36	50% MOHCD AMI
2 BR	12	50% MOHCD AMI
3 BR	12	50% MOHCD AMI
0 BR	9	50% MOHCD AMI
2 BR	4	50% MOHCD AMI
3 BR	5	50% MOHCD AMI
2 BR	15	60% MOHCD AMI
3 BR	6	60% MOHCD AMI
0 BR	6	60% MOHCD AMI
2 BR	7	80% MOHCD AMI
3 BR	7	80% MOHCD AMI
2 BR	1	Manager's Unit
Total	120	

In the event that the LOSP is removed or unavailable, the AMI shall remain at 50% MOHCD AMI for those units. 60% - 80% AMI studio rents still may be difficult because studio market rents, even 1-BR units, could be lower than those rents. This unit structure and restrictions will be further explored during predevelopment.

8. SUPPORT SERVICES

8.1. Services Plan. TNDC will deliver a comprehensive wrap-around model of support services at 249 Pennsylvania through the staffing and budget plan included at the end of this section. To ensure successful engagement with residents, support services will be available in appropriate languages Monday through Friday from 8:30 am to 7 pm, with flexibility for making appointments outside of the regular hours, and on-call at all other times to respond to emergencies. Supportive Services goals at 249 Pennsylvania is proposed to include the following:

- 100% of tenants will engage in voluntary individualized services to meet their needs.
- 100% of tenants who demonstrate instability will receive intensive and assertive engagement to support stability and long-term housing retention.
- 100% of tenants who will benefit from the myriad network of services available throughout the city and community will be linked to those services.
- 100% of tenants will engage in a variety of innovative community engagement activities.

TNDC's services are guided by the principles of Cultural Humility, a philosophy of Harm Reduction, and built on a platform of Trauma Informed Care. Social workers honor tenants as the experts of their own experiences, recognize power imbalances and systemic oppression, and apply evidence-based approaches for families and individuals coming from experiences of homelessness. Services "meet tenants where they are," demonstrating respect for choice, self-determination, and identity, and designed to achieve the following outcomes: stability and long-term housing retention; improvement in household's overall health and well-being; connection to myriad services available in community and neighborhood; and sustainable growth and development of a supportive community.

As participation in support services is voluntary, it is incumbent upon TNDC to use creative strategies in a culturally and linguistically appropriate manner to engage with residents. The services relationship begins at move-in with orientation which covers staff introductions, reviews house rules and procedures, and provides information on service access and availability. This initial outreach is tailored to the needs of each individual resident, as social workers recognize moving into housing

after being unhoused for a long time can be overwhelming, especially for folks with disabilities, substance use, and/or mental health challenges.

Support services will affirmatively outreach to everyone on a weekly basis to engage with tenants, in addition to designing, organizing, and facilitating community events and activities that support the entire resident community. The Family Engagement Specialist will work in partnership with the site-based Social Worker to develop and deliver evidence-based community engagement activities that support the growth and development of the community through workshops, classes, and groups. The Food Security Program Coordinator will work to create a more equitable food system that fosters connection within and among residents, supporting the City's food security network by improving food access and food security. TNDC's service delivery strategy acknowledges and incorporates the importance of partnerships, both internal and external to the organization. Internally, Social Workers will be in regular communication with Property Management about residents who may be struggling with rent payments, health and safety in their home, and behavior in the community. In these situations, TNDC takes a supportive and collaborative approach to meeting with the household to help resolve the challenges and create a plan for the household to be successful. Externally, TNDC recognizes many residents will arrive with established relationships with other service providers, and understand that disrupting those relationships can be traumatic, can create harm, and be destabilizing.

TNDC will also partner with YCD to leverage their programs, services, and deep experience in the neighborhood, and supporting these programs through a subcontract. YCD's team and programming can uniquely lift resident's economic stability and economic mobility, through workforce development, as well as employment and training opportunities. YCD offers valuable resources such as career placement, educational advancement, family support, violence prevention, and mental health and wellness programming. YCD's programming has been developed over 50 years of working in District 10 to support at-risk and under-represented community residents including the formerly incarcerated, public housing residents, people experiencing homelessness, people with disabilities, LGBTQ, seniors, low-income/unemployed, single parent households, racial and ethnic minorities, and undocumented immigrants.

Service Budget. The preliminary proposed budget for supportive services is \$756,660, with 2.4 FTE funded from the HSH Supportive Services contract at a 1:20 ratio for households coming from experiences of homelessness, and 0.6 FTE serving the general affordable units at a 1:100 ratio funded from the project budget totaling \$80,657.

	PSH Unit Social Worker Site Supervisor	PSH Social Worker	Non-PSH Unit Social Worker	Family Engagement Specialist	Food Security Program Coordinator	YCD Sub- contract
FTE	1	2	0.59	0.5	1	N/A
Ratio	1:20	1:20	1:100	N/A	N/A	N/A
Cost	\$ 150,447	\$ 231,916	\$ 80,657	\$ 72,833	\$ 120,808	\$ 100,000
Total Cost	\$ 756,660		Total Cost Paid by Project Operating Budget	\$ 80,657	Total Cost Paid by HSH	\$ 676,004

1.1. HSH Assessment of Service Plan and Budget. This is a preliminary plan and budget. The supportive services plan, staffing and budget will be further developed during the predevelopment phase, in consultation with HSH.

2. STAFF RECOMMENDATIONS

2.1. Proposed Loan/Grant Terms

Financial Description of Proposed Acquisition Loan	
Acquisition Loan Amount:	\$11,964,119
Loan Term:	3 years
Loan Maturity Date:	2027
Loan Repayment Type:	Upon Land Transfer
Loan Interest Rate:	0%

Financial Description of Proposed Predevelopment Loan	
Loan Amount:	\$1,035,881
Loan Term:	3 years
Loan Maturity Date:	2027
Loan Repayment Type:	Balloon/Residual Receipts
Loan Interest Rate:	3%

2.2. Recommended disbursement conditions/schedule:

Prior to Initial Predevelopment and Acquisition Disbursement:

1. Sponsor must provide evidence of Prop I sign posting
2. Sponsor will submit a detailed community engagement plan before the end of 2023 and update it quarterly.
3. Sponsor to provide an interim use plan and budget once the Sponsor has acquired the Site.
4. Sponsor to update the MOHCD budget workbook to comply with Underwriting Guidelines and reflect 1) full predevelopment period sources and uses and updated predevelopment costs to include increased developer fee during predevelopment, architecture and engineering, construction representative, removing property tax payment from MOHCD predev loan, add MOHCD loan origination fee; 2) update permanent sources and uses to adjust public art amount, reduce hard cost contingency to 5%, include MOHCD loan origination fee; 3) update operating budget and cashflow to trend fees out during operations and update the cashflow to reflect the MOHCD-allowed debt service coverage ratio by lowering rents or leveraging debt, 4) increase MOHCD restrictions on LOSP units to 50% AMI

On-Going:

5. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on (1st report due January 10, 2024):
 1. Community outreach,
 2. Outcomes achieved related to racial equity goals
6. Sponsor must provide quarterly updated response to any letters requesting corrective action.
7. Sponsor to provide self-scores for all third-party funding requests.
8. Sponsor must apply for any other higher value rent and operating subsidies available including Continuum of Care contracts or Project Based Vouchers.

Prior to Gap Financing Application:

9. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines, including the updated budget for Public Art.
10. Sponsor must provide MOHCD and HSH with a services plan and budget with proposed staffing levels that meet MOHCD underwriting standards and HSH guidelines prior to gap loan approval. Any changes to the current proposed plan and budget will need to be represented to MOHCD and HSH at least 90 days prior to gap loan approval (estimated May 2026).
11. Sponsor must work with MOHCD staff and project's General Contractor to Value Engineer construction budget with the goal of continually reducing construction costs inclusive of contractor contingency, bid contingency and escalation to start of construction.

Prior to Starting Closing Calls:

12. Sponsor must provide MOHCD review of all raw financial data from developer or financial consultant prior to selection; provide for MOHCD review and approval of all selected investors and lenders; and provide for MOHCD review and approval of all Letters of Intent from financial partners.

Within 12 Months of TCO:

13. Sponsor to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.
14. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps 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 Black San Franciscans.
15. Sponsor must provide along with the marketing plan, a marketing and lease-up staffing plan, outlining steps will be taken to hire, on-board, and train staff assigned to market the project and lease units.
14. Sponsor must submit an updated 1st year operating budget and 20-year cash flow – if any changes have occurred – by November 1st before the City fiscal year the project will achieve TCO so that MOHCD may process a budget request for the LOSP subsidy.

3. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____
Salvador Menjivar, Director of Housing
Department of Homelessness and Supportive Housing

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____
Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____
Anna Van Degna, Director
Controller's Office of Public Finance

- Attachments:
- A. Project Milestones/Schedule
 - B. Borrower Org Chart
 - C. Developer Resumes
 - D. Asset Management Analysis of Sponsor
 - E. Threshold Eligibility Requirements and Ranking Criteria
 - F. Site Map with amenities
 - G. Elevations and Floor Plans, if available
 - H. Comparison of City Investment in Other Housing Developments
 - I. Sources and Uses
 - J. Development Budget
 - K. 1st Year Operating Budget
 - L. 20-year Operating Pro Forma

REQUEST FOR ACQUISITION LOAN TAKE OUT AND PREDEVELOPMENT FINANCING FOR 249 PENNSYLVANIA

Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Fri 10/13/2023 11:47 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

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

249 Pennsylvania

Kayhan, Dariush (HSA) <dariush.kayhan1@sfgov.org>

Fri 10/20/2023 2:00 PM

To: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Cc: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>; Menjivar, Salvador (HOM) <salvador.menjivar1@sfgov.org>

I support Tenderloin Neighborhood Development Corporation and Young Community Developers request for \$11,964,119 for Acquisition and \$1,035,881 for Predevelopment (Total Funding \$13,000,000) for 249 Pennsylvania.

Thank you,

Dariush

Dariush Kayhan
Acting CoC Housing Manager
Dariush.Kayhan1@sfgov.org
415-565-1559

Request for Acquisition Loan Take Out and Predevelopment Financing for 249 Pennsylvania

Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>

Thu 10/26/2023 12:05 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Shaw, Eric (MYR) <eric.shaw@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>; Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks!

Best Regards,
Thor



Thor Kaslofsky
Executive Director

One South Van Ness Avenue, 5th Floor

San Francisco, CA 94103

415.749.2588

thor.kaslofsy@sfgov.org

www.sfoicii.org

*Please note that if you are receiving this email outside of your normal working hours there is no urgent need to respond unless there is a specific request to do so.

REQUEST FOR ACQUISITION LOAN TAKE OUT AND PREDEVELOPMENT FINANCING FOR 249 PENNSYLVANIA

Katz, Bridget (CON) <bridget.katz@sfgov.org>

Fri 10/13/2023 11:32 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Approve

Bridget Katz

Deputy Director, Office of Public Finance

Controller's Office | City & County of San Francisco

Office Phone: (415) 554-6240

Cell Phone: (858) 442-7059

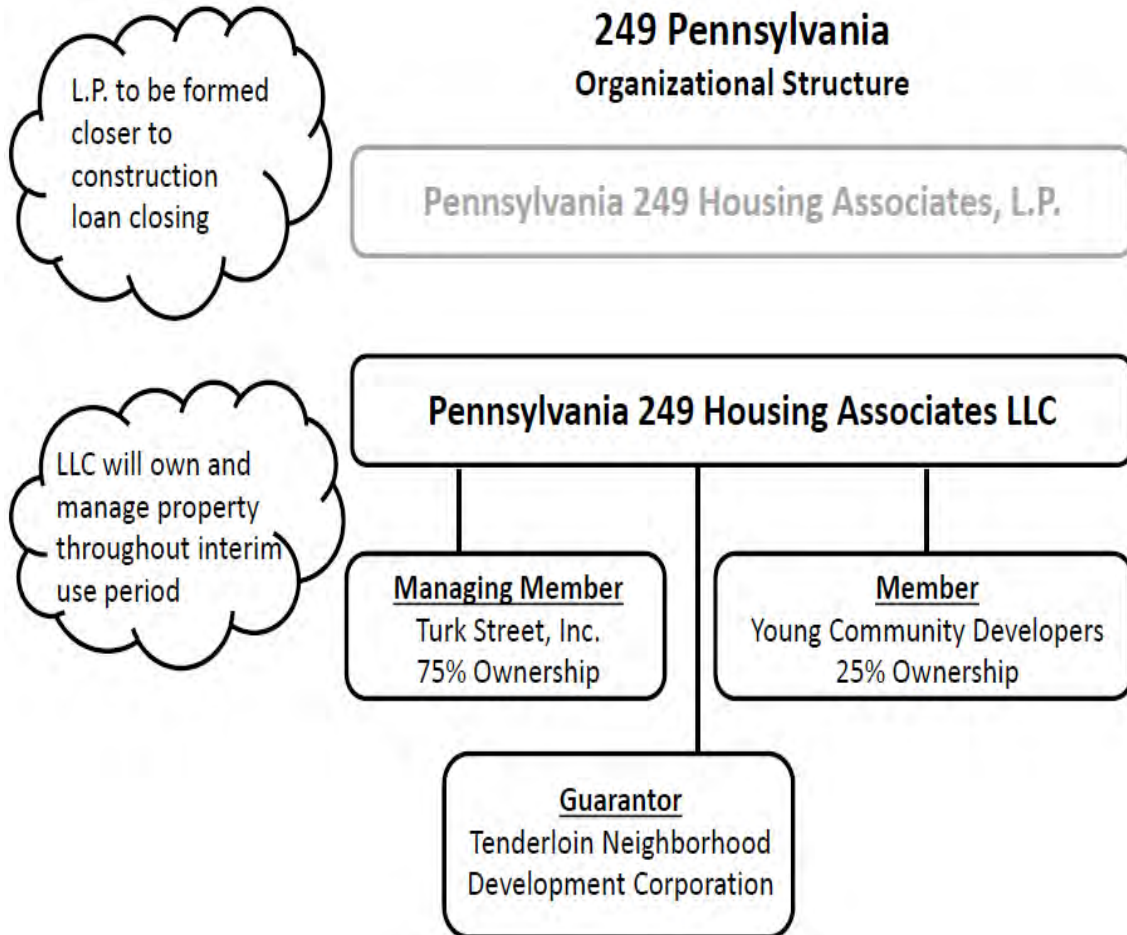
E-mail: bridget.katz@sfgov.org

Attachment A: Project Milestones and Schedule

Performance Milestone	Estimated or Actual Date	Contractual Deadline
Prop I Noticing (if applicable)	<u>10/16/2023</u>	
Acquisition/Predev Financing Commitment	<u>10/13/2019</u>	
Site Acquisition	<u>10/7/2023</u>	
Development Team Selection		
Architect	<u>1/1/2024</u>	
General Contractor	<u>1/1/2024</u>	
Owner's Representative	<u>1/1/2024</u>	
Property Manager	<u>4/7/2023</u>	
Service Provider	<u>4/7/2023</u>	
Design		
Submittal of Schematic Design & Cost Estimate	<u>Q2 2024</u>	
Submittal of Design Development & Cost Estimate	<u>Q3 2024</u>	
Submittal of 50% CD Set & Cost Estimate	<u>Q1 2025</u>	
Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>Q2 2025</u>	
Environ Review/Land-Use Entitlements		
CEQA Environ Review Submission	<u>N/A</u>	
NEPA Environ Review Submission	<u>N/A</u>	
CUP/PUD/Variances Submission	<u>N/A</u>	
Permits		
Building / Site Permit Application Submitted	<u>Q2 2024</u>	
Addendum #1 Submitted	<u>Q2 2025</u>	
Addendum #2 Submitted	<u>Q2 2025</u>	
Request for Bids Issued	<u>Q2 2025</u>	
Service Plan Submission		
Preliminary	<u>1/1/2024</u>	
Interim	<u>1/1/2025</u>	
Update	<u>June 2026</u>	

