

File No. 240092

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date February 14, 2024

Board of Supervisors Meeting

Date February 27, 2024

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
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| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PLN General Plan Referral 2/1/2022</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CAHLC Memo 1/5/2024</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MOHCD Presentation 2/14/2024</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MOHCD Memo - Additional Info to Child Care Provision 2/21/2024</u> |
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Completed by: Brent Jalipa

Date February 8, 2024

Completed by: Brent Jalipa

Date February 15, 2024

1 [Loan Amendment - Octavia RSU Associates, L.P. - 100% Affordable Housing at 78 Haight
2 Street - Not to Exceed \$35,306,233]

3 **Resolution approving and authorizing 1) the execution of a First Amendment to the**
4 **Amended and Restated Loan Agreement with Octavia RSU Associates, L.P., a**
5 **California limited partnership, to increase the loan amount by up to \$8,559,766 for a**
6 **new total loan amount not to exceed \$35,306,233 to finance additional costs related to a**
7 **100% affordable, 63-unit multifamily rental housing development affordable to low-**
8 **income households, including 32 units for Transitional Age Youth who are homeless or**
9 **at-risk of homelessness, and including up to 3,200 square feet of commercial space**
10 **located at 78 Haight Street (“Project”); and 2) the Mayor and the Director of Mayor’s**
11 **Office of Housing and Community Development, to execute documents, make certain**
12 **modifications and take certain actions in furtherance of this Resolution, as defined**
13 **herein.**

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

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

24 WHEREAS, The Planning Department determined that the Project is consistent with
25 the City’s General Plan and eight priority policies of Planning Code, Section 101.1 (the

1 “Planning Department Authorization”); a copy of the Planning Department Authorization is on
2 file with the Clerk of the Board of Supervisors in File No. 220092, and is incorporated herein
3 by reference; and

4 WHEREAS, The City is the fee owner of Assessor’s Parcel Block No. 0853, Lot No.
5 065 and Lot No. 066, San Francisco, also known by its street addresses as “78 Haight” (the
6 “Property”); and

7 WHEREAS, Under Resolution No. 62-22, the Board of Supervisors approved an
8 Amended and Restated Loan Agreement between the City and Octavia RSU Associates, L.P.,
9 a California limited partnership (“Borrower”), with Tenderloin Neighborhood Development
10 Corporation as the project sponsor, a copy of which is on file with the Clerk of the Board of
11 Supervisors in File No. 220092 (“Loan Agreement”), and a loan in the amount of \$26,746,467
12 (the “Loan”) to the Borrower for development and construction of a 100% affordable 63-unit
13 multifamily rental housing development affordable to low-income households, including 32
14 units for Transitional Age Youth who are homeless or at-risk of homelessness, and including
15 up to 3,200 square feet of commercial space (the “Project”), and a ground lease of the
16 Property to Borrower for development and construction of the Project; and

17 WHEREAS, On April 8, 2022, the Borrower closed construction and permanent
18 financing for the Project, which included construction loan financing and low income housing
19 tax credits, and commenced construction of the Project on April 8, 2022; and

20 WHEREAS, The Borrower delayed construction activities in May 2022 to investigate
21 unforeseen dangerous conditions of the adjacent property, which is at risk of collapse, that
22 could damage the Project and harm workers if the adjacent property was left unabated and
23 construction of the Project had proceeded; and

1 WHEREAS, The Borrower has entered into an agreement with the adjacent property
2 owner on the needed work to stabilize the adjacent property and create a sound foundation
3 for the Project; and

4 WHEREAS, Because of the construction delay to the Project and need for additional
5 construction related to the adjacent property, the cost of the Project has increased by an
6 estimated \$10,552,524, which includes an increase in costs for the additional construction
7 work, an escalation in Project costs due to the 18 month delay, increase in construction loan
8 interest due to the new interest rate environment, increase in associated architecture and
9 engineering and other professional service costs, and an increase in the capitalized operating
10 subsidy reserve to meet the projected increase in operating costs over time; and

11 WHEREAS, The Borrower is contributing funds to cover a portion of the increased cost
12 and will continue to apply for other financing; and to complete construction of the Project, the
13 Borrower requires additional funding to cover up to \$8,559,766 of the increased Project costs;
14 and

15 WHEREAS, On January 5, 2024, the Citywide Affordable Housing Loan Committee,
16 consisting of MOHCD, Department of Homelessness and Supportive Housing, Office of
17 Community Investment and Infrastructure, and the Controller’s Office of Public Finance
18 recommended approval to the Mayor of a loan increase for the Project in an amount not to
19 exceed \$8,559,766; and

20 WHEREAS, MOHCD desires to increase the Loan by an amount not to exceed
21 \$8,559,766 (“Additional Loan”), for a total loan to the Borrower in the amount not to exceed
22 \$35,306,233, pursuant to a First Amendment to the Amended and Restated Loan Agreement
23 (“First Amendment”) in substantially the form on file with the Clerk of the Board of Supervisors
24 in File No. 240092, and in such final form as approved by the Director of MOHCD and the City
25 Attorney; now, therefore, be it

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

11 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
12 delegates to the Mayor and Director of MOHCD, and his designee, the authority to undertake
13 any actions necessary to protect the City's financial security in the Property and enforce the
14 affordable housing restrictions, which may include, curing the default under a senior loan; and,
15 be it

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

19 FURTHER RESOLVED, That within thirty (30) days of the First Amendment being fully
20 executed by all parties, MOHCD shall provide a copy of the final First Amendment to the Clerk
21 of the Board for inclusion into the official file.

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23
24
25

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



London N. Breed
Mayor

Daniel Adams
Director

MEMORANDUM

February 21, 2024

To: Supervisors Melgar, Chan, and Mandelman, Budget & Finance Committee

Fr: Sheila Nickolopoulos, Director of Policy and Legislative Affairs, MOHCD

RE: Request for Additional Information on Child Care at 78 Haight St (File 240092)

This memo provides follow up requested information at the Budget & Finance Committee hearing held on February 14, 2024 about the history of the originally proposed child care center at the 78 Haight Street affordable housing development, why the child care center is no longer feasible, and options being explored to create onsite family child care units to meet some of the demand.

A Commitment to Child Care in Affordable Housing Developments

MOHCD has encouraged the inclusion of child care centers in multifamily affordable housing developments wherever possible, and standard underwriting enables childcare providers to lease the space for \$1/year. Child care providers must fund the tenant improvements and develop the space in partnership with the nonprofit developer. Through programs managed by the Office of Early Care and Education and LIIF, financial support for tenant improvements is available.

Child Care at 78 Haight

The original Octavia Boulevard Parcels R, S, &U Request for Proposal (RFP) was amended after it was issued to add the provision of a child care center on the ground floor within the three parcels, given the significant need for child care in San Francisco, and the particularly severe need in this neighborhood. The amendment noted the potential availability of childcare tenant improvement funding from Market-Octavia Child Care impact fees, and the potential need for childcare by parenting TAY. Due to the very small parcel size of Parcel U, the Citywide Affordable Housing Loan Committee conditioned that additional feasibility analysis needed to be done to determine if child care could work at this site.

Prior to the gap financing request, TNDC and their selected childcare provider, Wu Yee Children's Services, conducted due diligence to determine if the proposed child care center on the ground floor was feasible. They identified two hurdles:

- a) Facility Size. Child care experts from the Low Income Investment Fund (LIIF) concluded that an approximate 3,500-square-foot childcare center could serve 35 children ages 0 to 5, and that size would be acceptable to childcare providers, but was on the small end for operational feasibility.

- b) Open Space Waiver. California State Community Care Licensing for child care requires 75 square feet of onsite outdoor space per child. The licensing agency will grant a waiver to this requirement if age-appropriate and secured outdoor space is available at a nearby park and if a permit is obtained from the San Francisco Recreation and Parks Department (RPD). Wu Yee determined that they would be able to meet outdoor space obligations at either Patricia's Green and/or the nearby Koshland Playground. Wu Yee Children's Services was responsible for obtaining the waivers.

As described in the attached letter from Wu Yee Children's Services, once Wu Yee engaged with State Community Care Licensing, it was clear that the nearby parks would not be approved by licensing.

The play structures at Koshland Playground are designed for children five and older, and therefore not age-appropriate for those in child care. Patricia's Green, at the heart of Hayes Valley, has a single play structure, which is designed for older children. In addition, the play area is not enclosed by fencing. Lastly, the Hayes Valley Playground at Hayes and Buchanan is a six block walk from 78 Haight Street, which is too far for toddlers to do the round-trip daily.

Exploration of Family Child Care units on Site

As suggested at the Budget & Finance Committee, TNDC is looking at options for including Designated Family Child Care unit(s) (DCCUs) on the ground floor with design and permitting assistance of the project architect, Paulett Taggart Architects (PTA). If feasible, it will take several months for plan review and plan check for an amended design. In addition, MOHCD is adding a loan condition that this feasibility analysis be fully conducted as a condition of receiving additional loan funds.

At Budget and Finance Committee, Supervisor Melgar asked if the rooftop could meet open space needs for the childcare center. State Licensing will not permit a child care center to use a rooftop above the third floor; 78 Haight will be 8 stories tall.