Additional City Financing		
Preliminary Gap Financing Application	<u>May 2025</u>	
Gap Financing Application	<u>May 2026</u>	
Other Financing		
MHP Application	<u>July 2025</u>	
Construction Financing RFP		
AHP Application	<u>March 2025</u>	
CDLAC Application	<u>January 2026</u>	
TCAC Application	<u>January 2026</u>	
HUD 202 or 811 Application		
Other Financing Application		
Closing		
Construction Closing	<u>June 2026</u>	
Permanent Financing Closing	<u>June 2026</u>	
Construction		
Notice to Proceed	<u>June 2026</u>	
Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>Dec 2028</u>	
Marketing/Rent-up		
Marketing Plan Submission	<u>Jan 2028</u>	
Commence Marketing	<u>Sept 2028</u>	
95% Occupancy	<u>May 2029</u>	
Cost Certification/8609	<u>Sept 2029</u>	
Close Out MOH/OCII Loan(s)	<u>Dec 2029</u>	

Attachment B: Borrower Org Chart



Attachment C: Developer Resumes

STAFFING CAPACITY

Project Structure

TNDC and YCD will jointly develop 249 Pennsylvania, leveraging and building on both organizations' expertise. TNDC will lead the design, entitlement, and construction efforts as well as the transition into operations with TNDC's Property Management and Tenant and Community Services teams. YCD will lead community engagement and outreach efforts, beginning during the site's interim use period, and in contracting and procurement, with emphasis on job creation opportunities for District 10 residents and firms. Alberto Benejam and Robert Abbott, Senior Project Managers, and Esther Kim, Assistant Project Manager, will lead day-to-day development efforts, with support from Associate Director, Emily Van Loon, and both organizations' Directors of Housing Development, Chris Cummings and Divali Ramkalawan. Hattie Wyatt, YCD's Director of Potrero Hill site, will lead the community engagement efforts, building on her professional experience and her lived experience as a native, lifelong resident of Potrero Hill.

Tenderloin Neighborhood Development Corporation Bios

Chris Cummings, Director of Housing Development – Chris joined TNDC in 2013 and brings over ten years of professional experience in affordable housing development, consulting, and strategic capital. Chris holds a Master of City Planning from the University of Pennsylvania, and a Bachelor of Arts in Architectural Studies from College of the Holy Cross.

Emily Van Loon, Associate Director of Housing Development – Emily joined TNDC in 2016 and currently oversees TNDC's portfolio recapitalization strategy and a portfolio of development projects and supervises project managers. She holds a B.A. in Urban Studies from Wayne State University and a Masters of Urban and Regional Planning from San Jose State University.

Alberto Benejam, Senior Project Manager – Alberto joined TNDC in May 2016 where he has managed a wide range of projects, including rehabs, new construction, and business development opportunities, most recently 1990 Folsom and the Ambassador and Ritz Hotels. Alberto holds a Master in City Planning & a Master in Architecture from the University of California, Berkeley.

Esther Kim, Assistant Project Manager – Esther joined TNDC in March 2021, where she worked on three new construction projects, from construction design into the lease-up phase. She holds a Master in City Planning from the Massachusetts Institute of Technology.

Young Community Developers Bios

Divali Ramkalawan, Director of Housing Development and Policy – Divali joined the YCD team in 2016. Her work includes developing policy, programming, and oversight of funds allocated for affordable housing projects and community development programs. She holds a B.A. in Political Science from the University of California, Los Angeles and a Master's of City and Regional Planning from the University of California, Berkeley.

Robert Abbott, Senior Project Manager – Robert is a Senior Project Manager at YCD. He has experience in tax and audit sides of low-income housing tax credit partnerships from his time with Novogradac & Company and in mixed-use and commercial developments in California and Nevada. Robert holds a B.S. in Accounting from the University of Oregon.

Hattie Wyatt, Director of Potrero Hill Site – Hattie holds a Bachelor of Science degree in Criminal Justice and a certification in Nonprofit Management. Hattie is a certified Trauma Relief Counselor and in Differential Responses for Case Management and has offered supportive wraparound services for the past 20 years.

Attachment D: Asset Management Evaluation of Project Sponsor

TNDC has 47 projects in its portfolio, with an additional 16 projects in the pipeline including recapitalization. The average units per project ranges from 75-200.

There are three full-time employees. The department is headed by the Senior Asset Manager with two Asset Managers reporting to the Senior Asset Manager, who reports to the CFO. Each of the three employees in the Asset Management Department have a set number of projects in the portfolio. Each is responsible for developing asset management plans for each property, as well as managing the needs and requests of the partner and/or lender in each of the properties, examining opportunities related to the rental structure/operating subsidies, and developing, when necessary, partner exit strategies and/or resyndications and refinancing strategies for those projects that are approaching Year 15.

Members of the Asset Management Department work closely with other TNDC departments. Each project in development in the Housing Development Department has a multidisciplinary "interdepartmental team" to help inform rehab or new construction scopes in which one or more members of asset management participates. Additionally, TNDC has a Recapitalization Workgroup, in which all members of the Asset Management Department attend in order to update senior staff members and the Housing Development Department about asset management plans, partner exit strategies and other asset management related activities, challenges and opportunities.

Attachment E: Eligibility Requirements and Ranking Criteria

The below language was provided in the Site Acquisition and Predevelopment Financing NOFA of January 27, 2023, Section 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 applicants, at which time applicants 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 interviews have been completed, the Selection Panel will 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 applicants will enter into acquisition and predevelopment loan agreements with milestone requirements established in accordance with the terms of this NOFA. If MOHCD staff cannot enter into a loan agreement with a selected applicant 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 applicant, 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 applicant team should it be determined that the team lacks representation necessary to the achievement of the goals of the NOFA.

B. MINIMUM CAPACITY AND EXPERIENCE REQUIREMENTS

1. Minimum Development Team Characteristics

The proposed applicant team must include the following.

- A nonprofit developer (or developers) with experience developing permanent affordable housing for low-income households or a for-profit developer working in partnership with a nonprofit developer, of which one of the joint venture partners must have experience developing affordable housing (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.
- A property management entity with experience managing housing for formerly homeless families with Housing First principles.

- A community-based, service-providing entity with experience providing culturally competent, and trauma-informed, services appropriate for formerly homeless households in a supportive housing context.

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; they are used to determine 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.

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

3. MINIMUM DEVELOPER AND OWNER CAPACITY REQUIREMENTS

Minimum Developer Experience: The proposed Developer must have completed within the past ten years at least **one** Qualifying Project. The definition of “completed” is 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 NOFA response and must be acceptable to MOHCD.

Minimum Ownership Experience: The proposed site owner must have owned at least **one** Qualifying Project for at least five (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.

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

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

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

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

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

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

2. Must demonstrate *site control by applicant* as evidenced by appropriate documentation (Deed of Trust, Purchase Agreement, Option to Purchase Agreement.) 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, and must be supported by an appraisal as part of the application package.
3. Must include a description of proposed interim uses for the Site during the extended predevelopment period through 2026. This should include a description of current structures and uses; what if any structures or amenities will be preserved; and the timeline, budget, and scope of planned interim uses. The budget should include a description of how security and other holding costs have been calculated.
4. Must include a description of site context: parcel history; current zoning; parcel configuration, including the need for potential parcel mergers; potential historic resources on the site or adjacent to it; and prior uses at the site that may have left environmental impacts. Applicant must include a map of neighboring amenities.
5. Must demonstrate ability for the project to make use of streamlined entitlements through SB 35 or another streamlining initiative.
6. 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.
7. Must demonstrate overall financial feasibility through inclusion of a Financing Plan. The financing plan must include a detailed Sources and Uses Budget that includes the following and uses the most current version of the MOHCD Underwriting Guidelines, available on the MOHCD website (<https://sfmohcd.org/housing-development-forms-documents>.) 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.
 - a. Primary capital funding sources can 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. Do not assume access to Section 8 (Housing Choice Vouchers, Project Based Section 8, or Continuum of Care, for example.)
 - b. Rents set at affordability levels appropriate for the target population.
 - a. For the LOSP units serving formerly homeless households, applicants 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 households, 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. For units serving seniors age 62+ intending to use the SOS Program subsidy, assume that 40% of the senior units will have an SOS contract. Rents to be set at 15% AMI and 25% AMI, with contract growing at 4% annually.
8. 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.
 9. 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.
 10. Must demonstrate competitiveness for State bond and tax credit funds administered by the California Debt Limit Allocation Committee.
 11. Proposals that include any displacement/relocation of residential and/or commercial tenants must include a full relocation plan and budget. Displacement or relocation that is required as a condition of site control is highly discouraged, though in some cases may be justified.
 12. Must budget for a supportive services and housing stabilization component that is appropriate for the needs of the anticipated tenant population, including households who have experienced homelessness, and within either HSH’s or MOHCD’s funding guidelines for the services contract.
 13. 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. This also needs to cover the entire development period, including interim use and construction work.

14. Must include 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 households who were formerly homeless, for which the City will provide funding.
15. Must provide a construction cost estimate that reflects current construction costs and show escalation assumptions as a separate line item.
16. Must include a Services Plan and Budget that complies with MOHCD underwriting requirements. The awarded development team 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 these agencies. Successful applicants under this NOFA will receive priority for funding from HSH and MOHCD for services and operating subsidies.
 - Operating budgets should include up no (and no more than) 1:100 staffing for the non-homeless residents.
 - For the 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.
17. Must 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 two (2) 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. Note: This information does not constitute a formal design submission. There is no reimbursement for costs related to this requirement.

D. SELECTION CRITERIA AND SCORING

Responsive submittals include all the required information listed above, and 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 listed in Section IV.B and IV.C will be scored and ranked according to the extent to which their Experience and Vision meets the following selection criteria:

	Category	Points
A.	EXPERIENCE:	40

i.	<p>Developer (12 pts)</p> <ol style="list-style-type: none"> 1. Experience with the following: <ul style="list-style-type: none"> o Completing projects on time and on budget o Obtaining competitive financing terms o Developing proposed type of construction o Developing housing for low-income households, including those experiencing homelessness, as applicable 2. Building community support through outreach 3. Current staff capacity and experience to take on this project type 	
ii.	<p>Owner (4 pts)</p> <ol style="list-style-type: none"> 1. Track record successfully owning housing financed with Low-Income Housing Tax Credits 2. Experience owning affordable housing for low-income households, including those experiencing homelessness, if applicable 3. Effectiveness of current asset management structure and staffing, given portfolio size 4. Capacity for assuming asset management of an expanded portfolio once the development is complete 	
iii.	<p>Property Manager (8 pts)</p> <ol style="list-style-type: none"> 1. Experience managing property for low-income households, including those experiencing homelessness, if applicable 2. Experience achieving high rates of housing retention 3. Implements low barrier tenant selection policies consistent with Housing First principles and the HSH Documentation Policy 4. Contributes to long-term sustainability of the development 5. Achieves cost efficiencies in operations 	
iv.	<p>Service Providers (8 pts)</p> <ol style="list-style-type: none"> 1. Experience providing access and delivering services to low-income households, including those experiencing homelessness, if applicable 2. Experience linking residents to the City's safety net of services 3. Works with property management to achieve high rates of housing retention 4. Supports positive outcomes for residents around health and economic mobility 5. If applicable, provides explanation for service contracts terminated prematurely within the last 5 years 6. Capacity to attract and retain adequate staffing to take on this project 	

v.	<p>Racial Equity (8 pts)</p> <ol style="list-style-type: none"> 1. Experience providing housing to COP holders and neighborhood preference holders 2. Uses innovative approaches to engagement with COP and neighborhood preference holders 3. Demonstrates commitment to racially diverse project development teams 4. Demonstrates experience with serving historically excluded communities of color <ol style="list-style-type: none"> 1. Describes experience providing access and implementing effective service delivery strategies to historically excluded communities of color 	
----	--	--

B. VISION:		60
i.	<p>Site and Project Concept (15 pts)</p> <ol style="list-style-type: none"> 1. 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. 2. Describes vision for a development program at this site, while best achieving the project goals, and includes: <ul style="list-style-type: none"> o A residential program and other envisioned uses; o Indicates how the proposed uses and amenities will enhance the lives of the proposed target population and the surrounding neighborhood. 3. Indicates populations served by the programs and spaces (families, families experiencing homelessness, young adults, children etc.). 4. Describes the interim use strategy, including contingencies for construction start delays of up to three (3) years 	
ii.	<p>Community Engagement Strategy (10 pts)</p> <ol style="list-style-type: none"> 1. Describes community engagement strategy and includes: <ul style="list-style-type: none"> o The team’s philosophy on community engagement o Process for establishing and/or building positive relationships with surrounding neighbors and the larger community o Efforts designed to engage all interested community members—particularly BIPOC members of the target populations—and including monolingual non-English speaking community members; o How the Development Team intends to comply with the City’s Language Access Ordinance 2. Describes the Team’s approach to achieving entitlements for the project expeditiously and the approach to maintaining and building 	

	<p>community relationships after entitlements have been achieved and the development is in operations.</p> <p>3. 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.</p>	
<p>iii.</p>	<p>Services Delivery Strategy (10 pts)</p> <ol style="list-style-type: none"> 1. Describes the Development Team’s services delivery strategy and includes: <ul style="list-style-type: none"> o The overall service philosophy; o Model for providing services to formerly homeless residents (including case management ratio and provision of amenities such as front desk clerks, if applicable); o The services goals of the proposed vision. 2. 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. 3. Describes how services for residents will be coordinated with the existing network of services in the neighborhood and community. <ol style="list-style-type: none"> 1. 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. 	
<p>iv.</p>	<p>Finance & Cost Containment Approach (15 pts)</p> <ol style="list-style-type: none"> 1. Describes the Development Team’s financing approach to the project. 2. Describes how project is strategically positioned to successfully compete for State funding resources, including funding from the CA Debt Limit Allocation Committee and Department of Housing and Community Development 3. Includes the Team’s process for structuring the project and controlling development costs. 4. Includes innovative strategies intended to minimize MOHCD’s projected capital gap financing. 5. 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. 	

	<ol style="list-style-type: none"> 1. Includes proforma financials. 2. Includes project design concept to fact check the financials 	
--	---	--

	<ol style="list-style-type: none"> v. Racial Equity Strategy (10 pts) <ol style="list-style-type: none"> 2. Explains how vision aligns with the primary goals of this NOFA set forth in the Introduction and Project Expectations. 3. Proposes a substantive partnership that increases opportunity/capacity for growth of Emerging Developers (smaller organizations). 	
TOTAL POSSIBLE POINTS		100

Projects must receive at least 70 points to proceed through the selection process.

E. 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:

- a. **Certificate of Good Standing** from the California Secretary of State

- b. **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:

- a. Minimum Development Experience
- b. Minimum Ownership Experience
- c. Minimum Property Management Experience
- d. Minimum Service Provision Experience
- e. 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.

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**.

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*

- ii. **Experience:** Provide written narrative of **no more than five pages** (in Times New Roman font, 12 font size, and 1-inch margins).
- iii. **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, except as identified on the **Attachment B: Submittal Checklist**.

F. *Scoring for 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).

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.

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”.

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.

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.

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.

G. Scoring for 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:

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 two 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.

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.

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.

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.

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 Emerging Developers (smaller organizations) in development roles. Explain how the Development Team's model removes barriers to intergenerational wealth, self-sufficiency and resiliency for persons of color, particularly COP holders, African American households and/or households in historically African American neighborhoods.

In this section, include the following attachments:

- Evidence of Site Control
- Appraisal
- Map of Neighborhood Amenities
- MOHCD Application Proforma
- **Attachment I – CDLAC Self Score Worksheet**

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.

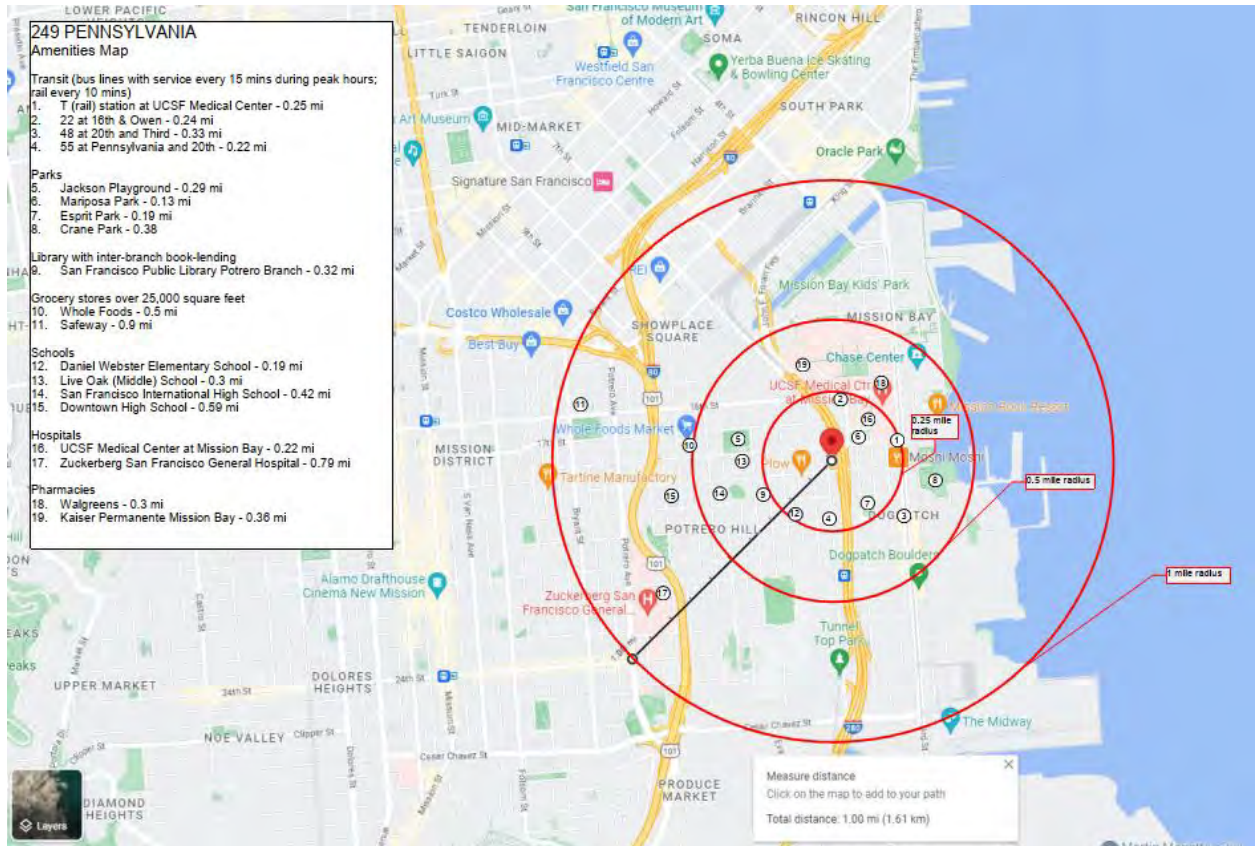
Note Regarding Submittals: Applicants may amend their response prior to the submission deadline. However, after the submission deadline, corrections are only allowed if immaterial and at the sole discretion of MOHCD.

Attachment F: Site Map with amenities

Map amenities:

1. Site Amenities

Map source: Google Maps



Inner circle is 1/4 mile radius, middle circle is 1/2 mile radius, and the outer circle is a 1 mile radius.

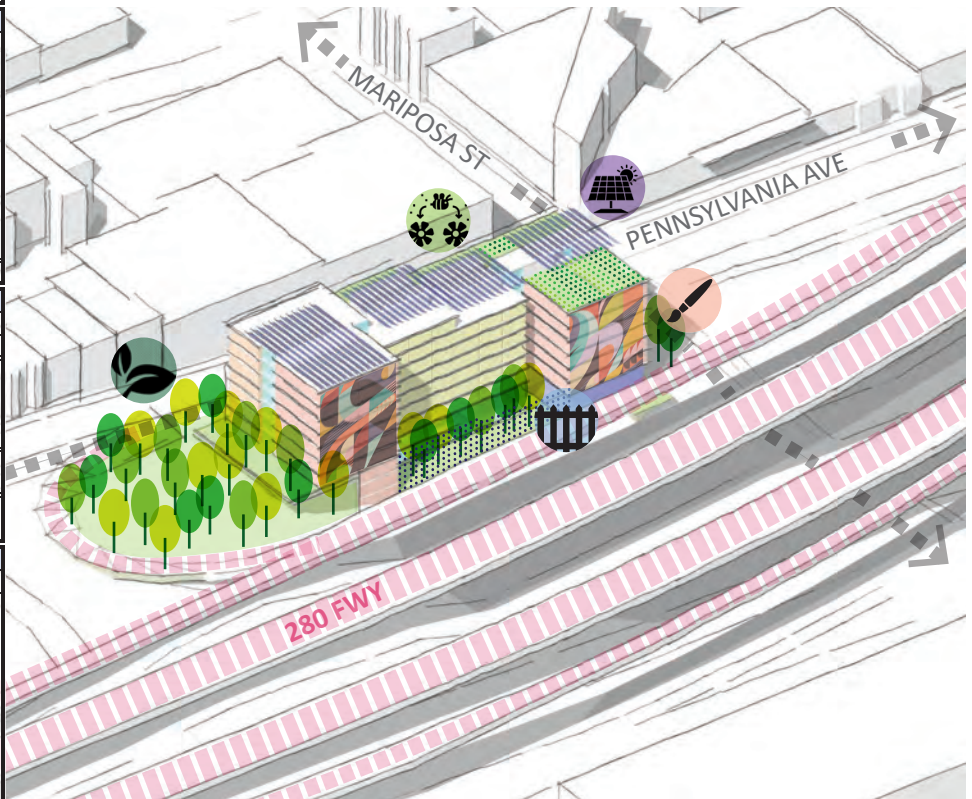
- Project is located within 1/2 mile of a major transit stop:**
 - #1: T (rail) station at UCSF Medical Center
 - #2: Bus line 22 at 16th & Owen
 - #3: Bus line 48 at 20th and Third
 - #4: 55 at Pennsylvania and 20th
- Project is located within 1/2 mile of a park or recreational facility:**
 - #5: Jackson Playground – within 1/2 mile
 - #6: Mariposa Park – within 1/4 mile
 - #7: Esprit Park – within 1/4 mile
 - #8: Carne Park – within 1/2 mile
- Project is within 1/2 mile of a public library:**
 - #9: SF Public Library Potrero Branch – within 1/2 mile

- Project is within 1 mile of groceries and other essential shopping needs:**
 - **#10:** Whole Foods Grocery – within 1 mile
 - **#11:** Safeway Grocery – within 1 mile
- Project is within 1 mile of schools:**
 - **#12:** Daniel Webster Elementary School – within ¼ mile
 - **#13:** Live Oak Middle School – within ½ mile
 - **#14:** San Francisco International High School – within ½ mile
 - **#15:** Downtown High School – within 1 mile
- Project is within 1 mile of hospitals:**
 - **#16:** UCSF Medical Center at Mission Bay – within ¼ mile
 - **#17:** Zuckerberg San Francisco General Hospital – within 1 mile
- Project is within ½ mile of hospitals:**
 - **#18:** Walgreens – within ½ mile
 - **#19:** Kaiser Permanente Mission Bay – within ½ mile

- **Attachment G: Elevations and Floor Plans**

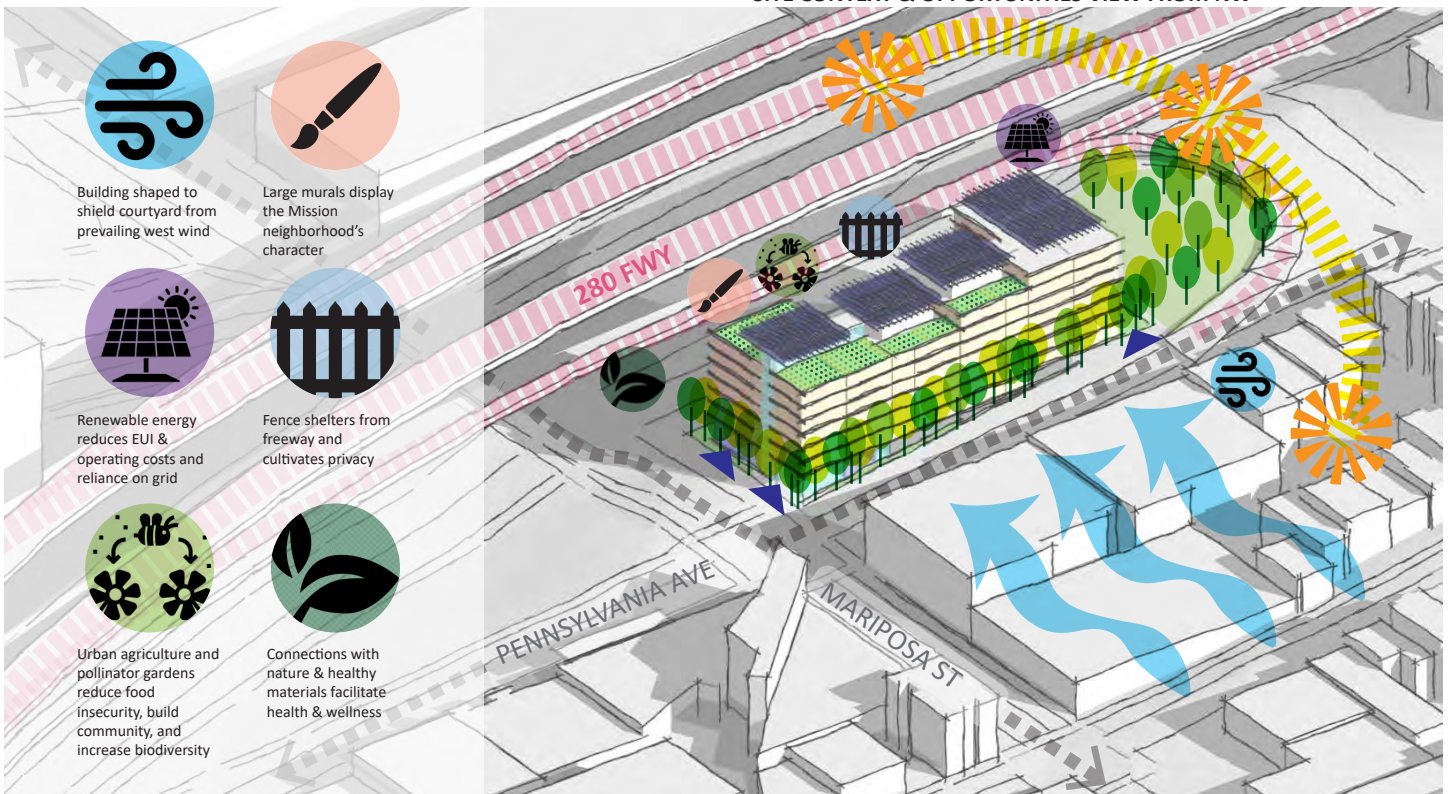
CONCEPT DRAWINGS

UNIT COUNT					
Type	Count	%	#/ FULL FLR	Unit Area	Tot. Area
3BR	30	25%	4	1030	30900
2BR	40	33%	4	800	32000
1BR	0	0%	4	600	0
ST	50	42%	6	400	20000
120			18		82900
BLDG GROSS AREAS					
MECH PENTHOUSE	1500				
9	4800				
8	8500				
7	15250				
6	15250				
5	15250				
4	15250				
3	15250				
2	13300				
1 & MEZZANINE	19650				
Total Gross Area:	124000				
EXTERIOR AREAS / REAR YARD / OPEN SPACE					
Keynote	Space	Area			
	Total Lot Area	21625			
01	South Garden	1800			
02	Courtyard	3200			
03	Rain Garden Nook	500			
04	Roof Urban Farm	5300			
	Total Proposed Rear Yard	5500			
	Min Rear Yard (25% Lot Area)	5406			
	Total Open Space	10800			
	Min Req'd Open Space (80 SF / DU)	9600			
GROUND COMMON AREAS					
Keynote	Space	Area			
05	Comm Rm (Dbl Height)	2000			
06	Social Services	1200			
07	Property Management	800			
08	Laundry	400			
09	Lobby (Dbl Height)	700			
10	Meeting Room (Dbl Height)	500			
11	Mail (Dbl Height)	200			
12	Transformer	500			
13	Electrical	500			
14	Pumps	500			
15	Bikes	1200			
16	Trash	800			
17	Storage	1200			
18	Maintenance (Dbl Height)	800			
	Total Ground & Common Space	11300			