Other resources in the neighborhood

The neighboring Mt. Trinity Baptist Church (MTBC) is exploring ways that their strengthened building can be of service to the wider community. Once the building work is complete, MTBC is considering the development of potential afterschool programs, providing meals for people experiencing homelessness, and opening a child care center. TNDC will explore a potential collaboration with MTBC for service provision such as childcare and youth counseling once these services become available. If they are able to provide child care, the appropriate City agencies will provide technical assistance to the church as needed.



February 21, 2024

Maurilio Leon
Chief Executive Officer
Tenderloin Neighborhood Development Corporation (TNDC)
201 Eddy Street
San Francisco, CA 94102

Dear Mr. Leon,

Due to the playground limitations, a child care center at 78 Haight Street is not feasible.

In early 2020, TNDC circulated an RFP to the local early care and education (ECE) organizations regarding a brand-new child care center. This space was going to be part of TNDC's new housing development located at 78 Haight Street. Wu Yee Children's Services (Wu Yee) responded to the proposal. We proposed to serve 34 children at this site, with three classrooms to serve six infants, eight toddlers, and 20 preschoolers. We were interviewed by a panel consisting of TNDC and City staff, and were selected to be the operator of this project. We were very excited!

During the operator selection process, TNDC and City staff made it clear that there was not an on-site playground. At the time, no one thought that this limitation would make the project unfeasible. We thought the neighborhood park at Koshland, Patricia's Green, or the possibility of finding an outdoor space nearby would work.

TNDC anticipated construction completion for this project to be June, 2022, but it encountered setbacks and the project was severely delayed. As a result, Wu Yee stepped back from the project and focused on developing other child care centers. We have opened three brand-new child care centers during the past eighteen months.

In 2023, TNDC and Wu Yee were in discussion again as TNDC expected to break ground for this project soon. When we looked at it closely, we realized that both Koshland and Patricia's Green were not suitable playgrounds for a number of reasons. First, Koshland playground is certificated for children five years old or older, and Patricia's Green is unfenced and age inappropriate. Second, both playgrounds would require our children to cross busy streets to reach them, which is a serious safety issue. Section 101238.2 of the state licensing requirement states that 'the outdoor activity space shall be situated to permit children to reach the outdoor activity space safely (See enclosed).

We then examined the nearby green spaces. There are two, one is one block away from the 78 Haight Street project, on Octavia Street between Page and Lily Street, and the other is in the next block on Octavia Street between Lily and Oak Street. Unfortunately, we were told that both parcels are not available as they are going to be developed into housing. Another consideration is to open up a portion of the 78 Haight Street space to make it a covered playground. This option, however, would reduce the number of children we could serve by half. We could not sustain that scenario financially.

For the reasons above, to our tremendous disappointment, we cannot move forward with this project. The Department of Early Childhood (DEC) and Low-Income Investment Fund (LIIF) staff have been actively involved in this project, and they also agree that no other ECE organizations can make it work for the very

EARLY TO LEARN, EARLY TO RISE



same reasons. If there were any other possibility to make this project a reality, Wu Yee would be delighted to come back as the operator.

Should you have any questions, please contact me anytime. We deeply appreciate the dedication and support that the TNDC staff has demonstrated during this entire process.

Sincerely,

A handwritten signature in black ink, appearing to read "Monica Walters".

Monica Walters
Chief Executive Officer

EARLY TO LEARN, EARLY TO RISE

| | |
|--|---|
| <p>Item 3 File 24-0092</p> | <p>Department: Mayor’s Office of Housing and Community Development</p> |
|--|---|

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution approves a first amendment to an amended and restated loan agreement between MOHCD and Octavia RSU Associates L.P., to increase the loan amount by \$8,559,766, for a total amount not to exceed \$35,306,233, to finance additional costs for developing affordable housing at 78 Haight Street.

Key Points

- The proposed project at 78 Haight is a 63-unit new affordable housing development that would restrict maximum rents to households earning up to 65 percent of Area Median Income and would also allocate up to 30 percent of the project’s units to serve homeless Transitional Age Youth and Transitional Age Youth with children.
- The initial RFP for developing 78 Haight was issued by MOHCD in 2017 and was subsequently awarded to the Tenderloin Neighborhood Development Corporation (TNDC). In 2022, construction was delayed due to unforeseen structural deficits at the neighboring Mt. Trinity Baptist Church (MTBC). TNDC was not able to develop a collaborative relationship with MTBC, a historic Black church in the community, until April 2023. In August 2023, TNDC and MTBC entered into an agreement to restore TNDC access to the building, perform necessary repairs, and share costs.
- Due to delays in construction and additional repair work for the neighboring church, project costs have increased by \$10.5 million.

Fiscal Impact

- Under the proposed resolution, total City funding for 78 Haight will increase from \$26,746,467 to \$35,306,233. The additional City funding will be sourced from the Housing Trust fund and 2019 general obligation bond proceeds.
- Non-City Sources total \$29,694,694 or 46 percent of the \$65 million project and include tax credit equity, accrued interest, and private developer equity.

Policy Consideration

- TNDC is contributing \$1.1 million from their at-risk fee to help fund the additional work so that construction of the 78 Haight Street project can proceed. However, the proposed amended loan gives MOHCD discretion to restore the at-risk fee to TNDC if it obtains additional capital or operating funds. According to MOCHD staff, having the option to restore the developer fee ensures TNDC is properly incentivized to seek out additional funding.

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

Original Procurement

In 2017, the Mayor’s Office of Housing and Community Development (MOHCD) issued a Request for Proposals (RFP) to develop new affordable housing on the vacant Octavia Boulevard Parcels R, S, and U. The RFP required successful candidates to develop a project that would proceed under a long-term ground lease with the City and would restrict maximum rents to households earning up to 65 percent of Area Median Income (AMI). Furthermore, up to 30 of the project’s units would serve homeless Transition Age Youth (TAY) and TAY with children. In response to the RFP, the selection panel appointed by MOHCD selected Tenderloin Neighborhood Development Corporation (TNDC) out of the two eligible respondents to the RFP.¹

In February 2022, the Board of Supervisors approved a resolution for MOHCD to enter into a ground lease at the 78 Haight Street parcels for a term of 75 years in order to construct a 100 percent affordable, 63-unit housing development including 32 dedicated units for Transitional Age Youth (File 22-0092). The resolution also approved a loan agreement between MOHCD and TNDC in an amount not to exceed \$26,746,467 to finance the development and construction of the project. Construction was anticipated to begin in April 2022 and finish in August 2023.

Development Delays

In May 2022, TNDC paused all activities on the project due to dangerous and unresolved conditions at the neighboring Mt. Trinity Baptist Church (MTBC), a historic black church, according to the MOHCD loan evaluation report for the proposed amended loan. Both MTBC and the proposed footprint of the project at 78 Haight extend to the property line of their respective parcels, and as such, temporary shoring is necessary to maintain the structural integrity of both buildings. After the project’s construction loan closed in April 2022, TNDC’s structural engineer met with representatives from MTBC to evaluate the portion of the church’s basement abutting the property line shared with 78 Haight. The inspection report found that MTBC was at risk of collapse and that temporary shoring and bracing would be needed to ensure that the new building did not harm the structural integrity of the MTBC building and to avoid collapse onto the 78 Haight building. TNDC offered to pay for the temporary structural mitigation measures in addition to reconstructing the church’s western basement wall, but MTBC never countersigned

¹ The RFP response submitted by TNDC received 92 out of a possible 100 points, outscoring Mission Housing — Build Inc. who earned a total of 75 points from the selection panel.

the agreement to proceed. TNDC was not permitted access to MTBC after this time and could no longer perform due diligence. Subsequently, TNDC's structural engineer, as required by their professional licensed engineering "standard of care," reported the dangerous conditions to the Department of Building Inspection, which issued a notice of violation, resulting in the church being required to vacate the building.

According to MOHCD, TNDC was not able to establish a collaborative relationship with MTBC until April 2023, at which point MTBC agreed to hire their own structural engineer to design repairs to the church's basement wall. In August 2023, TNDC and MTBC entered into an agreement that allows TNDC to access the MTBC property, install temporary shoring, perform repairs to the basement wall, and make other structural repairs to improve the building's structure. The work of shoring and repairing the church's foundation began in late December 2023.

Placed-in-Service Deadline to Retain Tax Credit Equity

The project had an original placed-in-service (PIS) deadline of December 31, 2023, in order to retain use from its 9 percent LIHTC tax credits. TNDC requested and was granted a one-year extension due to the COVID-19 pandemic. A second year-long extension was granted due to the collapse of Silicon Valley Bank, which funded the project's construction loan. The current PIS deadline to retain LIHTC equity is December 31, 2025, requiring construction to resume in February or March 2024 to meet the PIS date with a buffer.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves a first amendment to an amended and restated loan agreement between MOHCD and Octavia RSU Associates L.P.² to increase the loan amount by \$8,559,766, for a total amount not to exceed \$35,306,233, to finance additional costs for developing affordable housing at 78 Haight Street.

Project at 78 Haight

As shown below in Exhibit 1, the proposed project at 78 Haight will provide 63 units of affordable housing, including 32 units for Transition Age Youth (TAY). Of these 32 units for TAY, 15 will be targeted to residents who qualify as a "Homeless Household" under No Place Like Home criteria.³

² Under Internal Revenue Service (IRS) regulations and for the purpose of eligibility for low-income housing tax credits, the non-profit (tax exempt) partner in the limited partnership serves as the general manager and retains a nominal percentage interest, and the investors (which are not tax exempt) serve as limited partners, obtaining the majority financial interest, including profits, losses, deductions, and credits. Octavia RSU Associates, L.P. is composed of Taylor Family Housing Inc., the initial limited partner that will be replaced by a tax-credit investor, and Octavia RSU GP LLC, a general partnership managed by TNDC.