SITE CONTEXT & OPPORTUNITIES VIEW FROM SE

SITE CONTEXT & OPPORTUNITIES VIEW FROM NW



**Attachment H: Comparison of City Investment in Other Housing
Developments**

Affordable Multifamily Housing New Construction Cost Comparison - San Francisco

Updated 9/25/2023		Acquisition costs by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Not including Land)			Subsidy	
		Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/ sq.ft ⁶	Soft/unit	Soft/BR	Soft/ sq.ft ⁶	TDC/unit	TDC/BR	TDC/ sq.ft ⁶	Subsidy / unit	Leveraging ⁷
Delta of Subject and Comparable Projects		\$ 98,142	\$ 56,122	550.0493779	\$ (55,748)	\$ (15,844)	\$ 42	\$ 108,023	\$ 65,307	\$ 126	\$ 150,385	\$ 105,567	\$ 264	\$ (68,154)	145.3%
Delta Percentage		5425%	5650%	11979%	-8%	-4%	7%	67%	74%	94%	17%	22%	36%	-28%	201%
249 Pennsylvania		\$ 99,951	\$ 57,115	\$ 555	\$ 662,283	\$ 378,447	\$ 641	\$ 268,541	\$ 153,452	\$ 260	\$ 1,030,775	\$ 589,014	\$ 998	\$ 174,852	83.0%
Comparable Projects	Average:	\$ 1,809	\$ 993	\$ 4.59	\$ 718,030	\$ 394,291	\$ 599	\$ 160,518	\$ 88,145	\$ 134	\$ 880,390	\$ 483,448	\$ 734	\$ 243,006	72.4%

		Costs lower than comparable average (within 10%)		Costs higher than comparable average (within 10%)		\$ 124,878,872												Notes on Financing (e.g., TCAC)	Building Type (e.g., Type III over Type I)	Stories	Comments including date of LC or cost estimate, stage of development:
		Lot sq.ft	Completion/start date	# of Units	# of BR ¹	Res. ²	Non-Res. Sq. ft.	Total sq. ft.	Acq. Cost ³	Constr. Cost ⁴	Soft Cost	Total Dev. Cost w/acq costs	Local Subsidy								
ALL PROJECTS	Average:	34,695		120	192	120,601	13,587	132,466	\$ 304,172	\$ 82,349,432	\$ 20,317,508	\$ 102,791,958	\$ 31,709,924								
Comparable Projects Completed (filtered)	Average:	41,389		131	195	117,383	13,514	130,897	\$302,092	\$82,346,287	\$18,724,066	\$101,372,445	\$29,439,564								
Comparable Projects Under Construction (filtered)	Average:	62,728		123	258	158,022	21,004	166,487	\$6,042	\$100,414,713	\$25,351,318	\$125,784,073	\$40,200,284								
Comparable Projects In Predevelopment (filtered)	Average:	41,283		116	220	132,110	13,283	145,395	\$359,541	\$82,264,015	\$15,171,960	\$97,795,516	\$20,053,554								
Total Comparable Projects	Average:	48,467		123	224	135,838	15,934	147,593	\$222,558	\$88,341,672	\$19,749,115	\$108,317,345	\$29,897,801								
249 Pennsylvania	3999/015	21,625		120	210	124,000		124,000	\$ 11,994,119	\$ 79,473,927	\$ 32,224,945	\$ 123,692,991	\$ 20,982,240			Type III over Type I	7	Going to bid for design team Fall/Winter 2023			
Delta of Subject and Comp Project Averages		-26,842		-3	-14	-11,838	-15,934	-23,593	\$11,771,561	(\$8,867,745)	\$12,475,830	\$15,375,646	(\$8,915,561)								
Delta Percentage		-55%		-2%	-6%	-9%	-100%	-16%	5289%	-10%	63%	14%	-30%								

PROJECTS COMPLETED																	
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Building Square Footage			Total Project Costs			Total Dev. Cost w/acquisition costs	Local Subsidy ⁵	Notes on Financing	Building Type	Stories	Comments
						Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost						
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	90,274	13,328	103,602	\$ -	\$ 55,042,699	\$ 8,732,464	\$ 63,775,163	\$ 17,393,406	9% LIHTC	Type IIIA over Type I	5	Childcare
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	\$ 35,000	\$ 72,927,227	\$ 16,314,468	\$ 89,276,695	\$ 25,560,000	HCD AHSC Loan	Type I Podium	4-8	system, plus Childcare shell
Mission Bay BI 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 95,459,960	\$ 15,222,907	\$ 110,830,992	\$ 35,750,000	HCD AHSC Loan	Type IIIA -V over Type I	6	land infrastructure
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	\$ 20,700	\$ 72,315,438	\$ 12,766,230	\$ 85,102,368	\$ 17,693,093		Type IIIA & V over Type I	4-6	No infrastruct. Cost
88 Broadway - Family Housing	88 Broadway	38,182	Jul-21	125	221	140,279	8,700	148,979	\$ -	\$ 85,254,120	\$ 27,758,226	\$ 113,012,346	\$ 27,908,676		Type IIIA & V over Type I	5-6	Family
1990 Folsom Street	1990 Folsom	29,047	Sep-21	143	226	138,824	15,063	153,887	\$ 2,500,000	\$ 94,179,422	\$ 25,616,512	\$ 122,295,934	\$ 46,711,496		Type I and Type VA	2 & 8	Mixed type - Townhomes + 8 story Type I
Mission Bay S. Block 9	410 China Basin Street	47,437	Oct-22	141	141	99,160	-	99,160	\$ -	\$ 78,170,444	\$ 15,598,625	\$ 93,769,069	\$ 23,076,000	HCD Loan	Type IIIA FBH Type I	4	Factory built
1064 Mission Street	1064 Mission Street	50,844	Dec-22	258	258	152,519	5,391	157,910	\$ 1	\$ 122,555,937	\$ 37,557,505	\$ 160,113,443	\$ 46,638,404	4% credits AHP & NPLH	Type IIIA FBH Type I	6	Type IIIA over Type I podium - Factory built, 2019, 100% fire, weather resistant.
Maceo May	Treasure Island C3.2 BI C3.A	32,203	Feb-23	105	138	68,488	35,472	103,960	\$ 15,000	\$ 65,211,335	\$ 8,949,661	\$ 74,175,996	\$ 24,225,000	2 HCD Loans (VHHP & MHP)	Type IIIA FBH Type I	3-6	

PROJECTS UNDER CONSTRUCTION																	
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Building Square Footage			Total Project Costs			Total Dev. Cost w/acq costs	Local Subsidy ⁵	Notes on Financing	Building Type	Stories	Comments
						Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost						
4840 Mission	4840 Mission	64,033	Apr-24	137	232	181,711	14,384	120,861	\$ -	\$ 83,789,393	\$ 23,931,086	\$ 107,720,479	\$ 51,614,447	HCD MHP Loan	Type V over Type I	4-5	Clinic + POPO, steps with row
Treasure Island C3.1	6th St. Avenue C	49,841	May-24	138	321	198,821	11,785	210,586	\$ 25,000	\$ 98,295,567	\$ 18,953,264	\$ 117,273,831	\$ 28,952,317		Type IIIA over Type IA	7	Stories Type IA
Potrero Block B	25th and Connecticut	74,311	Sep-23	157	348	219,291	42,257	261,548	\$ 11,251	\$ 147,636,082	\$ 37,617,867	\$ 185,265,200	\$ 15,688,292	4% Credits, HCD IIG & AHSC	Type IIIA over IA	5-6	300 sq ft park, 600 sq ft, and 611 sq ft (see app. 6/2023)
HPSY Block 52-54	151 and 351 Friedell St	45,580	May-25	112	217	147,190	21,541	168,731	\$ -	\$ 103,737,629	\$ 29,252,420	\$ 132,990,049	\$ 61,518,208	4% credits, IIG	Type V over Type 1	5	contiguous parcels. Parking ratio
HPSY Block 56	11 Innes Court	28,792	Apr-25	73	147	76,614	15,939	92,553	\$ -	\$ 55,720,684	\$ 16,725,791	\$ 72,446,475	\$ 34,813,441	4% LIHTC, AHP	Type V over Type 1	5	
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	63,379	Aug-24	118	283	124,502	20,138	144,640	\$ -	\$ 113,308,925	\$ 25,627,481	\$ 139,008,406	\$ 48,615,000	4% Credits, HCD MHP	Type III-A over Type I	5-6	incl Commr spaces & 60 Pkg (Cap Performa Feb 2023)

PROJECTS IN PREDEVELOPMENT																	
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Building Square Footage			Total Project Costs			Total Dev. Cost w/acq costs	Local Subsidy	Notes on Financing	Building Type	Stories	Comments
						Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost						
Reservoir Buidng E (Balboa)	Lee Avenue	31,008	TBD	124	192	138,150	1,000	139,150	\$ 1,777,707	\$ 76,146,062	\$ 30,807,599	\$ 108,731,368	\$ 13,628,128		Type IIIA over Type IA	7	Leasing terms, 50% CP
Sunnydale Block 7	Sunrise Wy and Santos St	73,161	Oct-24	81	184	114,374	22,815	137,189	\$ 10,000	\$ 78,088,122	\$ 8,000,000	\$ 86,096,122	\$ 12,743,082	4% Credits, HCD IIG & AHSC	Type VA over IA	5	Parking at .74 ratio, 100% SD
Sunnydale Block 9	TBD	52,272	Oct-24	96	223	137,602	26,826	164,428	\$ 10,000	\$ 94,477,462	\$ 6,197,471	\$ 100,684,933	\$ 18,660,015	4% Credits, HCD IIG & AHSC	Type VA over IA	5	5.6 2022 est with 18% esc for lan
1515 SVN	1515 South Van Ness Ave	35,174	Feb-25	170	323	180,291	15,774	196,075	\$ -	\$ 112,327,729	\$ 15,886,352	\$ 128,214,081	\$ 25,737,456	4% credits, HCD MHP	TBD	6	no back, 15,122,2022 (needs to
88 Bluxome	88 Bluxome	14,800	May-24	107	176	90,132	0	90,132	\$ -	\$ 50,280,700	\$ 14,968,377	\$ 65,249,077	\$ 29,499,087	4% credits	Type IIIA over Type I	4-5	10/10/21 LE
IC4.3 Treasure Island	California & Ave E	55,000	Nov-25	150	315	215,000	10,000	225,000	\$ 25,000	\$ 123,179,014	\$ 33,661,784	\$ 156,865,798	\$ 54,027,768	TCAC 4%, HCD, AHP	Type III over two levels	6	infrastructure by TDC

Attachment I: Predevelopment Budget Sources and Uses

Application Date: 4/7/23 # Units: 120
 Project Name: 249 Pennsylvania Family Housing # Bedrooms: 210
 Project Address: 249 Pennsylvania Ave # Beds:
 Project Sponsor: TNDC & YCD LOSP Project

SOURCES	13,000,000	180,000	-	-	-	-	Total Sources	13,180,000	Comments
									Costs requested through NOFA
									CSH Acq. Loan / Interim Use Income Takeout Source
Name of Sources: MOHCD/OCII									

USES

ACQUISITION	11,350,000						11,350,000	99950.99108
Acquisition cost or value	11,350,000						11,350,000	99950.99108
Legal / Closing costs / Broker's Fee	614,119						614,119	incld acquisition loan interest from initial CSH Loan
Holding Costs		30,000					30,000	NOFA-ineligible costs interim use costs
Transfer Tax							0	
TOTAL ACQUISITION	11,964,119	30,000	0	0	0	0	11,994,119	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab							0	Include FF&E
Commercial Shell Construction							0	
Demolition							0	
Environmental Remediation							0	
Onsight 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	
Sub-total Construction Costs	0	0	0	0	0	0	0	
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
Sub-total Construction Contingencies	0	0	0	0	0	0	0	
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	265,000						265,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	85,000						85,000	Design costs through entitlement (Arch, Civil, Landscape)
Architect Construction Admin							0	
Reimbursables	5,000						5,000	
Additional Services							0	
Sub-total Architect Contract	355,000	0	0	0	0	0	355,000	
Other Third Party design consultants (not included under Architect contract)	40,000						40,000	Dry utility/joint trench \$20k; acoustics \$10k; other \$10k
Total Architecture & Design	395,000	0	0	0	0	0	395,000	

Engineering & Environmental Studies

Survey	15,000						15,000	
Geotechnical studies	20,000						20,000	
Phase I & II Reports	5,500						5,500	Phase I
CEQA / Environmental Review consultants	45,500						45,500	Subsurface soil investigation
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants							0	Name consultants & contract amounts
Total Engineering & Environmental Studies	86,000	0	0	0	0	0	86,000	

Financing Costs

Construction Financing Costs									
Construction Loan Origination Fee							0		
Construction Loan Interest							0		
Title & Recording							0		
CDLAC & CDIAC fees							0		
Bond Issuer Fees							0		
Other Bond Cost of Issuance							0		
Other Lender Costs (specify)							0		
Sub-total Const. Financing Costs	0	0	0	0	0	0	0		
Permanent Financing Costs									
Permanent Loan Origination Fee							0		
Credit Enhance. & Appl. Fee							0		
Title & Recording	10,000						10,000		
Sub-total Perm. Financing Costs	10,000	0	0	0	0	0	10,000		
Total Financing Costs	10,000	0	0	0	0	0	10,000		