³ No Place Like Home funds the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or are at risk of chronic homelessness.

Exhibit 1: Income and Rent Restrictions

| Unit Size | Count | Maximum Income Restrictions |
|--------------|-----------|-----------------------------|
| Studio | 12 | 30% of AMI (LOSP) |
| Studio | 27 | 65% of AMI |
| Studio | 15 | 30% of AMI (NPLH LOSP) |
| Studio | 4 | 50% of AMI |
| One Bed | 5 | 30% of AMI (LOSP) |
| Total | 63 | |

Source: Declaration of Restrictions

The overall unit mix and key project elements at 78 Haight are consistent with the original plans and loan agreement, with the exception of the childcare facility that was going to occupy the ground floor of the building. According to MOHCD, the childcare operator’s original plans are not compatible with state regulations, which require childcare to be within a certain walking distance of open space (if open space is not provided on-site). As such, the childcare provider was not able to secure licensing to operate at this site. TNDC is currently re-designing the use for the ground floor and will either repurpose the space for another community-serving commercial space use of around 1,800 square feet or the project will add up to three additional residential units.

The proposed loan agreement adds a new clause to the Declaration of Restrictions that allows the maximum income level to be increased for all units up to 75 percent of AMI at loan maturity if additional project income is needed to repay the loan. TNDC must make such a request in writing to the City at least one year prior to the loan maturity date. According to MOHCD staff, this clause is being added to meet debt requirements associated with the LIHTC financing.

Gap Loan Terms

Per the amended loan agreement, the sources for the project at 78 Haight will be updated to include an additional \$8,559,766 in financing for a total amount not to exceed \$35,306,233. The agreement obliges TNDC to repay the City on the later of (a) the 57th anniversary of the date the Deed of Trust is recorded or (b) the 55th anniversary of the Conversion Date. Interest will accrue on the principal balance at a rate of three percent per year through the date of full repayment.

Specific Loan Conditions

The original 2022 loan agreement outlines certain conditions and reporting requirements that TNDC must meet for compliance purposes. Specifically, TNDC must provide MOHCD with monthly status reports pertaining to racial equity goals and negotiations with project neighbors. TNDC must also produce a draft marketing plan, an updated first-year operating budget, and 20-year cash flow. The amended loan agreement includes the following additional conditions:

- (1) TNDC will provide monthly updates to MOHCD regarding updates on reprogramming the ground floor and impacts on the overall project budget. MOHCD must approve any revised ground floor plan.

- (2) TNDC will reapply for Continuum of Care (CoC) funding, which will reduce the MOHCD gap and cannot be contributed toward restoring the at-risk developer fee.
- (3) TNDC will apply for additional capital funds and rental subsidies in addition to CoC funding that will potentially leverage permanent debt against the property. TNDC will also seek an allocation of project-based vouchers from the Housing Authority and Veterans Affairs Supportive Housing (VASH) for the non-Permanent Supportive Housing units, which could allow TNDC to leverage additional debt for the Project and offset the additional gap financing request. Excess proceeds may be used to fund a portion of the at-risk developer fee upon approval by MOHCD.

FISCAL IMPACT

Total Development Costs

The City will provide \$35,306,233 to Octavia RSU Associates, L.P. for the construction and development of 78 Haight Street. As shown below, the proposed \$35,306,233 MOHCD loan comprises 54 percent of the total development cost of \$65,000,927. City sources will be combined with state and federal tax credit financing, accrued interest, and TNDC equity to fund the project. TNDC is contributing \$1.1 million, as discussed previously, to address increased costs.

Exhibit 2 below summarizes the proposed changes in sources and uses of funding for the project.

Exhibit 2: Sources & Uses for Original Loan and Amended Loan Agreements

| | Original | Proposed Amended | Proposed Change |
|----------------------|---------------------|---------------------|---------------------|
| Sources | Amount | Amount | Amount |
| MOHCD | \$26,746,467 | \$35,306,233 | \$8,559,766 |
| State LIHTC Equity | 2,423,019 | 2,423,019 | 0 |
| Federal LIHTC Equity | 24,624,975 | 24,624,975 | 0 |
| Developer Equity | 0 | 1,100,000 | 1,100,000 |
| Accrued Interest | 653,942 | 1,546,700 | 892,758 |
| Total Sources | \$54,448,403 | \$65,000,927 | \$10,552,524 |
| Uses | Amount | Amount | Amount |
| Acquisition | \$37,438 | \$37,438 | \$0 |
| Construction | 35,861,808 | 42,615,277 | 6,753,469 |
| Soft Costs | 11,104,603 | 13,952,686 | 2,848,038 |
| Reserves | 5,244,555 | 6,195,526 | 950,971 |
| Developer Fee | 2,200,000 | 2,200,000 | 0 |
| Total Uses | \$54,448,403 | \$65,000,927 | \$10,552,524 |

Source: MOHCD

Changes in Development Costs

As shown in Exhibit 2 above, total development costs for the project at 78 have increased by \$10,552,524.

Per the loan evaluation, the increase in funding is primarily due to the following factors:

- (1) Hard Costs: The \$6.8 million increase is due in part to structural work needed to repair the MTBC building, currently estimated to be \$1.74 million, of which TNDC’s developer equity contribution will cover approximately \$1.1 million. Furthermore, given the delay in construction activities, construction costs have escalated by a total of \$3.26 million. Finally, increased costs include \$1.7 million to replenish the hard cost contingency as the original contingency is nearly depleted from change orders resulting from changes in the SFMTA site logistics plan, PG&E changes, and changes to address comments from plan checks.
- (2) Construction Loan Interest: The project’s construction loan rate is currently fixed at 3.63 percent until July 2024, at which point it becomes variable on a monthly basis with an upper limit of 7.5 percent. The change is expected to result in an additional \$1.04 million in soft costs.
- (3) Increase in Reserves: The revised operating budget includes escalated salaries for staff and insurance pricing, resulting in an approximate \$1.0 million increase in operating reserves.
- (4) Other Soft Costs: The project’s extended timeline requires additional architect’s fees, design fees, and loan extension fees by approximately \$900,000. This increase also covers expenditures for structural engineering and design related to the work at MTBC.

City Funding Sources

The original \$35,306,233 City loan is funded through the following sources:

- \$5,466,228 from the Inclusionary Fund;
- \$10,500,000 from the Inclusionary Market and Octavia Fund;
- \$9,000,000 from 2019 General Obligation Bond funds;
- \$4,780,239 from No Place Like Home funding;
- \$2,000,000 from the Education Revenue Augmentation Housing Fund; and
- \$3,559,766 from the Housing Trust Fund.

The proposed additional \$8,559,766 in gap financing will be sourced with \$3,559,766 from the Housing Trust Fund and \$5 million in 2019 General Obligation Bond funding.

Per Unit Costs

With the additional \$8.6 million in gap financing, the total City subsidy for the project at 78 Haight increased from \$424,547 to \$560,416 per unit, which includes the City-administered, State-sourced No Place Like Home financing. Total development costs per unit would increase from \$864,260 to \$1,031,761.

POLICY CONSIDERATION

Restoration of At-Risk Developer Fee

Per the terms of MOHCD’s developer fee policy, TNDC’s \$2.2 million developer fee includes a \$1.1 million project management fee and a \$1.1 million at-risk fee. Developer fees are paid out

in installments according to project milestones as provided in the loan agreement. As of January 2024, TNDC had already received \$605,000 of their project management fee, with \$495,000 remaining to be paid as construction completes. As noted above, TNDC is contributing \$1.1 million from their at-risk fee to help fund the additional work so that construction of the 78 Haight Street project can proceed. However, the proposed amended loan gives MOHCD discretion to restore the at-risk fee to TNDC if it obtains additional capital or operating funds (in addition to Continuum of Care funding, which may not be used to restore the developer fee). According to MOCHD staff, having the option to restore the developer fee ensures TNDC is properly incentivized to seek out additional funding.

RECOMMENDATION

Approve the proposed resolution.