Legal Costs

Borrower Legal fees	10,000						10,000	
Land Use / CEQA Attorney fees	5,000						5,000	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
Other Legal (specify)							0	
Total Legal Costs	15,000	0	0	0	0	0	15,000	

Other Development Costs

Appraisal	4,500						4,500	
Market Study							0	
Insurance		19,260					19,260	Interim use insurance
Property Taxes	295,860	112,740					408,600	Interim use property tax
Accounting / Audit							0	
Organizational Costs	6,714						6,714	
Entitlement / Permit Fees	100,000						100,000	
Marketing / Rent-up							0	
Furnishings							0	\$2,000/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees							0	
TCAC App / Alloc / Monitor Fees							0	
Financial Consultant fees							0	
Construction Management fees / Owner's Rep	15,000						15,000	
Security during Construction		18,000					18,000	Interim use security
Relocation							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	422,074	150,000	0	0	0	0	572,074	

Total Soft Cost Contingency as % of Total Soft Costs 10.0%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	107,807		0	0	0	0	107,807	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	1,035,881	150,000	0	0	0	0	1,185,881	

RESERVES

Operating Reserves							0	
Replacement Reserves							0	
Tenant Improvements Reserves							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
TOTAL RESERVES	0	0	0	0	0	0	0	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones							0	
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	
TOTAL DEVELOPER COSTS	0	0	0	0	0	0	0	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	13,000,000	180,000	0	0	0	0	13,180,000	
Development Cost/Unit as % of TDC by Source	108,333	1,500	0	0	0	0	109,833	
	98.6%	1.4%	0.0%	0.0%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source	94,583	0	0	0	0	0	94,583	
---------------------------------	--------	---	---	---	---	---	--------	--

Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

*Possible non-eligible GO Bond/COP Amount:	302,574
City Subsidy/Unit	108,333

Tax Credit Equity Pricing:	N/A
Construction Bond Amount:	N/A
Construction Loan Term (in months):	N/A
Construction Loan Interest Rate (as %):	N/A

Attachment J: Development Budget

Application Date: 4/7/23 # Units: 120
 Project Name: 249 Pennsylvania Family Housing # Bedrooms: 210
 Project Address: 249 Pennsylvania Ave # Beds:
 Project Sponsor: TND & YCD LOSP Project

SOURCES	20,982,236	51,018,244	34,580,356	1,030,000	150,000	3,169,018	769,017	Total Sources	Comments
Name of Sources:	MOHCD/OCl	LIHTC Equity	HCD-MHP	FHLB-AHP	Income from Interim Use	GP Equity	Deferred Fee	111,698,872	

USES

ACQUISITION

Acquisition cost or value								0	
Legal / Closing costs / Broker's Fee								0	
Holding Costs				30,000				30,000	Interim use income invested in improving interim use
Transfer Tax								0	
TOTAL ACQUISITION	0	0	0	30,000	0	0	0	30,000	

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		29,394,122	26,442,099	1,000,000				56,836,221	Include FF&E
* Commercial Shell Construction								0	
* Demolition			1,297,500					1,297,500	
* Environmental Remediation								0	
* Onsite Improvements/Landscaping								0	
* Offsite Improvements								0	
* Infrastructure Improvements	150,000							150,000	Other hard costs, not in GC contract
* Parking								0	
GC Bond Premium/GC Insurance/GC Taxes			1,716,223					1,716,223	2.6%
GC Overhead & Profit			2,184,534					2,184,534	3.4%
CG General Conditions			2,940,000					2,940,000	4.5%
Sub-total Construction Costs	150,000	29,394,122	34,580,356	1,000,000	0	0	0	65,124,478	
Design Contingency (remove at DD)		1,302,490						1,302,490	Reduced to 2% per latest underwriting guidelines
Bid Contingency (remove at bid)		7,950,937						7,950,937	Bid, 10% escalation
Plan Check Contingency (remove/reduce during Plan Review)		1,302,490						1,302,490	Reduced to 2% per latest underwriting guidelines
Hard Cost Construction Contingency		3,793,532						3,793,532	5% new construction (calculated on top of other contingencies)
Sub-total Construction Contingencies	0	14,349,449	0	0	0	0	0	14,349,449	5.8%
TOTAL CONSTRUCTION COSTS	150,000	43,743,571	34,580,356	1,000,000	0	0	0	79,473,927	

SOFT COSTS

Architecture & Design

Architect design fees	2,400,000							2,400,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)								0	Included above
Architect Construction Admin	600,000							600,000	
Reimbursables	90,000							90,000	
Additional Services	150,000							150,000	
Sub-total Architect Contract	3,240,000	0	0	0	0	0	0	3,240,000	
Other Third Party design consultants (not included under Architect contract)								300,000	\$65k - dry utility; \$60k commissioning; \$40k acoustic; \$35k plan review; \$35k waterproofing; \$25k T24/LEED; \$10k EBMS; \$30K miscellaneous
Total Architecture & Design	3,540,000	0	0	0	0	0	0	3,540,000	

Engineering & Environmental Studies

Survey	35,000							35,000	
Geotechnical studies	85,000							85,000	
Phase I & II Reports	29,500							29,500	
CEQA / Environmental Review consultants	45,500							45,500	Subsurface soil investigation
NEPA / 105 Review								0	
CNA/PNA (rehab only)								0	
Other environmental consultants	250,000							250,000	Special Inspections Testing
Total Engineering & Environmental Studies	445,000	0	0	0	0	0	0	445,000	

Financing Costs

Construction Financing Costs									
Construction Loan Origination Fee	70,000							70,000	
Construction Loan Interest	7,630,448	1,713,798						9,344,247	
Title & Recording	100,000							100,000	
CD/LAC & CDA/C fees	100,000							100,000	
Bond Issuer Fees								0	
Other Bond Cost of Issuance	737,722							737,722	
Other Lender Costs (specify)	10,000							10,000	
Sub-total Const. Financing Costs	8,648,170	1,713,798	0	0	0	0	0	10,361,969	
Permanent Financing Costs									
Permanent Loan Origination Fee								0	
Credit Enhance. & Appl. Fee								0	
Title & Recording								0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	0	
Total Financing Costs	8,648,170	1,713,798	0	0	0	0	0	10,361,969	

Legal Costs

Borrower Legal fees	100,000							100,000	
Land Use / CEQA Attorney fees	10,000							10,000	
Tax Credit Counsel	65,000							65,000	
Bond Counsel								0	
Construction Lender Counsel	50,000							50,000	
Permanent Lender Counsel								0	
Other Legal (specify)								0	
Total Legal Costs	225,000	0	0	0	0	0	0	225,000	

Other Development Costs

Appraisal	15,000							15,000	
Market Study	15,000							15,000	
* Insurance	2,226,859			19,260				2,246,119	GL and builder's risk; insurance during interim use
* Property Taxes	887,260			112,740				1,000,000	Prop tax during interim use & construction
Accounting / Audit	25,000							25,000	
Organizational Costs	10,000							10,000	
Entitlement / Permit Fees	1,200,000							1,200,000	
* Marketing / Rent-up	260,000							260,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
* Furnishings	567,000							567,000	
PGE / Utility Fees	1,700,000							1,700,000	
TCAC App / Alloc / Monitor Fees	556,552							556,552	
Financial Consultant fees	65,000							65,000	
Construction Management fees / Owner's Rep	175,000							175,000	
Security during Construction				18,000				18,000	security during interim use
* Relocation								0	
Other (specify)	204,184							204,184	
Other (specify)	20,000							20,000	
Other (specify)								0	
Total Other Development Costs	3,309,184	4,617,672	0	0	150,000	0	0	8,076,856	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	2,264,882		0	0	0	0	0	2,264,882	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	18,432,236	6,331,470	0	0	150,000	0	0	24,913,707	10.0%

RESERVES

* Operating Reserves		499,131						499,131	
* Replacement Reserves								0	
* Tenant Improvements Reserves								0	
* Other (specify)		444,072						444,072	Rent Up Costs
* Other (specify)								0	
* Other (specify)								0	
TOTAL RESERVES	0	943,203	0	0	0	0	0	943,203	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	1,100,000							1,100,000	
Developer Fee - Cash-out At Risk	1,300,000							1,300,000	
Commercial Developer Fee								0	
Developer Fee - GP Equity (also show as source)						3,169,018		3,169,018	
Developer Fee - Deferred (also show as source)							769,017	769,017	
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)								0	
TOTAL DEVELOPER COSTS	2,400,000	0	0	0	0	3,169,018	769,017	6,338,035	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	174,852	425,152	288,170	8,583	1,250	26,408	6,408	930,824	
Development Cost/Unit as % of TDC by Source	18.8%	45.7%	31.0%	0.9%	0.1%	2.8%	0.7%	100.0%	

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0	
--	---	---	---	---	---	---	---	---	--

Construction Cost (inc Const Contingency)/Unit By Source

	1,250	364,530	288,170	8,333	0	0	0	662,283	
--	-------	---------	---------	-------	---	---	---	---------	--

Construction Cost (inc Const Contingency)/SF

	1.38	402.71	318.35	9.21	0.00	0.00	0.00	731.64	
--	------	--------	--------	------	------	------	------	--------	--

*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	150,000							150,000	
Tax Credit Equity Pricing:	0.960							0.960	
Construction Bond Amount:	62,601,386							62,601,386	
Construction Loan Term (in months):	33 months							33 months	
Construction Loan Interest Rate (as %):	6.40%							6.40%	

Attachment K: 1st Year Operating Budget

Application Date:	4/7/2023	Non-LOSP Units		Project Name:	249 Pennsylvania Family Housing
Total # Units:	120	LOSP Units	Non-LOSP Units	Project Address:	249 Pennsylvania Ave
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	2029	60	60	Project Sponsor:	TNDC & YCD
		LOSP/non-LOSP Allocation			
		50%	50%		
INCOME	LOSP	non-LOSP	Total	Comments	
Residential - Tenant Rents	15,000	1,407,492	1,422,492	Links from 'New Proj. - Rent & Unit Mix' Worksheet	Alternative LOSP Split
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from 'New Proj. - Rent & Unit Mix' Worksheet	Residential - Tenant Assistance Payments (N
Residential - LOSP Tenant Assistance Payments	996,054		996,054		
Commercial Space	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet	Alternative LOSP Split
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	6,240	6,240	12,480	Links from 'Utilities & Other Income' Worksheet	Projected LOSP Split
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet	Tenant Charges
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%	Alternative LOSP Split
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0		Withdrawal from Capitalized Reserve (depos
Gross Potential Income	1,017,294	1,413,732	2,431,026		
Vacancy Loss - Residential - Tenant Rents	(750)	(70,375)	(71,125)	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%	
EFFECTIVE GROSS INCOME	1,016,544	1,343,357	2,359,901	PUPA: 19,666	

OPERATING EXPENSES					
Management					
Management Fee	42,480	42,480	84,960	1st Year to be set according to HUD schedule.	Alternative LOSP Split
Asset Management Fee	12,140	12,140	24,280		Management Fee
Sub-total Management Expenses	54,620	54,620	109,240	PUPA: 910	Asset Management Fee
Salaries/Benefits					
Office Salaries	19,268	19,268	38,536	Portfolio wide allocations of facilities/compliance roles	Alternative LOSP Split
Manager's Salary	64,500	64,500	129,000	1 FTE General Manager, 1 FTE Assistant GM	Office Salaries
Health Insurance and Other Benefits	57,428	57,428	114,856	healthcare, retirement	Manager's Salary
Other Salaries/Benefits	96,096	96,096	192,192	4.2 FTE Desk clerks (24/7 coverage)	Health Insurance and Other Benefits
Administrative Rent-Free Unit	4,404	4,404	8,808	Night manager/rent-free unit	Other Salaries/Benefits
Sub-total Salaries/Benefits	241,696	241,696	483,391	PUPA: 4,028	Administrative Rent-Free Unit
Administration					
Advertising and Marketing	2,065	2,065	4,129	Screening & other rental expenses	
Office Expenses	22,764	22,764	45,527	Office supplies & equipment, computers, phones & telecom, tech support,	
Office Rent	0	0	0		Projected LOSP Split
Legal Expense - Property	9,000	9,000	18,000		Legal Expense - Property
Audit Expense	5,570	5,570	11,139		
Bookkeeping/Accounting Services	9,360	9,360	18,720		Projected LOSP Split
Bad Debts	9,705	9,705	19,409	Bad debt + bank service charges	Bad Debts
Miscellaneous	14,804	14,804	29,607	Postage & printing; subscriptions; recruitment; payroll service charges; professional fees;	
Sub-total Administration Expenses	73,266	73,266	146,531	PUPA: 1,221	
Utilities					
Electricity	41,850	41,850	83,700	based on TNDC comps	Projected LOSP Split
Water	115,933	115,933	231,865	based on TNDC comps	Electricity
Gas	0	0	0		
Sewer	0	0	0		
Sub-total Utilities	157,783	157,783	315,565	PUPA: 2,630	
Taxes and Licenses					
Real Estate Taxes	2,500	2,500	5,000		Alternative LOSP Split
Payroll Taxes	21,877	21,877	43,754		Real Estate Taxes
Miscellaneous Taxes, Licenses and Permits	1,161	1,161	2,322		Payroll Taxes
Sub-total Taxes and Licenses	25,538	25,538	51,076	PUPA: 426	
Insurance					
Property and Liability Insurance	78,976	78,976	157,951		
Fidelity Bond Insurance	0	0	0		Alternative LOSP Split
Worker's Compensation	13,673	13,673	27,346		Worker's Compensation
Director's & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	92,649	92,649	185,297	PUPA: 1,544	
Maintenance & Repair					
Payroll	93,600	93,600	187,200	1 FTE custodian, 1 FTE Maintenance supervisor, 1 FTE Maintenance II	Alternative LOSP Split
Supplies	17,819	17,819	35,637		Payroll
Contracts	31,461	31,461	62,922	extermination; fire systems; grounds	Supplies
Garbage and Trash Removal	77,075	77,075	154,149	based on TNDC comps	Contracts
Security Payroll/Contract	3,389	3,389	6,777		Alternative LOSP Split
HVAC Repairs and Maintenance	3,774	3,774	7,548		Security Payroll/Contract
Vehicle and Maintenance Equipment Operation and Repairs	294	294	588		
Miscellaneous Operating and Maintenance Expenses	19,834	19,834	39,668	flooring clean/replace; elevator maint.; plumbing; appliance; furnishings	
Sub-total Maintenance & Repair Expenses	247,245	247,245	494,489	PUPA: 4,121	
Supportive Services					
Supportive Services	0	80,657	80,657	Only showing support services supported by project (no LOSP services or subsidy)	Alternative LOSP Split
Commercial Expenses					
Commercial Expenses	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	Supportive Services
TOTAL OPERATING EXPENSES	892,795	973,451	1,866,246	PUPA: 15,552	