78 Haight Street

BUDGET AND FINANCE
COMMITTEE

FEBRUARY 14, 2024

ANNE ROMERO, SENIOR PROJECT
MANAGER

MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

78 Haight Street - BUDGET AND FINANCE COMMITTEE AGENDA ITEM

File # _____:

- 1) Request for approval of First Amendment to Amended and Restated Loan Agreement to increase loan by up to \$8,559,766 for a total loan not to exceed \$35,306,233
- 2) Request for authorization for the Mayor and Director of MOHCD to execute documents in furtherance of this resolution



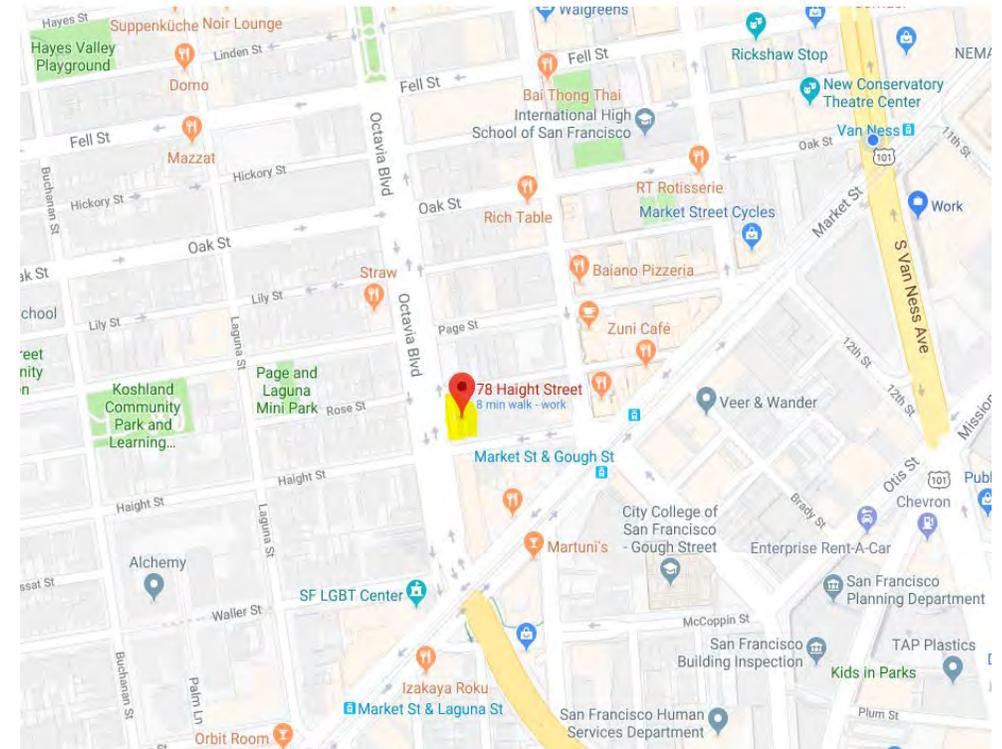
78 HAIGHT STREET – BUDGET AND FINANCE COMMITTEE – FEBRUARY 14, 2024

PROPOSED PROJECT

- 63 affordable units
 - 58 studios
 - 5 one-bedroom units
- Target Populations
 - 32 units for homeless and at-risk transitional age youth, including five 1-BR units for parenting youth
 - 31 lottery units
 - Larkin Street Youth Services is TAY service provider
- AMIs from 30% to 65% MOHCD AMI
- Commercial Space
 - Ground Floor 3,200 square feet originally planned for childcare, which is no longer feasible
 - Revised ground floor uses are being explored, including up to three additional affordable units, expanded service space and a smaller ground floor community-serving commercial space

PROJECT HISTORY – 78 HAIGHT STREET

- **2017** – Tenderloin Neighborhood Development Corporation (TNDC) selected as Sponsor under MOHCD’s Affordable Housing Request for Proposals (RFP)
- **2021** – Project received a 9% tax credit allocation under the Special Needs Set Aside
- **2022** - Closed on construction financing, long term ground lease and \$26.7M gap loan from MOHCD. No state financing in project.
- **2022-2023**
 - Project halted due to unforeseen conditions at adjacent property which was at risk of collapse
 - TNDC worked closely with the adjacent property owner to design a structural repair
- **January 2024** - MOHCD additional permanent loan financing approved by *Citywide Affordable Housing Loan Committee* to address increase in costs caused by the delay



INCREASE IN PROJECT COST

Increase in total costs - \$10.5M

- adjacent building's structural and foundation repairs - \$1.74M
- escalation in construction costs - \$3.26M
- Other hard cost increases - \$1.7M
- increase in construction loan interest – \$1.04M
- increase in design, engineering, consultant, insurance, legal and other soft costs - \$1M
- increase in capitalized operating reserve due to increased operating cost projections - \$950K

Sources to fund new costs

- MOHCD increased loan - \$8.56M
- TNDC contributing at-risk developer fee as GP Equity - \$1.1M
- TNDC applying for additional capital and rental subsidies

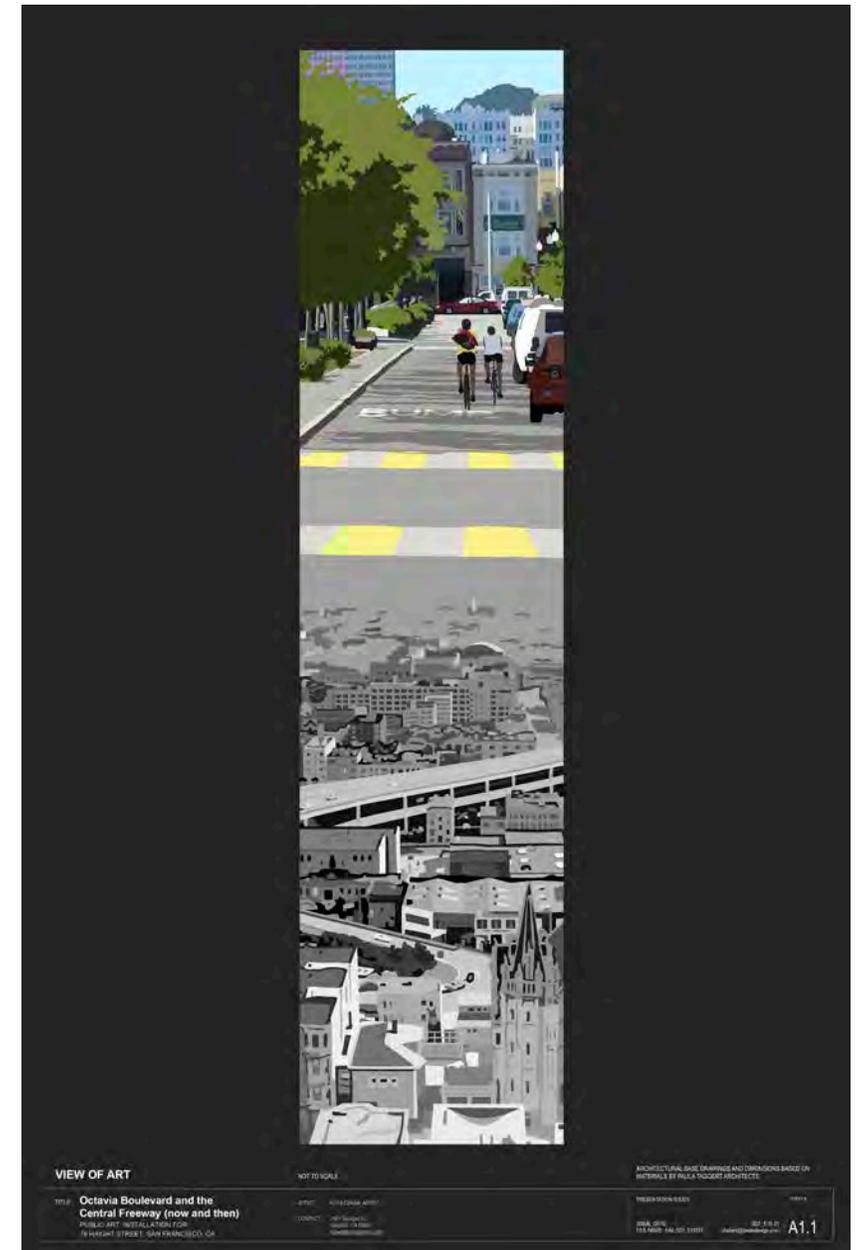


PERMANENT FINANCING

| | |
|--|--|
| Total Development Costs | \$65M |
| <ul style="list-style-type: none"> • MOHCD Original Loan • MOHCD Amendment – Request • FHLB Affordable Housing Program • 9% tax credit equity • GP Equity • Accrued Interest | <ul style="list-style-type: none"> \$25.8M \$8.5M \$945K \$27M \$1.1M \$900K |

TIMELINE

| | |
|---|----------------------------|
| ▪ Housing Construction Start: | April 2022 |
| ▪ Construction Pause: | May 2022 – February 2024 |
| ▪ Structural repair to adjacent property: | Jan - February 2024 |
| ▪ Housing Restart: | March 2024 |
| ▪ Marketing: | May 2025 |
| ▪ Unit Lottery: | June 2025 |
| ▪ Project completion: | September 2025 |
| ▪ Leasing: | November 2025 – April 2026 |





Representatives from TNDC:

SHREYA SHAH, ASSOCIATE DIRECTOR OF HOUSING DEVELOPMENT, TNDC

CHRIS CUMMINGS, DIRECTOR OF HOUSING DEVELOPMENT, TNDC

MAURILIO LEON, EXECUTIVE DIRECTOR, TNDC

FIRST AMENDMENT TO
AMENDED AND RESTATED LOAN AGREEMENT
(78 HAIGHT and 120 Octavia)

This First Amendment to the Amended and Restated Loan Agreement (“**First Amendment**”) is made as of _____, 2024, 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 (the “City”), and **OCTAVIA RSU ASSOCIATES, L.P.**, a California limited partnership (the “Borrower”).