Reserves/Ground Lease Base Rent/Bond Fees					
Ground Lease Base Rent	7,500	7,500	15,000	Ground lease with MOHCD	Provide additional comments here, if needed.
Bond Monitoring Fee	0	0	0		Alternative LOSP Split
Replacement Reserve Deposit	30,000	30,000	60,000	\$500/unit	Replacement Reserve Deposit
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%	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	37,500	37,500	75,000	PUPA: 625	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	930,295	1,010,951	1,941,246	PUPA: 16,177	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	86,249	332,406	418,655	PUPA: 3,489	

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)					
Hard Debt - First Lender	0	0	0		Alternative LOSP Split
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	72,619	72,619	145,238	HCD - MHP	Hard Debt - First Lender
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0		Hard Debt - Second Lender (HCD Program 0
Hard Debt - Fourth Lender	0	0	0		Hard Debt - Third Lender (Other HCD Program
Commercial Hard Debt Service	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	Hard Debt - Fourth Lender
TOTAL HARD DEBT SERVICE	72,619	72,619	145,238	PUPA: 1,210	
CASH FLOW (NOI minus DEBT SERVICE)					
CASH FLOW	13,630	259,787	273,417		
Commercial Only Cash Flow	0	0	0		
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	0	0	0		Allocation of Commercial Surplus to LOSP/No
AVAILABLE CASH FLOW	13,630	259,787	273,417	2.88	
USES OF CASH FLOW BELOW (This row also shows DSCR.)					
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL					
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	11,130	11,130	22,260	2nd	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	2,500	2,500	5,000	1st	Alternative LOSP Split
Other Payments	0	0	0		Other Payments
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0		Non-amortizing Loan Pmnt - Lender 1 (select
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	123,078	123,078	Def. Develop. Fee split: 50%	Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	13,630	136,708	150,338	PUPA: 1,253	Deferred Developer Fee (Enter amt => Max F

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					
RESIDUAL RECEIPTS	0	123,079	123,079		
Residual Receipts Calculation					
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?			Yes
Will Project Defeat Developer Fee?	Yes				
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):	123,078	Sum of DD F from LOSP and non-LOSP:	
% of Residual Receipts available for distribution to soft debt lenders in	50%	Ratio of Sum of DDF and calculated 50%:			

Soft Debt Lenders with Residual Receipts Obligations					
MOHCD/OCII - Soft Debt Loans				Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Ground Lease Value or Land Acq Cost				\$20,982,236	63.98%
HCD (soft debt loan) - Lender 3				\$11,814,119	36.02%
Other Soft Debt Lender - Lender 4					0.00%
Other Soft Debt Lender - Lender 5					0.00%
MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
MOHCD Residual Receipts Amount Due		123,079	123,079	50% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt	
Proposed MOHCD Residual Receipts Amount to Loan Repayment		123,079	123,079	Enter/override amount of residual receipts proposed for loan repayment.	
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaym.	
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
HCD Residual Receipts Amount Due		0	0		
Lender 4 Residual Receipts Due		0	0		
Lender 5 Residual Receipts Due		0	0		
Total Non-MOHCD Residual Receipts Debt Service		0	0		
REMAINDER (Should be zero unless there are distributions below)					
Owner Distributions/Incentive Management Fee		0	0		
Other Distributions/Uses		0	0		
Final Balance (should be zero)		0	0		

Application Date: 4/7/2023
 Total # Units: 120
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2029

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	non-LOSP		
Residential - LOSP Tenant Assistance Payments			
Commercial Space			
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		
Gross Potential Income			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
EFFECTIVE GROSS INCOME			

OPERATING EXPENSES			
Management			
Management Fee	LOSP	non-LOSP	Approved By (reqd)
Asset Management Fee			
Sub-total Management Expenses			
Salaries/Benefits			
Office Salaries	LOSP	non-LOSP	Approved By (reqd)
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Rent-Free Unit			
Sub-total Salaries/Benefits			
Administration			
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	50.00%	50.00%	
Miscellaneous			
Sub-total Administration Expenses			
Utilities			
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			
Sub-total Utilities			
Taxes and Licenses			
Real Estate Taxes	LOSP	non-LOSP	Approved By (reqd)
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
Sub-total Taxes and Licenses			
Insurance			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
Sub-total Insurance			
Maintenance & Repair			
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			
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
Sub-total Maintenance & Repair Expenses			
Supportive Services	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses	0.00%	100.00%	

TOTAL OPERATING EXPENSES			
Reserves/Ground Lease Base Rent/Bond Fees			
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			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			

NET OPERATING INCOME (INCOME minus OP EXPENSES)			
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)			
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	100.00%	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	n, or other 3rd Lender		
Hard Debt - Fourth Lender			
Commercial Hard Debt Service			
TOTAL HARD DEBT SERVICE			

CASH FLOW (NOI minus NET DEBT SERVICE)			
Commercial Only Cash Flow			
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	non-LOSP (residual income)		
AVAILABLE CASH FLOW - CASH FLOW			
USES OF CASH FLOW BELOW (This row also shows DSCR.)			
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	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%	
TOTAL PAYMENTS PRECEDING MOHCD			

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			
Residual Receipts Calculation			
Does Project have a MOHCD Residual Receipt Obligation?			
Will Project Defer Developer Fee?			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	123.078		
% of Residual Receipts available for distribution to soft debt lenders in	1.00000393		

Soft Debt Lenders with Residual Receipts Obligations			
MOHCD/OCII - Soft Debt Loans			
MOHCD/OCII - 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			

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

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

Attachment L: 20-year Operating Proforma

249 Pennsylvania Family Housing

Total # Units:	LOSP Units		Non-LOSP Units		Year 1 2029			Year 2 2030			Year 3 2031					
	120	60	60	60	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%	50.00%	50.00%												
INCOME																
Residential - Tenant Rents					15,000	2.5%		1,407,492	1,422,492	15,150	1,442,879	1,457,829	15,302	1,478,746	1,494,048	
Residential - Tenant Assistance Payments (Non-LOSP)					n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments					n/a	n/a		996,054		996,054	1,013,373		1,013,373	1,045,411		1,045,411
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%		6,240	6,240	12,480	6,396	6,396	12,792	6,556	6,556	13,112
Tenant Charges					2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income					2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income					n/a	2.5%	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)					n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income					1,017,294	1,413,732	2,431,026	1,034,919	1,449,075	2,483,994	1,067,268	1,485,302	2,552,570			
Vacancy Loss - Residential - Tenant Rents					(750)	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
Vacancy Loss - Residential - Tenant Assistance Payments					n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial					n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME					1,016,544	1,343,357	2,399,901	1,034,162	1,376,941	2,411,103	1,066,503	1,411,365	2,477,868			
OPERATING EXPENSES																
Management																
Management Fee					3.5%	3.5%	1st Year to be set according to HUD schedule	42,480	42,480	84,960	43,967	43,967	87,934	45,506	45,506	91,011
Asset Management Fee					3.5%	3.5%	per MOHCD policy	12,140	12,140	24,280	12,565	12,565	25,130	13,005	13,005	26,009
Sub-total Management Expenses					54,620	54,620	109,240	56,532	56,532	110,090	56,532	56,532	113,063	58,510	58,510	117,021
Salaries/Benefits																
Office Salaries					3.5%	3.5%		19,268	19,268	38,536	19,942	19,942	39,885	20,640	20,640	41,281
Manager's Salary					3.5%	3.5%		64,500	64,500	129,000	66,758	66,758	133,515	69,094	69,094	138,188
Health Insurance and Other Benefits					3.5%	3.5%		57,428	57,428	114,855	59,437	59,437	118,875	61,518	61,518	123,036
Other Salaries/Benefits					3.5%	3.5%		96,096	96,096	192,192	99,459	99,459	198,919	102,940	102,940	205,881
Administrative Rent-Free Unit					3.5%	3.5%		4,404	4,404	8,808	4,558	4,558	9,116	4,718	4,718	9,435
Sub-total Salaries/Benefits					241,696	241,696	483,391	250,155	250,155	500,310	258,910	258,910	517,821			
Administration																
Advertising and Marketing					3.5%	3.5%		2,065	2,065	4,129	2,137	2,137	4,274	2,212	2,212	4,423
Office Expenses					3.5%	3.5%		22,764	22,764	45,527	23,360	23,360	46,712	24,385	24,385	48,770
Office Rent					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property					3.5%	3.5%		9,000	9,000	18,000	9,315	9,315	18,630	9,641	9,641	19,282
Audit Expense					3.5%	3.5%		5,570	5,570	11,139	5,764	5,764	11,529	5,966	5,966	11,932
Bookkeeping/Accounting Services					3.5%	3.5%		9,360	9,360	18,720	9,688	9,688	19,375	10,027	10,027	20,053
Bad Debts					3.5%	3.5%		9,705	9,705	19,409	10,044	10,044	20,088	10,396	10,396	20,791
Miscellaneous					3.5%	3.5%		14,804	14,804	29,607	15,322	15,322	30,643	15,858	15,858	31,716
Sub-total Administration Expenses					73,266	73,266	146,531	75,830	75,830	151,660	78,484	78,484	156,968			
Utilities																
Electricity					3.5%	3.5%		41,850	41,850	83,700	43,315	43,315	86,630	44,831	44,831	89,662
Water					3.5%	3.5%		115,933	115,933	231,865	119,990	119,990	239,980	124,190	124,190	248,380
Gas					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Utilities					157,783	157,783	315,565	163,305	163,305	326,610	168,021	168,021	338,041			
Taxes and Licenses																
Real Estate Taxes					3.5%	3.5%		2,500	2,500	5,000	2,588	2,588	5,175	2,678	2,678	5,356
Payroll Taxes					3.5%	3.5%		21,877	21,877	43,754	22,643	22,643	45,285	23,435	23,435	46,870
Miscellaneous Taxes, Licenses and Permits					3.5%	3.5%		1,161	1,161	2,322	1,202	1,202	2,403	1,244	1,244	2,487
Sub-total Taxes and Licenses					25,538	25,538	51,076	26,432	26,432	52,864	27,357	27,357	54,714			
Insurance																
Property and Liability Insurance					3.5%	3.5%		78,976	78,976	157,951	81,740	81,740	163,479	84,601	84,601	169,201
Fidelity Bond Insurance					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation					3.5%	3.5%		13,673	13,673	27,346	14,152	14,152	28,303	14,647	14,647	29,294
Director's & Officers' Liability Insurance					3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance					92,649	92,649	185,297	95,891	95,891	191,783	99,248	99,248	198,495			
Maintenance & Repair																
Payroll					3.5%	3.5%		93,600	93,600	187,200	96,876	96,876	193,752	100,267	100,267	200,533
Supplies					3.5%	3.5%		17,819	17,819	35,637	18,442	18,442	36,884	19,088	19,088	38,175
Contracts					3.5%	3.5%		31,461	31,461	62,922	32,562	32,562	65,124	33,702	33,702	67,404
Garbage and Trash Removal					3.5%	3.5%		77,075	77,075	154,149	79,772	79,772	159,544	82,564	82,564	165,128
Security Payroll/Contract					3.5%	3.5%		3,389	3,389	6,777	3,507	3,507	7,014	3,630	3,630	7,260
HVAC Repairs and Maintenance					3.5%	3.5%		3,774	3,774	7,548	3,906	3,906	7,812	4,043	4,043	8,086
Vehicle and Maintenance Equipment Operation and Repairs					3.5%	3.5%		294	294	588	304	304	609	315	315	630
Miscellaneous Operating and Maintenance Expenses					3.5%	3.5%		19,834	19,834	39,668	20,528	20,528	41,056	21,247	21,247	42,493
Sub-total Maintenance & Repair Expenses					247,245	247,245	494,489	255,898	255,898	511,796	264,854	264,854	529,709			
Supportive Services																
Commercial Expenses					3.5%	3.5%	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%	-	80,657	80,657	-	83,480	83,480	-	86,401	86,401
TOTAL OPERATING EXPENSES					892,795	973,451	1,866,246	924,043	1,007,522	1,931,565	956,384	1,042,786	1,999,170			
Reserves/Ground Lease 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								-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit								30,000	30,000	60,000	30,000	30,000	60,000	30,000	30,000	60,000
Operating Reserve Deposit								-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit								-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit								-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial								-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					37,500	37,500	75,000	37,500	37,500	75,000	37,500	37,500	75,000			
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					930,295	1,010,951	1,941,246	961,543	1,045,022	2,006,565	993,884	1,080,286	2,074,170			
NET OPERATING INCOME (INCOME minus OP EXPENSES)					86,249	332,406	418,655	72,619	331,919	404,538	72,619	331,079	403,698			
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																
Hard Debt - First Lender								-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)								72,619	72,619	145,238	72,619	72,619	145,238	72,619	72,619	145,238
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)								-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender								-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service								-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE					72,619	72,619	145,238	72,619	72,619	145,238	72,619	72,619	145,238			
CASH FLOW (NOI minus DEBT SERVICE)					13,630	259,787	273,417	-	259,300	259,300	-	258,460	258,460			
Commercial Only Cash Flow																
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)																
AVAILABLE CASH FLOW					13,630	259,787	273,417	-	259,300	259,300	-	258,460				

INCOME	Total # Units:					Year 1 2029			Year 2 2030			Year 3 2031		
	LOSP Units	Non-LOSP Units	60	60		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)									
Other Reserve 2 Withdrawals														
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance														

INCOME	Total # Units: 120	LOSP Units		Non-LOSP Units		Year 4 2032			Year 5 2033			Year 6 2034					
		60		60		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%	50.00%	50.00%												
Other Reserve 2 Withdrawals																	
Other Reserve 2 Interest																	
Other Required Reserve 2 Running Balance																	