RECITALS

A. The City previously loaned Twenty Six Million Seven Hundred Forty Six Thousand Four Hundred Sixty Seven and No/100 Dollars (\$26,746,467.00) (the “**Original Loan**”) to Borrower to finance development of the property located on 78 Haight Street and 120 Octavia (collectively, the “**Site**”), on which the Borrower is constructing a sixty three (63)-unit multifamily rental housing development (the “**Improvements**”) affordable to low-income households, including thirty-two (32) units for TAY, of which fifteen (15) units will be targeted to residents who qualify under the Homeless Household under No Place Like Home (NPLH) Criteria which will be known as 78 Haight (the “**Project**”).

B. The Original Loan is evidenced by the following documents: (1) an Amended and Restated Loan Agreement dated April 1, 2022 (the “**Loan Agreement**”); (2) an Amended and Restated Secured Promissory Note made by Borrower in an amount of Twenty One Million Nine Hundred Sixty Six Thousand Two Hundred Twenty Eight and No/100 Dollars (\$21,966,228.00) to the order of the City dated April 1, 2022 (the “**City Funds Note**”); (3) a Secured Promissory Note made by Borrower in an amount of Four Million Seven Hundred Eighty Thousand Two Hundred Thirty Nine and No/100 Dollars (\$4,780,239.00) to the order of the City dated April 1, 2022 (the “**NPLH Note**”); (4) a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated April 7, 2022, executed by Borrower for the benefit of the City, and recorded on April 8, 2022 as DOC-2022036073 in the Official Records (the “**Deed of Trust**”); and (5) a Declaration of Restrictions and Affordable Housing Covenant dated April 7, 2022, and recorded on April 8, 2022 as DOC-2022036071 in the Official Records (the “**Declaration**”). All initially capitalized terms used but not defined in this First Amendment have the meanings given to those terms in the Agreement.

C. The Borrower has requested an additional loan of Funds (“**Additional Loan**”) from the City in the principal amount not to exceed Eight Million Five Hundred Fifty Nine Thousand Seven Hundred Sixty Six and No/100 Dollars (\$8,559,766.00) (“**Additional Funding Amount**”) because of increased Project costs in an estimated amount of \$8,559,766 caused by a delay in construction due to unforeseen conditions of the adjacent property, an increase in hard costs to stabilize the adjacent property for the safety and stability of the Project, and an increase in construction loan interest and other soft costs. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for the Additional Loan and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor to increase the Original Loan by the Additional Funding Amount to finance the additional Project costs.

D. The Borrower and the City now desire to amend the Loan Agreement in accordance with this First Amendment to increase the Original Loan and update the sources of the Funds. Concurrently with this First Amendment, the Parties are also entering into a Second Amended and Restated Secured Promissory Note (City Funds Note), a First Amendment to the Deed of Trust, and a First Amendment to the Declaration of Restrictions to reflect such changes under this First Amendment.

E. On _____, 2024, the City’s Board of Supervisors and the Mayor approved this Amendment by Resolution No. _____ to fund the Additional Loan Amount.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in the City Documents, the City and the Borrower agree as follows:

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

(a) Cover Page, first paragraph, is hereby amended as follows (additions in double underline; deletions in ~~striketrough~~):

**AMENDED AND RESTATED LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
AFFORDABLE HOUSING FUND INCLUSIONARY AFFORDABLE HOUSING PROGRAM,
AFFORDABLE HOUSING FUND: INCLUSIONARY MARKET AND OCTAVIA PROGRAM,
2019 GENERAL OBLIGATION BOND FOR AFFORDABLE HOUSING,
NO PLACE LIKE HOME (NPLH),
EDUCATION REVENUE AUGMENTATION HOUSING FUND,
HOUSING TRUST FUND)**

(b) Cover Page, list of City loan sources of funding and amounts, is hereby amended as follows (additions in double underline; deletions in ~~striketrough~~):

78 HAIGHT
78 Haight Street and 120 Octavia Street, San Francisco, CA
\$26,746,467 \$35,306,233

AHF INCLUSIONARY FUND: \$5,466,228
AHF INCLUSIONARY MARKET AND OCTAVIA FUND: \$10,500,000
2019 GO BOND: ~~\$4,000,000~~ \$9,000,000
NO PLACE LIKE HOME: \$4,780,239
ERAF HOUSING FUND: \$2,000,000
HOUSING TRUST FUND: \$3,559,766

(c) Recital E is hereby deleted in its entirety and replaced as follows:

E. (1) In November 2012, the voters of the City approved Proposition C, which established a Housing Trust Fund to provide funds for the creation, acquisition, and rehabilitation of rental and ownership housing affordable to households earning up to 120% of the area median income, including, without limitation, the acquisition of land for such purpose (the “HTF Funds”). Under Section 16.110 *et seq.* of the San Francisco City Charter, the City is authorized to provide funds from the HTF Funds under this Agreement to Borrower for the development and construction of affordable housing.

(2) Under San Francisco Administrative Code Section 10.100-11, the San Francisco Board of Supervisors established the Affordable Housing Production and Preservation Fund to receive appropriated excess Education Revenue Augmentation Fund (“ERAF”) revenues received by the City (“ERAF Housing Fund”). MOHCD administers the ERAF Housing Fund for the purpose of funding land acquisition and production of new 100% affordable housing projects and acquisition and preservation of existing housing to make that housing permanently affordable. MOHCD is authorized to provide funds from the ERAF Housing Fund under this Agreement to Borrower for the development of affordable housing. The funds provided from the AHF Inclusionary Fund, AHF Inclusionary Market and Octavia Fund, 2019 GO Bond, NPLH Funds, ERAF Housing Fund, and the HTF Funds under this Agreement are collectively referred herein as the “Funds.”

(d) Recital F is hereby amended as follows (additions in double underline; deletions in ~~strike through~~):

F. Borrower intends to acquire a leasehold interest in the real property located at 78 Haight Street and 120 Octavia Street, San Francisco, California (the “Land”) under a Ground Lease dated as of April 7, 2022 by and between City and Borrower (“Ground Lease”). Borrower desires to use the Funds to construct a sixty-three (63)-unit multifamily rental housing development (the “Improvements”) affordable to low-income households, including thirty-two (32) units for TAY, of which fifteen (15) units will be targeted to residents who qualify under the Homeless Household under No Place Like Home (NPLH) Criteria., and including the construction of ~~the~~ commercial space, resident services space, and/or additional residential units ~~of a childcare center~~ (the “Commercial Space”), collectively which will be known as 78 Haight (the “Project”). If the context requires, the term “Improvements” will include the Commercial Space. The maximum income and rent requirements set forth in Exhibit A will remain in effect even if the Local Operating Subsidy is no longer available to the Project.

(e) Recital H is hereby amended as follows (additions in double underline; deletions in ~~strike through~~):

H. 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 Thirty Five Million Three Hundred Six Thousand Two Hundred Thirty Three ~~Twenty Six Million Seven Hundred Forty Six Thousand Four Hundred Sixty Seven~~ and No/100 Dollars (\$35,306,233~~26,746,467~~) (the “Funding Amount”) under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) AHF Inclusionary Fund in the amount of Five Million Four Hundred Sixty Six Thousand Two Hundred Twenty Eight and No/100 Dollars (\$5,466,228.00), (ii) AHF Inclusionary Market and Octavia Fund in the amount of Ten Million Five Hundred Thousand and 00/100 (\$10,500,000.00), (iii) 2019 GO Bond in the amount of Nine~~Four~~ Million and No/100 Dollars (\$9,000,000.00~~4,000,000~~), (iv) NPLH Funds in the amount of Four Million Seven Hundred Eighty Thousand Two Hundred Thirty Nine and No/100 Dollars (\$4,780,239), (v) ERAF Housing Fund in the amount of Two Million and No/100 Dollars (\$2,000,000), and (vi) Housing Trust Fund in the amount of Three Million Five Hundred Fifty Nine Thousand Seven Hundred Sixty Six and No/100 Dollars (\$3,559,766.00).

(f) Recital I is hereby amended as follows (additions in double underline; deletions in ~~strikethrough~~):

I. Borrower has secured the following additional financing for the Project:

1. a construction loan from Silicon Valley Bank to Borrower in the amount of Eighteen Million Three Hundred Fifty One Thousand Two Hundred Eighty Five and No/100 Dollars (\$18,351,285.00), pursuant to a loan agreement dated as of the date hereof;

2. federal and state low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee (“TCAC”), pursuant to its Preliminary Reservation of Low Income Housing Tax Credits dated October 20, 2021 and a Carryover Allocation dated December 2, 2021, as revised on March 29, 2022, and TCAC extensions to December 31, 2024 and December 31, 2025, including the sponsor loan documents relating to the state low income housing tax credits; and

3. a General Partner equity contribution from Borrower in the amount of One Million One Hundred Thousand and No/100 Dollars (\$1,100,000.00)~~One Hundred and No/100 Dollars (\$100.00).~~

(g) The definitions under Section 1.1 (Defined Terms) of the Agreement are hereby amended as follows (additions in double underline; deletions in ~~strikethrough~~):

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

“Funds” has the meaning set forth in Recital E, as amended.

“Notes” means the two promissory notes executed by Borrower in favor of the City, in form and substance acceptable to City: (1) Note A in the original principal amount of Thirty Million Five Hundred Twenty Five Thousand Nine Hundred Ninety Four and No/100 Dollars ~~Twenty One Million Nine Hundred Sixty Six Thousand Two Hundred Twenty Eight and No/100 Dollars (\$21,966,228.00)~~; and (2) Note B in the original principal amount of [Four Million Seven Hundred Eighty Thousand Two Hundred Thirty Nine and No/100 Dollars (\$4,780,239.00).

(h) Section 2.6 (Other Loan Conditions) of the Agreement is hereby amended as follows (additions in double underline):

2.6 Other Loan Conditions.

- Borrower will repay the Loan with the amount of the COSR 2 (as defined below) unless it is needed for another purpose, which will require MOHCD review and approval.
- Borrower must provide additional information on the commercial space tenant improvement budget prior to construction loan closing, alongside warm shell assumptions for MOHCD staff to verify that it meets the Commercial Space Underwriting Guidelines.
- Borrower must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update until start of construction, including on:
 - o Status of neighbor negotiations
 - o Outcomes achieved related to racial equity goals, and
 - o Commercial-use space development
- Borrower must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City’s preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor’s Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
- Borrower must provide quarterly updated response to any letters requesting corrective action.
- Borrower must submit an updated 1st year operating budget and 20-year cash flow – if any changes have occurred – by November 1st before the fiscal year the project will achieve TCO so that MOHCD may request the LOSP subsidy (anticipated to be needed by November 2022).

- Borrower to work with MOHCD and HSH to plan the lease up process for the referrals from Coordinated Entry.

- Borrower to provide monthly updates on progress of re-planning ground floor use space, including additional residential units, service space and / or smaller commercial space, impacts on budget, and will request MOHCD approval prior to finalizing the revised ground floor plan.

- Borrower will reapply for Continuum of Care (“CoC”) funding from HUD, and if awarded, Borrower will reduce the amount allocated to the COSR and use Excess Proceeds to repay Note A. Any awarded CoC funding will not be used to pay at-risk developer fee.

- Borrower will apply for additional capital funds and rental subsidies in addition to CoC that might allow Borrower to leverage permanent debt against the Project, as well as to increase Project funding sources. Borrower will seek an allocation of Project Based Vouchers from SFHA with assistance from MOHCD, and/or Veterans Affairs Supportive Housing (“VASH”) on the non-Permanent Supportive Housing units to offset the City’s additional loan for the Project. If Borrower is awarded Project Based Vouchers and/or VASH, Borrower will (i) use the additional Project Income from such awards to service additional debt for the Project, and (ii) with the prior written approval of MOHCD in its sole discretion, may fund a portion of at-risk developer fee from Excess Proceeds.

(i) Section 3.5 (Repayment of Principal and Interest) of the Agreement is hereby amended as follows (additions in double underline; deletions in ~~strikethrough~~):

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

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

Bridge Loan and unpaid costs and fees incurred will be due and payable at the Maturity Date according to the terms set forth in full in the Notes. Notwithstanding the foregoing, if Borrower is awarded AHP funding, and if the Funding Amount combined with decreases to permanent loan sources and tax credit equity are insufficient to pay off the outstanding construction loan, the Borrower with City's prior written approval may use the AHP funding to repay the outstanding construction loan or pay construction costs, and the unpaid principal balance of the AHP Bridge Loan and unpaid costs and fees incurred shall be due and payable at the Maturity Date according to the terms set forth in full in Note A.

(j) Section 5.6 (Commencement and Completion of Project) is hereby amended as follows (additions in double underline; deletions in ~~strikethrough~~):

5.6. Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower will: (a) commence demolition, rehabilitation or construction by a date no later than July 1, 2022; (b) complete demolition, rehabilitation or construction by a date no later than ~~January 1, 2024~~July 1, 2026, 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 1, 2024~~December 1, 2026.

2. Amendments to Exhibits.

(a) EXHIBIT A is hereby amended to add a new Section 3 as follows:

3. To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered up to a maximum annual rent of thirty percent (30%) of ~~seventy-five (75%)~~ of Median Income, less utility allowance, but only to the extent necessary for the Project to refinance and repay the full outstanding loan balance by the Maturity Date, as determined in City's reasonable discretion. Any Units with such altered rent restrictions will at all times be occupied by Qualified Tenants whose household income will be commensurate to the altered maximum annual rent, but will not exceed ~~seventy-five (75%)~~ of Median Income. In such event, Borrower will provide the City with a written request no less than one year prior to the Maturity Date, and the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

(b) EXHIBIT B-1 – Table of Sources and Uses of Funds, is deleted in its entirety and replaced with the new Exhibit B-1, attached hereto as Attachment 1.

3. Secured Residential Amended and Restated Promissory Note. Concurrently herewith, Borrower will execute a Second Amended and Restated Promissory Note (City Funds Note or Note A) in favor of the City. A copy of the Second Amended and Restated Promissory Note is attached to this First Amendment as Attachment 2.
4. First Amendment to Deed of Trust. Concurrently herewith, Borrower will execute a First Amendment to Deed of Trust in form and substance acceptable to the City. A copy of the First Amendment to Deed of Trust is attached to this First Amendment as Attachment 3.
5. First Amendment to Declaration of Restrictions. Concurrently herewith, Borrower will execute a First Amendment to Declaration of Restrictions in form and substance acceptable to the City. A copy of the First Amendment to Declaration of Restrictions is attached to this First Amendment as Attachment 4.
6. Representations and Warranties.
- (a) All of the representations and warranties made by Borrower to the City in the Agreement and other City Documents continue to be true and complete as of the date of this First Amendment.
- (b) No event has occurred and is continuing that constitutes an event of default or potential event of default under the Agreement, the Notes, or any other City Documents.
7. Miscellaneous.
- (a) References. No reference to this First Amendment is necessary in any instrument or document at any time referring to the Agreement. Any reference to such documents will be deemed a reference to the Agreement as amended by this First Amendment.
- (b) No Other Amendments. Except as amended by this First Amendment, the Agreement will remain unmodified and in full force and effect.
- (c) Counterparts. This First Amendment may be executed in two or more counterparts, each of which will be deemed an original, but all of which when taken together will constitute one and the same instrument.
- (d) Successors and Assigns. The terms, covenants, and conditions contained in this First Amendment will bind and inure to the benefit of Borrower and the City and, except as otherwise provided herein, their personal representatives and successors and assigns.
- (e) Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this First Amendment.

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

Signatures Appear on Following Page

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment 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:

Octavia RSU Associates, L.P.,
a California limited partnership

By: Octavia RSU GP LLC,
a California limited liability company,
its general partner

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

By: _____
Maurilio Leon
Chief Executive Officer

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

Attachment 1

Exhibit B-1: Sources & Uses of Funds

See Attached.

Application Date: 11/1/2023
 Project Name: Octavia Parcel U
 Project Address: 78 Haight Street
 Project Sponsor: Tenderloin Neighborhood Development Corporation

Units: 63
 # Bedrooms: 63
 # Beds:

| SOURCES | 21,021,228 | 8,559,766 | 4,780,239 | 24,624,975 | 2,423,019 | 945,000 | 1,100,000 | 1,546,700 | Total Sources | Comments |
|------------------|------------|-----------------|--------------|------------------|--------------------|---------|------------|------------------|---------------|----------|
| Name of Sources: | MOHCD/OCIL | MOHCD add'l Gap | NPLH (MOHCD) | Fed LIHTC Equity | State LIHTC Equity | AHP | GP Capital | Accrued Interest | 65,000,927 | |

USES

ACQUISITION

| | | | | | | | | | | |
|--------------------------------------|---------------|----------|----------|----------|----------|----------|----------|----------|---------------|------------|
| Acquisition cost or value | 0 | | | | | | | | 0 | 1256907 |
| Legal / Closing costs / Broker's Fee | 5,000 | | | | | | | | 5,000 | 480555.89 |
| Holding Costs | 0 | | | | | | | | 0 | 1737282.89 |
| Transfer Tax | 32,438 | | | | | | | | 32,438 | |
| TOTAL ACQUISITION | 37,438 | 0 | 37,438 | |

CONSTRUCTION (HARD COSTS)

| | | | | | | | | | | |
|---|-------------------|------------------|------------------|-------------------|------------------|----------------|----------|----------|-------------------|---|
| * Unit Construction/Rehab | 2,133,064 | 2,308,316 | 4,780,239 | 14,983,115 | 2,423,019 | 945,000 | | | 27,572,753 | Includes escalation estimates and change orders incurred to date; church off sites are listed in offsite improvements |
| * Commercial Shell Construction | 881,926 | | | 1,171,612 | | | | | 2,053,538 | |
| * Demolition | 0 | | | | | | | | 0 | |
| Environmental Remediation | 0 | 100,000 | | | | | | | 100,000 | Soil offhaul |
| * Onsite improvements/Landscaping | 1,271,135 | | | | | | | | 1,271,135 | |
| * Offsite Improvements | 730,885 | 1,306,607 | | 480,656 | | | | | 2,518,148 | \$1.3 MM includes Church Repairs directly related to housing in project scope |
| * Infrastructure Improvements | | | | | | | | | 0 | |
| Parking | | | | | | | | | 0 | |
| GC Bond Premium/GC Insurance/GC Taxes | 1,020,527 | 590,789 | | | | | | | 1,611,316 | Additional cost due to extension |
| GC Overhead & Profit | 1,154,970 | 0 | | | | | | | 1,154,970 | |
| GC General Conditions | 2,177,954 | 2,133,307 | | | | | | | 4,311,261 | Additional GCs for time extension |
| Sub-total Construction Costs | 9,370,461 | 6,439,019 | 4,780,239 | 16,635,383 | 2,423,019 | 945,000 | | | 40,593,121 | |
| 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 | 1,707,705 | 314,451 | | | | | | | 2,022,156 | Recapitalization of hard cost contingency |
| Sub-total Construction Contingencies | 1,707,705 | 314,451 | 0 | 0 | 0 | 0 | | | 2,022,156 | |
| TOTAL CONSTRUCTION COSTS | 11,078,166 | 6,753,470 | 4,780,239 | 16,635,383 | 2,423,019 | 945,000 | 0 | 0 | 42,615,277 | |