249 Pennsylvania Family Housing

INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 7 2035			Year 8 2036			Year 9 2037				
	120	60		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total		
	50.00%	50.00%		annual inc LOSP	% annual increase									
Residential - Tenant Rents				1.0%	2.5%	15,923	1,632,259	1,648,182	16,082	1,673,066	1,689,148	16,243	1,714,892	1,731,135
Residential - Tenant Assistance Payments (Non-LOSP)				n/a	n/a	-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments				n/a	n/a	1,185,229	-	1,185,229	1,223,308	-	1,223,308	1,262,726	-	1,262,726
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%	7,236	7,236	14,473	7,417	7,417	14,835	7,603	7,603	15,206
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	-	-	-	-	-	-	-	-	-
Gross Potential Income						1,208,388	1,639,496	2,847,884	1,246,807	1,680,483	2,927,291	1,286,571	1,722,495	3,009,067
Vacancy Loss - Residential - Tenant Rents				n/a	n/a	(796)	(81,613)	(82,409)	(804)	(83,653)	(84,457)	(812)	(85,745)	(86,557)
Vacancy Loss - Residential - Tenant Assistance Payments				n/a	n/a	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial				n/a	n/a	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						1,207,592	1,557,883	2,765,475	1,246,003	1,596,830	2,842,833	1,285,759	1,636,751	2,922,510
OPERATING EXPENSES														
Management														
Management Fee				3.5%	3.5%	52,219	52,219	104,438	54,046	54,046	108,093	55,938	55,938	111,876
Asset Management Fee				3.5%	3.5%	14,923	14,923	29,846	15,445	15,445	30,891	15,966	15,966	31,972
Sub-total Management Expenses						67,142	67,142	134,284	69,492	69,492	138,984	71,924	71,924	143,848
Salaries/Benefits														
Office Salaries				3.5%	3.5%	23,685	23,685	47,371	24,514	24,514	49,029	25,372	25,372	50,745
Manager's Salary				3.5%	3.5%	79,287	79,287	158,574	82,062	82,062	164,124	84,934	84,934	169,868
Health Insurance and Other Benefits				3.5%	3.5%	70,593	70,593	141,186	73,064	73,064	146,128	75,621	75,621	151,242
Other Salaries/Benefits				3.5%	3.5%	118,127	118,127	236,253	122,261	122,261	244,522	126,540	126,540	253,080
Administrative Rent-Free Unit				3.5%	3.5%	5,414	5,414	10,827	5,603	5,603	11,206	5,799	5,799	11,598
Sub-total Salaries/Benefits						297,105	297,105	594,211	307,504	307,504	615,008	318,267	318,267	636,534
Administration														
Advertising and Marketing				3.5%	3.5%	2,538	2,538	5,076	2,627	2,627	5,253	2,719	2,719	5,437
Office Expenses				3.5%	3.5%	27,982	27,982	55,965	28,962	28,962	57,923	29,975	29,975	59,951
Office Rent				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Legal Expense - Property				3.5%	3.5%	11,063	11,063	22,127	11,451	11,451	22,901	11,851	11,851	23,703
Audit Expense				3.5%	3.5%	6,846	6,846	13,693	7,086	7,086	14,172	7,334	7,334	14,668
Bookkeeping/Accounting Services				3.5%	3.5%	11,506	11,506	23,012	11,909	11,909	23,817	12,325	12,325	24,651
Bad Debts				3.5%	3.5%	11,929	11,929	23,859	12,347	12,347	24,694	12,779	12,779	25,558
Miscellaneous				3.5%	3.5%	18,197	18,197	36,395	18,834	18,834	37,668	19,493	19,493	38,987
Sub-total Administration Expenses						90,062	90,062	180,124	93,214	93,214	186,429	96,477	96,477	192,954
Utilities														
Electricity				3.5%	3.5%	51,444	51,444	102,889	53,245	53,245	106,490	55,108	55,108	110,217
Water				3.5%	3.5%	142,511	142,511	285,022	147,499	147,499	294,997	152,661	152,661	305,322
Gas				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sewer				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Utilities						193,955	193,955	387,910	200,743	200,743	401,487	207,769	207,769	415,539
Taxes and Licenses														
Real Estate Taxes				3.5%	3.5%	3,073	3,073	6,146	3,181	3,181	6,361	3,292	3,292	6,584
Payroll Taxes				3.5%	3.5%	26,892	26,892	53,785	27,834	27,834	55,667	28,808	28,808	57,616
Miscellaneous Taxes, Licenses and Permits				3.5%	3.5%	1,427	1,427	2,854	1,477	1,477	2,954	1,529	1,529	3,058
Sub-total Taxes and Licenses						31,393	31,393	62,785	32,491	32,491	64,983	33,629	33,629	67,257
Insurance														
Property and Liability Insurance				3.5%	3.5%	97,081	97,081	194,162	100,479	100,479	200,958	103,996	103,996	207,991
Fidelity Bond Insurance				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Worker's Compensation				3.5%	3.5%	16,808	16,808	33,616	17,396	17,396	34,792	18,005	18,005	36,010
Director's & Officers' Liability Insurance				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Insurance						113,889	113,889	227,778	117,875	117,875	235,750	122,001	122,001	244,001
Maintenance & Repair														
Payroll				3.5%	3.5%	115,058	115,058	230,117	119,085	119,085	238,171	123,253	123,253	246,507
Supplies				3.5%	3.5%	21,903	21,903	43,807	22,670	22,670	45,340	23,464	23,464	46,927
Contracts				3.5%	3.5%	38,674	38,674	77,347	40,027	40,027	80,054	41,428	41,428	82,856
Garbage and Trash Removal				3.5%	3.5%	94,744	94,744	189,488	98,060	98,060	196,121	101,492	101,492	202,985
Security Payroll/Contract				3.5%	3.5%	4,165	4,165	8,331	4,311	4,311	8,622	4,462	4,462	8,924
HVAC Repairs and Maintenance				3.5%	3.5%	4,639	4,639	9,278	4,802	4,802	9,603	4,970	4,970	9,939
Vehicle and Maintenance Equipment Operation and Repairs				3.5%	3.5%	361	361	723	374	374	748	387	387	774
Miscellaneous Operating and Maintenance Expenses				3.5%	3.5%	24,381	24,381	48,762	25,234	25,234	50,469	26,118	26,118	52,235
Sub-total Maintenance & Repair Expenses						303,927	303,927	607,853	314,564	314,564	629,128	325,574	325,574	651,148
Supportive Services				3.5%	3.5%	-	99,148	99,148	-	102,618	102,618	-	106,209	106,209
Commercial Expenses														
from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%														
TOTAL OPERATING EXPENSES						1,097,473	1,196,620	2,294,093	1,135,884	1,238,502	2,374,386	1,175,640	1,281,850	2,457,490
RESERVES/GROUND LEASE 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						-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit						30,000	30,000	60,000	30,000	30,000	60,000	30,000	30,000	60,000
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial						-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						37,500	37,500	75,000	37,500	37,500	75,000	37,500	37,500	75,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						1,134,973	1,234,120	2,369,093	1,173,384	1,276,002	2,449,386	1,213,140	1,319,350	2,532,490
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
						72,619	323,762	396,381	72,619	320,828	393,447	72,619	317,401	390,020
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender						-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)						72,619	72,619	145,238	72,619	72,619	145,238	72,619	72,619	145,238
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)						-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender						-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service						-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE						72,619	72,619	145,238	72,619	72,619	145,238	72,619	72,619	145,238
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow						(0)	251,143	251,143	-	248,209	248,209	0	244,782	244,782
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW						(0)</								

INCOME	Total # Units:					Year 7 2035			Year 8 2036			Year 9 2037						
	120	60	LOSP Units	60	Non-LOSP Units	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%																
Other Reserve 2 Withdrawals																		
Other Reserve 2 Interest																		
Other Required Reserve 2 Running Balance																		

INCOME	Total # Units:					Year 10 2038			Year 11 2039			Year 12 2040		
	120	60	LOSP Units	60	Non-LOSP Units	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		50.00%	50.00%											
Other Reserve 2 Withdrawals					Comments (related to annual inc assumptions)									
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance														

249 Pennsylvania Family Housing

INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 13 2041			Year 14 2042			Year 15 2043				
	120	60		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									
Residential - Tenant Rents				1.0%	2.5%	16,902	1,892,920	1,909,823	17,071	1,940,243	1,957,315	17,242	1,988,749	2,005,991
Residential - Tenant Assistance Payments (Non-LOSP)				n/a	n/a	-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments				n/a	n/a	1,434,744	-	1,434,744	1,481,591	-	1,481,591	1,530,084	-	1,530,084
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%	8,392	8,392	16,784	8,602	8,602	17,204	8,817	8,817	17,634
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	-	-	-	-	-	-	-	-	-
Gross Potential Income						1,460,038	1,901,312	3,361,351	1,507,264	1,948,845	3,456,110	1,556,143	1,997,566	3,553,710
Vacancy Loss - Residential - Tenant Rents				n/a	n/a	(845)	(94,646)	(95,491)	(854)	(97,012)	(97,866)	(862)	(99,437)	(100,300)
Vacancy Loss - Residential - Tenant Assistance Payments				n/a	n/a	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial				n/a	n/a	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						1,459,193	1,806,666	3,265,860	1,506,411	1,851,833	3,358,244	1,555,281	1,898,129	3,453,410
OPERATING EXPENSES														
Management														
Management Fee				3.5%	3.5%	64,190	64,190	128,380	66,437	66,437	132,874	68,762	68,762	137,524
Asset Management Fee				3.5%	3.5%	18,344	18,344	36,689	18,986	18,986	37,973	19,651	19,651	39,302
Sub-total Management Expenses						82,535	82,535	165,069	85,423	85,423	170,847	88,413	88,413	176,826
Salaries/Benefits														
Office Salaries				3.5%	3.5%	29,115	29,115	58,231	30,134	30,134	60,269	31,189	31,189	62,378
Manager's Salary				3.5%	3.5%	97,464	97,464	194,928	100,875	100,875	201,750	104,406	104,406	208,812
Health Insurance and Other Benefits				3.5%	3.5%	86,777	86,777	173,554	89,814	89,814	179,628	92,958	92,958	185,915
Other Salaries/Benefits				3.5%	3.5%	145,208	145,208	290,416	150,290	150,290	300,580	155,550	155,550	311,100
Administrative Rent-Free Unit				3.5%	3.5%	6,655	6,655	13,309	6,888	6,888	13,775	7,129	7,129	14,257
Sub-total Salaries/Benefits						365,218	365,218	730,437	378,001	378,001	756,002	391,231	391,231	782,462
Administration														
Advertising and Marketing				3.5%	3.5%	3,120	3,120	6,239	3,229	3,229	6,458	3,342	3,342	6,684
Office Expenses				3.5%	3.5%	34,397	34,397	68,795	35,601	35,601	71,203	36,847	36,847	73,695
Office Rent				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Legal Expense - Property				3.5%	3.5%	13,600	13,600	27,199	14,076	14,076	28,151	14,568	14,568	29,137
Audit Expense				3.5%	3.5%	8,416	8,416	16,832	8,710	8,710	17,421	9,015	9,015	18,031
Bookkeeping/Accounting Services				3.5%	3.5%	14,144	14,144	28,287	14,639	14,639	29,277	15,151	15,151	30,302
Bad Debts				3.5%	3.5%	14,664	14,664	29,328	15,177	15,177	30,355	15,709	15,709	31,417
Miscellaneous				3.5%	3.5%	22,369	22,369	44,738	23,152	23,152	46,304	23,962	23,962	47,925
Sub-total Administration Expenses						110,709	110,709	221,419	114,584	114,584	229,169	118,595	118,595	237,189
Utilities														
Electricity				3.5%	3.5%	63,238	63,238	126,476	65,452	65,452	130,903	67,742	67,742	135,485
Water				3.5%	3.5%	175,182	175,182	350,364	181,313	181,313	362,627	187,659	187,659	375,319
Gas				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sewer				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Utilities						238,420	238,420	476,840	246,765	246,765	493,530	255,402	255,402	510,803
Taxes and Licenses														
Real Estate Taxes				3.5%	3.5%	3,778	3,778	7,556	3,910	3,910	7,820	4,047	4,047	8,093
Payroll Taxes				3.5%	3.5%	33,058	33,058	66,116	34,215	34,215	68,429	35,412	35,412	70,824
Miscellaneous Taxes, Licenses and Permits				3.5%	3.5%	1,754	1,754	3,509	1,816	1,816	3,632	1,879	1,879	3,759
Sub-total Taxes and Licenses						38,590	38,590	77,179	39,940	39,940	79,881	41,338	41,338	82,676
Insurance														
Property and Liability Insurance				3.5%	3.5%	119,337	119,337	238,675	123,514	123,514	247,028	127,837	127,837	255,674
Fidelity Bond Insurance				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Worker's Compensation				3.5%	3.5%	20,661	20,661	41,322	21,384	21,384	42,769	22,133	22,133	44,265
Director's & Officers' Liability Insurance				3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Insurance						139,999	139,999	279,997	144,898	144,898	289,797	149,970	149,970	299,940
Maintenance & Repair														
Payroll				3.5%	3.5%	141,436	141,436	282,872	146,386	146,386	292,773	151,510	151,510	303,020
Supplies				3.5%	3.5%	26,925	26,925	53,850	27,867	27,867	55,735	28,843	28,843	57,685
Contracts				3.5%	3.5%	47,540	47,540	95,079	49,204	49,204	98,407	50,926	50,926	101,851
Garbage and Trash Removal				3.5%	3.5%	116,465	116,465	232,930	120,541	120,541	241,082	124,760	124,760	249,520
Security Payroll/Contract				3.5%	3.5%	5,120	5,120	10,241	5,299	5,299	10,599	5,485	5,485	10,970
HVAC Repairs and Maintenance				3.5%	3.5%	5,703	5,703	11,406	5,902	5,902	11,805	6,109	6,109	12,218
Vehicle and Maintenance Equipment Operation and Repairs				3.5%	3.5%	444	444	889	460	460	920	476	476	952
Miscellaneous Operating and Maintenance Expenses				3.5%	3.5%	29,971	29,971	59,941	31,020	31,020	62,039	32,105	32,105	64,210
Sub-total Maintenance & Repair Expenses						373,603	373,603	747,207	386,680	386,680	773,359	400,213	400,213	800,427
Supportive Services				3.5%	3.5%	-	121,878	121,878	-	126,143	126,143	-	130,558	130,558
Commercial Expenses						-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES						1,349,074	1,470,952	2,820,026	1,396,292	1,522,435	2,918,727	1,445,162	1,575,721	3,020,883
RESERVES/GROUND LEASE 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						-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit						30,000	30,000	60,000	30,000	30,000	60,000	30,000	30,000	60,000
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						37,500	37,500	75,000	37,500	37,500	75,000	37,500	37,500	75,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						1,386,574	1,508,452	2,895,026	1,433,792	1,559,935	2,993,727	1,482,662	1,613,221	3,095,883
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
						72,619	298,214	370,833	72,619	291,888	364,517	72,619	284,908	357,527
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender						-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)						72,619	72,619	145,238	72,619	72,619	145,238	72,619	72,619	145,238
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)						-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender						-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service						-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE						72,619	72,619	145,238	72,619	72,619	145,238	72,619	72,619	145,238
CASH FLOW (NOI minus DEBT SERVICE)						-	225,595	225,595	(0)	219,279	219,279	0	212,289	212,289
Commercial Only Cash Flow														