SOFT COSTS

| | | | | | | | | | | |
|--|------------------|------------------|----------|----------|----------|----------|----------|----------|------------------|--|
| Architecture & Design | | | | | | | | | | |
| Architect design fees | 991,392 | 355,000 | | | | | | | 1,346,392 | Increased to reflect actuals |
| Design Subconsultants to the Architect (incl. Fees) | 735,488 | 30,000 | | | | | | | 765,488 | Includes structural engineer costs |
| Architect Construction Admin | 558,110 | 305,305 | | | | | | | 863,415 | Addition of CA due to time extension |
| Reimbursables | 0 | 42,788 | | | | | | | 42,788 | |
| Additional Services | 0 | 125,743 | | | | | | | 125,743 | Reflects costs incurred till date + potential added services |
| Sub-total Architect Contract | 2,284,990 | 858,817 | 0 | 0 | 0 | 0 | 0 | 0 | 3,143,807 | |
| Other Third Party design consultants (not included under Architect contract) | 152,725 | 276,961 | | | | | | | 429,686 | Permit Expediter, Dry Utilities Consultant and Geotech Costs |
| Total Architecture & Design | 2,437,715 | 1,135,778 | 0 | 0 | 0 | 0 | 0 | 0 | 3,573,493 | |

| | | | | | | | | | | |
|--|----------------|----------------|----------|----------|----------|----------|----------|----------|----------------|---------------------------------------|
| Engineering & Environmental Studies | | | | | | | | | | |
| Survey | 25,000 | 30,000 | | | | | | | 55,000 | Additional scope from work at Church |
| Geotechnical studies | 122,000 | 65,000 | | | | | | | 187,000 | Added scope due to work at Church |
| Phase I & II Reports | 100,000 | -74,399 | | | | | | | 25,601 | Savings since line item is underspent |
| CEQA / Environmental Review consultants | 0 | | | | | | | | 0 | |
| NEPA / 106 Review | 0 | | | | | | | | 0 | |
| CNA/PNA (rehab only) | 0 | | | | | | | | 0 | |
| Other environmental consultants | 250,000 | -98,695 | | | | | | | 151,305 | Savings since line item is underspent |
| Total Engineering & Environmental Studies | 497,000 | -78,094 | 0 | 0 | 0 | 0 | 0 | 0 | 418,906 | |

| | | | | | | | | | | |
|-------------------------------------|----------------|------------------|----------|----------------|----------|----------|------------------|----------------|------------------|---|
| Financing Costs | | | | | | | | | | |
| Construction Financing Costs | | | | | | | | | | |
| Construction Loan Origination Fee | | 40,000 | | | | | | | 40,000 | Extension fees for construction loan |
| Construction Loan Interest | 681,450 | 1,040,977 | | 448,159 | | | 1,100,000 | 446,700 | 3,717,286 | Addition of loan interest at higher rate, plus accrued interest |
| Title & Recording | 70,000 | | | | | | | | 70,000 | |
| CDLAC & CDIAC fees | | | | | | | | | 0 | |
| Bond Issuer Fees | 238,435 | -89,687 | | | | | | | 148,748 | Overbudgeted line item previously |
| Other Bond Cost of Issuance | | 48,000 | | | | | | | 48,000 | Lender inspections budget \$1000/mo |
| Other Lender Costs - inspections | | 48,000 | | | | | | | 48,000 | |
| Sub-total Const. Financing Costs | 969,885 | 1,039,290 | 0 | 448,159 | 0 | 0 | 1,100,000 | 446,700 | 4,024,034 | |
| 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 | 0 | 0 | 10,000 | |
| Total Financing Costs | 999,885 | 1,039,290 | 0 | 448,159 | 0 | 0 | 1,100,000 | 446,700 | 4,034,034 | |

| | | | | | | | | | | |
|-------------------------------|---------------|----------------|----------|----------------|----------|----------|----------|----------|----------------|---|
| Legal Costs | | | | | | | | | | |
| Borrower Legal fees | | 44,607 | | 85,000 | | | | | 129,607 | Increased legal fees due to church negotiations |
| Land Use / CEQA Attorney fees | | | | | | | | | 0 | Increased budget for legal fees in anticipation of mini closing |
| Tax Credit Counsel | | 71,600 | | 140,000 | | | | | 211,600 | |
| Bond Counsel | | | | | | | | | 0 | |
| Construction Lender Counsel | 0 | 100,000 | | | | | | | 100,000 | Adding budget for legal fees in anticipation of mini closing |
| Permanent Lender Counsel | 10,000 | -10,000 | | | | | | | 0 | |
| Total Legal Costs | 10,000 | 206,207 | 0 | 225,000 | 0 | 0 | 0 | 0 | 441,207 | |

| | | | | | | | | | | |
|--|------------------|-----------------|----------|------------------|----------|----------|----------|----------|------------------|---|
| Other Development Costs | | | | | | | | | | |
| Appraisal | 15,000 | -10,000 | | | | | | | 5,000 | Overbudgeted line item previously |
| Market Study | 15,000 | 6,450 | | | | | | | 21,450 | Underbudgeted line item previously |
| Insurance | | 317,389 | | 688,247 | | | | | 1,005,636 | Increased insurance costs due to time extension |
| Property Taxes | 173,000 | -172,960 | | | | | | | 40 | |
| Accounting / Audit | 40,726 | | | 39,274 | | | | | 80,000 | |
| Organizational Costs | 10,000 | | | | | | | | 10,000 | |
| Entitlement / Permit Fees | 608,188 | -768,890 | | 691,812 | | | | | 531,110 | Overbudgeted line item previously |
| Marketing / Rent-up | 110,000 | -25,000 | | | | | | | 85,000 | Cost cutting |
| Furnishings | 434,300 | | | | | | | | 434,300 | \$2,000/unit. See MOHCD U/W Guidelines on: http://mohcd.org/documents-reports-and-forms |
| PGE / Utility Fees | | 350,000 | | 675,000 | | | | | 1,025,000 | Underbudgeted line item previously |
| TCAC App / Alloc / Monitor Fees | | 6,700 | | 127,830 | | | | | 136,530 | |
| Financial Consultant fees | 65,000 | 12,500 | | | | | | | 77,500 | Underbudgeted line item previously |
| Construction Management fees / Owner's Rep | | 94,750 | | 118,388 | | | | | 213,138 | Increased fee for time extension |
| Security during Construction | 240,000 | -240,000 | | | | | | | 0 | Included in hard cost increases |
| Relocation | | 25,000 | | | | | | | 25,000 | Added scope due to work at Church |
| Community Outreach | | 15,000 | | | | | | | 15,000 | Added scope for communication with other neighbors |
| Public Art | 121,467 | | | | | | | | 121,467 | Includes art consultant fee, artwork design fee, and installation coordination fee |
| Construction Costs NIC | 827,984 | | | | | | | | 827,984 | Street space fees, neighbor agreement, storm water prevention, facade testing, solar pv, covid delays, fire pump, etc. and other scopes that aren't included in both PTA and G/S. |
| Total Other Development Costs | 2,660,665 | -387,061 | 0 | 2,340,551 | 0 | 0 | 0 | 0 | 4,614,155 | |

| | | | | | | | | | | |
|---|------------------|------------------|----------|------------------|----------|----------|------------------|----------------|-------------------|---|
| Soft Cost Contingency | | | | | | | | | | |
| Contingency (Arch, Eng, Fin, Legal & Other Dev) | 831,686 | 39,205 | 0 | 0 | 0 | 0 | 0 | 0 | 870,891 | Should be either 10% or 5% of total soft costs. |
| TOTAL SOFT COSTS | 7,436,951 | 1,955,325 | 0 | 3,013,710 | 0 | 0 | 1,100,000 | 446,700 | 13,952,686 | |

RESERVES

| | | | | | | | | | | |
|------------------------------|----------------|----------------|----------|------------------|----------|----------|----------|----------|------------------|---|
| * Operating Reserves | | 114,922 | | 608,131 | | | | | 723,053 | Per updated operating budget |
| Replacement Reserves | | | | | | | | | 0 | |
| Tenant Improvements Reserves | | | | | | | | | 0 | |
| * COSR 1 | | 1,314,599 | | 3,889,201 | | | | | 5,203,800 | Realized per updated operating budget due to insurance cost increases |
| * Lease Up Reserves | 268,673 | | | | | | | | 268,673 | |
| * COSR 2 | | -478,550 | | 478,550 | | | | | 0 | Combined into one COSR now |
| TOTAL RESERVES | 268,673 | 950,971 | 0 | 4,975,882 | 0 | 0 | 0 | 0 | 6,195,526 | |