INCOME	Total # Units: 120	LOSP Units		Non-LOSP Units		Year 13 2041			Year 14 2042			Year 15 2043		
		60		60		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		50.00%	50.00%	annual inc LOSP	% annual increase									
Other Reserve 2 Withdrawals														
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance														

249 Pennsylvania Family Housing

INCOME	Total # Units:			Year 16 2044			Year 17 2045			Year 18 2046		
	120	60	60	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
	50.00%	50.00%	50.00%									
	annual inc	% annual increase	Comments (related to annual inc assumptions)									
Residential - Tenant Rents	1.0%	2.5%		17,415	2,038,468	2,055,883	17,589	2,089,430	2,107,016	17,765	2,141,866	2,159,430
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a										
Residential - LOSP Tenant Assistance Payments	n/a	n/a		1,580,281		1,580,281	1,632,240		1,632,240	1,686,025		1,686,025
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%		9,037	9,037	18,075	9,263	9,263	18,527	9,495	9,495	18,990
Tenant Charges	2.5%	2.5%										
Miscellaneous Residential Income	2.5%	2.5%										
Other Commercial Income	n/a	2.5%	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%									
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable									
Gross Potential Income				1,606,733	2,047,505	3,654,238	1,659,092	2,098,693	3,767,785	1,713,284	2,151,767	3,864,445
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(871)	(101,923)	(102,794)	(879)	(104,471)	(105,351)	(888)	(107,083)	(107,972)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a										
Vacancy Loss - Commercial	n/a	n/a										
EFFECTIVE GROSS INCOME				1,605,862	1,945,582	3,551,444	1,658,213	1,994,222	3,662,434	1,712,396	2,044,077	3,756,473
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule	71,169	71,169	142,338	73,660	73,660	147,319	76,238	76,238	152,476
Asset Management Fee	3.5%	3.5%	per MOHCD policy	20,339	20,339	40,677	21,051	21,051	42,101	21,787	21,787	43,575
Sub-total Management Expenses				91,508	91,508	183,015	94,710	94,710	189,421	98,025	98,025	196,050
Salaries/Benefits												
Office Salaries	3.5%	3.5%		32,281	32,281	64,561	33,410	33,410	66,821	34,580	34,580	69,160
Manager's Salary	3.5%	3.5%		108,060	108,060	216,120	111,842	111,842	223,684	115,757	115,757	231,513
Health Insurance and Other Benefits	3.5%	3.5%		96,211	96,211	192,422	99,578	99,578	199,157	103,064	103,064	206,127
Other Salaries/Benefits	3.5%	3.5%		160,994	160,994	321,989	166,629	166,629	333,258	172,461	172,461	344,922
Administrative Rent-Free Unit	3.5%	3.5%		7,378	7,378	14,756	7,636	7,636	15,273	7,904	7,904	15,808
Sub-total Salaries/Benefits				404,924	404,924	809,849	419,097	419,097	838,193	433,765	433,765	867,530
Administration												
Advertising and Marketing	3.5%	3.5%		3,459	3,459	6,918	3,580	3,580	7,160	3,705	3,705	7,410
Office Expenses	3.5%	3.5%		38,137	38,137	76,274	39,472	39,472	78,944	40,853	40,853	81,707
Office Rent	3.5%	3.5%										
Legal Expense - Property	3.5%	3.5%		15,078	15,078	30,156	15,606	15,606	31,212	16,152	16,152	32,304
Audit Expense	3.5%	3.5%		9,331	9,331	18,662	9,657	9,657	19,315	9,995	9,995	19,991
Bookkeeping/Accounting Services	3.5%	3.5%		15,681	15,681	31,363	16,230	16,230	32,460	16,798	16,798	33,596
Bad Debts	3.5%	3.5%		16,258	16,258	32,517	16,827	16,827	33,655	17,416	17,416	34,833
Miscellaneous	3.5%	3.5%		24,801	24,801	49,602	25,669	25,669	51,338	26,567	26,567	53,136
Sub-total Administration Expenses				122,746	122,746	245,491	127,042	127,042	254,083	131,488	131,488	262,976
Utilities												
Electricity	3.5%	3.5%		70,113	70,113	140,227	72,567	72,567	145,135	75,107	75,107	150,214
Water	3.5%	3.5%		194,227	194,227	388,455	201,025	201,025	402,051	208,061	208,061	416,122
Gas	3.5%	3.5%										
Sewer	3.5%	3.5%										
Sub-total Utilities				264,341	264,341	528,681	273,593	273,593	547,186	283,168	283,168	566,337
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		4,188	4,188	8,377	4,335	4,335	8,670	4,487	4,487	8,973
Payroll Taxes	3.5%	3.5%		36,652	36,652	73,303	37,934	37,934	75,869	39,252	39,252	78,504
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		1,945	1,945	3,890	2,013	2,013	4,026	2,084	2,084	4,167
Sub-total Taxes and Licenses				42,785	42,785	85,570	44,283	44,283	88,565	45,823	45,823	91,665
Insurance												
Property and Liability Insurance	3.5%	3.5%		132,312	132,312	264,623	136,942	136,942	273,885	141,735	141,735	283,471
Fidelity Bond Insurance	3.5%	3.5%										
Worker's Compensation	3.5%	3.5%		22,907	22,907	45,815	23,709	23,709	47,418	24,539	24,539	49,078
Director's & Officers' Liability Insurance	3.5%	3.5%										
Sub-total Insurance				155,219	155,219	310,438	160,652	160,652	321,303	166,274	166,274	332,549
Maintenance & Repair												
Payroll	3.5%	3.5%		156,813	156,813	313,625	162,301	162,301	324,602	167,982	167,982	335,963
Supplies	3.5%	3.5%		29,852	29,852	59,704	30,897	30,897	61,794	31,978	31,978	63,957
Contracts	3.5%	3.5%		52,708	52,708	105,416	54,553	54,553	109,106	56,462	56,462	112,925
Garbage and Trash Removal	3.5%	3.5%		129,127	129,127	258,253	133,646	133,646	267,292	138,324	138,324	276,647
Security Payroll/Contract	3.5%	3.5%		5,677	5,677	11,354	5,876	5,876	11,751	6,081	6,081	12,163
HVAC Repairs and Maintenance	3.5%	3.5%		6,323	6,323	12,646	6,544	6,544	13,088	6,773	6,773	13,546
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		493	493	985	510	510	1,020	528	528	1,055
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		33,229	33,229	66,458	34,392	34,392	68,784	35,596	35,596	71,191
Sub-total Maintenance & Repair Expenses				414,221	414,221	828,442	428,719	428,719	857,437	443,724	443,724	887,447
Supportive Services	3.5%	3.5%			135,128	135,128		139,857	139,857		144,752	144,752
Commercial Expenses												
			from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%									
TOTAL OPERATING EXPENSES				1,495,743	1,630,871	3,126,614	1,548,094	1,687,951	3,236,045	1,602,277	1,747,029	3,349,307
RESERVES/GROUND LEASE 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												
Replacement Reserve Deposit				30,000	30,000	60,000	30,000	30,000	60,000	30,000	30,000	60,000
Operating Reserve Deposit												
Other Required Reserve 1 Deposit												
Other Required Reserve 2 Deposit												
Required Reserve Deposit/s, Commercial			from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%									
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				37,500	37,500	75,000	37,500	37,500	75,000	37,500	37,500	75,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				1,533,243	1,668,371	3,201,614	1,585,594	1,725,451	3,311,045	1,639,777	1,784,529	3,424,307
NET OPERATING INCOME (INCOME minus OP EXPENSES)												
				72,619	277,211	349,830	72,619	268,770	341,389	72,619	269,548	332,167
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
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.	72,619	72,619	145,238	72,619	72,619	145,238	72,619	72,619	145,238
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.									
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.									
Commercial Hard Debt Service			from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%									
TOTAL HARD DEBT SERVICE				72,619	72,619	145,238	72,619	72,619	145,238	72,619	72,619	145,238
CASH FLOW (NOI minus DEBT SERVICE)												
Commercial Only Cash Flow												
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)												
AVAILABLE CASH FLOW					204,592	204,592		196,151	196,151		186,929	186,929
USES OF CASH FLOW BELOW (This row also shows DSCR.)												
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	per MOHCD policy									
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy									
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase									
Other Payments												
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.									
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.									
Deferred Developer Fee (Enter amt <= Max Fee from row 131)												

INCOME	Total # Units:		Year 16 2044			Year 17 2045			Year 18 2046		
	120	60									
	50.00%	50.00%	LOSP Units	Non-LOSP Units	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Reserve 2 Withdrawals											
Other Reserve 2 Interest											
<i>Other Required Reserve 2 Running Balance</i>											

	Total # Units: 120	LOSP Units		Non-LOSP Units		Year 19 2047			Year 20 2048		
		60		60		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		50.00%	50.00%	annual inc	% annual increase						
INCOME		annual inc	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
Other Reserve 2 Withdrawals											
Other Reserve 2 Interest											
Other Required Reserve 2 Running Balance											



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 240234

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Anne Romero	658-652-5834
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR MOHCD	anne.romero@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 249 Pennsylvania Associates, L.P.	TELEPHONE NUMBER 415.358.3971
STREET ADDRESS (including City, State and Zip Code) 201 Eddy Street San Francisco 94102	EMAIL abenejam@tndc.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 240234
DESCRIPTION OF AMOUNT OF CONTRACT 13,000,000		
NATURE OF THE CONTRACT (Please describe) Proposed City loan to provide financing for the acquisition of real property located at 249 and 201 Pennsylvania Avenue and 935 Mariposa Street (the "Property"), and predevelopment activities for a 100% affordable multifamily rental building for families, in an aggregate amount not to exceed \$13,000,000, to construct a 100% affordable, multifamily rental housing project for extremely-low, very-low, low-, and moderate-income households with studio, 1-bedroom, and 2-bedroom units, and ancillary space for residential property staff offices and social services support, and a community-serving commercial space(the "Project").		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Johnson	Susan	Board of Directors
2	Pujals	Fernando	Board of Directors
3	Edwards	Tracey	Board of Directors
4	Bohee	Tiffany	Board of Directors
5	Kim	Kenneth	Board of Directors
6	Droot	Dave	Board of Directors
7	Graf	Jane	Board of Directors
8	Cervantes	Jim	Board of Directors
9	Cloutier	Mark	Board of Directors
10	Rock	Kathy	Board of Directors
11	Skurdenis	Birute	Board of Directors
12	Liu	wylie	Board of Directors
13	wolfe	Kathy	Board of Directors
14	Martin	Freddy	Board of Directors
15	Vuong	Michael	Board of Directors
16	Shrand	Margaret	Board of Directors
17	Shrand	Margaret	Board of Directors
18	Caratan	Kristine	Board of Directors
19	Huey	Roxanne	CEO

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	Lamont	Katie	CEO
21	Leung	Gordon	Other Principal Officer
22	Sharpe	Amory	Other Principal Officer
23	Tran	My	Other Principal Officer
24	Spencer	Sedrick	Board of Directors
25	Parikh	Mitesh	Board of Directors
26	Anderson	Nadia	Board of Directors
27	Doyle	Brittney	Board of Directors
28	Smmith	Cheryl	Board of Directors
29	Andrew	Rhonda	Board of Directors
30	Moses	Toye	Board of Directors
31	Everhart	Claude	Board of Directors
32	Tatum	Carol	Board of Directors
33	Flores	Emmanuel	Board of Directors
34	Brookter	Dion-Jay	CEO
35	Blackwell	Aisha	Other Principal Officer
36	Ramkalawan	Divali	Other Principal Officer
37	Mumin-Jordan	Rashieda	CFO
38			

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			

Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
---	---------------------------

From: [Trejo, Sara \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Nickolopoulos, Sheila \(MYR\)](#); [Amaral, Sara \(MYR\)](#); [Romero, Anne \(MYR\)](#); [Lopez-Weaver, Lindsey \(BOS\)](#)
Subject: Mayor -- Resolution -- 249 Pennsylvania Loan Agreement
Date: Tuesday, March 12, 2024 2:41:32 PM
Attachments: [249 Penn Reso Final .docx](#)
[Deed of Trust 249 Pennsylvania Substantially Final.pdf](#)
[GPR Final Letter - 249 Pennsylvania Avenue.pdf](#)
[Loan Agreement 249 Pennsylvania Substantially Final.pdf](#)
[Notice of Amendment 2023 Acquisition NOFA for posting.pdf](#)
[Predev Note 249 Pennsylvania Substantially Final.pdf](#)
[SFEC Form 126f4BOS---Notification of Contract.pdf](#)
[249 Pennsylvania Acquis Pre Dev Financing Loan Eval - LC 10-13-23.pdf](#)
[2023 Affordable Housing NOFA for Site Acquisition FINAL.pdf](#)
[Acq Note 249 Pennsylvania Substantially Final .pdf](#)
[Dec of Restrictions 249 Pennsylvania Substantially Final .pdf](#)

Hello Clerks,

Attached is a Resolution approving and authorizing the Mayor and the Director of the Mayor's Office of Housing and Community Development to execute loan documents relating to a loan to provide financing for the acquisition of real property located at 249 and 201 Pennsylvania Avenue and 935 Mariposa Street (the "Property"), and predevelopment activities for a 100% affordable multifamily rental building for families, in an aggregate amount not to exceed \$13,000,000; approving the form of the loan agreement and ancillary documents; ratifying and approving any action heretofore taken in connection with the property; 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 priority policies of Planning Code Section 101.1.

Please note, Supervisor Walton is a cosponsor of this item.

Best regards,

Sara Trejo

Legislative Aide

Office of the Mayor

City and County of San Francisco

415.554.6141 | sara.trejo@sfgov.org