DEVELOPER COSTS

| | | | | | | | | | | |
|---|------------------|-------------------|----------|----------|----------|----------|----------|------------------|------------------|--|
| Developer Fee - Cash-out Paid at Milestones | 2,200,000 | -1,100,000 | | | | | | | 1,100,000 | |
| Developer Fee - Cash-out At Risk | | | | | | | | | 0 | |
| Commercial Developer Fee | | | | | | | | | 0 | |
| Developer Fee - GP Equity (also show as source) | | | | | | | | 1,100,000 | 1,100,000 | |
| 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 | 2,200,000 | -1,100,000 | 0 | 0 | 0 | 0 | 0 | 1,100,000 | 2,200,000 | |

| | | | | | | | | | | |
|---|-------------------|------------------|------------------|-------------------|------------------|----------------|------------------|------------------|-------------------|--|
| TOTAL DEVELOPMENT COST | 21,021,228 | 8,559,766 | 4,780,239 | 24,624,975 | 2,423,019 | 945,000 | 1,100,000 | 1,546,700 | 65,000,927 | |
| Development Cost/Unit by Source | 333,670 | 135,869 | 75,877 | 390,873 | 38,461 | 15,000 | 17,460 | 24,551 | 1,031,761 | |
| Development Cost/Unit as % of TDC by Source | 32.3% | 13.2% | 7.4% | 37.9% | 3.7% | 1.5% | 1.7% | 2.4% | 100.0% | |

| | | | | | | | | | | |
|--|---------|---------|--------|---------|--------|--------|------|------|---------|--|
| Acquisition Cost/Unit by Source | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Construction Cost (inc Const Contingency)/Unit By Source | 175,844 | 107,198 | 75,877 | 264,054 | 38,461 | 15,000 | 0 | 0 | 676,433 | |
| Construction Cost (inc Const Contingency)/SF | 232.36 | 141.65 | 100.27 | 348.93 | 50.82 | 19.82 | 0.00 | 0.00 | 893.85 | |

*Possible non-eligible GO Bond/COP Amount:
 City Subsidy/Unit: 333,670

Tax Credit Equity Pricing: 0.985
 Construction Bond Amount: n/a
 Construction Loan Term (in months): 24 months
 Construction Loan Interest Rate (as %): 7.50%

Construction line item costs as a % of hard costs
 4.0%
 2.8%

Attachment 2

Second Amended and Restated Secured Promissory Note

See Attached.

SECOND AMENDED AND RESTATED SECURED PROMISSORY NOTE

(AHF Inclusionary Fund, AHF Inclusionary and Octavia Fund, 2019 GO BOND, No Place Like Home, ERAF Housing Fund, Housing Trust Fund)

Principal Amount: \$30,525,994.00

San Francisco, CA

Date: _____, 2024

FOR VALUE RECEIVED, the undersigned, **OCTAVIA RSU 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 Thirty Million Five Hundred Twenty Five Thousand Nine Hundred Ninety Four and No/100 Dollars (\$30,525,994.00) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. Agreement.

1.1 Pursuant to an Amended and Restated Loan Agreement dated April 1, 2022 by and between Holder and Maker ("Original Agreement"), Holder previously loaned Twenty One Million Nine Hundred Sixty Six Thousand Two Hundred Twenty Eight and No/100 Dollars (\$21,966,228.00) (the "Original Loan") to Borrower to finance development of the property located on 78 Haight Street (the "Site"), on which the Borrower is constructing is constructing a sixty three (63)-unit multifamily rental housing development (the "Improvements") affordable to low-income households, including thirty-two (32) units for TAY, of which fifteen (15) units will be targeted to residents who qualify under the Homeless Household under No Place Like Home (NPLH) Criteria which will be known as 78 Haight (the "Project"). The Original Loan is evidenced, in part, by that certain Amended and Restated Secured Promissory Note dated April 1, 2022 made by Borrower in an amount Twenty One Million Nine Hundred Sixty Six Thousand Two Hundred Twenty Eight and No/100 Dollars (\$21,966,228.00) ("Original Loan") to the order of the City (the "Original Note") to fund the Improvements. The Original Agreement, the Original Note and the No Place Like Home Note are secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated April 7, 2022 and recorded on April 8, 2022 as DOC-2022036073 of Official Records (the "Deed of Trust").

1.2 Holder is making an additional loan of Eight Million Five Hundred Fifty Nine Thousand Seven Hundred Sixty Six and No/100 Dollars (\$8,559,766.00) (the "Additional Loan", and together with the Original Loan, the "Loan") to Maker for increased cost due to the necessary pause in construction due to unforeseen conditions of the adjacent property to cover an increase in hard costs to stabilize that building, escalation in Project cost, as well as an increase in construction loan interest and other soft costs, such that the Original Loan together with the Additional Loan are increased to a total loan amount equal to the Funding Amount. This Amended and Restated Secured Promissory Note ("Note") is given under the terms of the Original Agreement, as amended by that certain First Amendment to the Amended and Restated Loan Agreement dated _____, 2024, (collectively, the "Agreement"), which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by the Deed Of Trust. Definitions and rules of interpretation set forth in the Agreement apply to this Note. This Note amends, restates and replaces the Original Note in its entirety, and upon execution of this Note by Maker, the Original Note will be canceled and returned to Maker. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of three percent (3%) per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the City Documents. Interest will be calculated on the basis of actual days elapsed and a 360-day year, which will result in higher interest charges than if a 365-day year were used.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date the Funding Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount.

4.1 Subject to Section 13.4 of the Agreement, Maker must make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later of (a) the Fifty-Seventh (57th) anniversary of the date the Deed of Trust was recorded in the Recorder's Office of San Francisco County or (b) the Fifty-Fifth (55th) anniversary of the Conversion Date (the "Maturity Date"). Any Payment Date, including any Excess Proceeds Payment Date and the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

4.2 Subject to Section 3.7 and Section 13.4 of the Agreement, Maker must make payments of principal and interest (each, an "Excess Proceeds Payment") in an amount equal to the Excess Proceeds, if any, on the date that is thirty (30) days after the later of the date on which Maker receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Maker receives Excess Proceeds from its limited partner or other financing sources (the "Excess Proceeds Payment Date"). All Excess Proceeds Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan.

4.3 If Maker is awarded AHP funding for the Project, Maker will make a payment of principal and interest (an "AHP Payment") in an amount equal to the AHP Bridge Loan on the date Maker closes the loan for AHP funding and the AHP funds are disbursed to Maker ("AHP Payment Date"); provided, however, that if Maker is not awarded AHP funding for the Project or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan will be due and payable on the Maturity Date. Notwithstanding the foregoing, if Maker is awarded AHP funding, and if the Funding Amount combined with decreases to permanent loan sources and tax credit equity are insufficient to pay off the outstanding construction loan, the Maker with Holder's prior written

approval may use the AHP funding to repay the outstanding construction loan or for other construction costs, and the unpaid principal balance of the AHP Bridge Loan and unpaid costs and fees incurred shall be due and payable at the Maturity Date. The AHP Payment will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan.

5. Security. Maker's obligations under this Note are secured by the Deed of Trust, as amended by that certain First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated the same date as this Note.

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 shall 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 or its Permitted Limited Partner for the payment of any amounts due under this Note

following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the 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"

OCTAVIA RSU ASSOCIATES, L.P.,
a California limited partnership

By: Octavia RSU GP LLC,
a California limited liability company,
its general partner

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

By: _____
Maurilio Leon
Chief Executive Officer

Attachment 3

First Amendment to Deed of Trust

See Attached.

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

When recorded, mail to:
Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Ave., 5th Floor
San Francisco, California 94103
Attn: Agnes Defiesta

APN: 0853-065 and 0853-066
Site Address: 78 Haight Street and 120 Octavia Street

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

**FIRST AMENDMENT TO DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(Property Address: 78 Haight Street and 120 Octavia Street)**

This First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("First Amendment to Residential Deed of Trust") dated as of _____, 2024, is attached to and made a part of that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated April 1, 2022 and recorded April 8, 2022, as Document Number DOC-2022036073 (the "Deed of Trust"). The Deed of Trust secures a loan in the amount of Twenty Six Million Seven Hundred Forty Six Thousand Four Hundred Sixty Seven and No/100 Dollars (\$26,746,467) (the "Original Loan") made by the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation represented by the Mayor and acting through the Mayor's Office of Housing and Community Development ("City" or "Beneficiary"), to Octavia RSU Associates, L.P., a California limited partnership ("Borrower" or "Trustor"), whose address is 201 Eddy Street, San Francisco, CA 94108, for development expenses associated with the real property described in the attached **Exhibit A**.

The Original Loan was evidenced by that certain Amended and Restated Loan Agreement dated April 1, 2022, by and between Trustor and Beneficiary (the "Loan Agreement") and Amended and Restated Secured Promissory Note dated April 1, 2022 (the "Original Note"), and Secured Promissory Note dated April 1, 2022 (the "No Place Like Home Note"), a Declaration of Restrictions and Affordable Housing Covenant dated as of April 1, 2022 (the "Declaration") and the Deed of Trust.

Pursuant to that certain First Amendment to the Loan Agreement, Beneficiary agreed to increase the Original Note by Eight Million Five Hundred Fifty Nine Thousand Seven Hundred Sixty Six and No/100 Dollars (\$8,559,766.00) (the "Additional Loan"), as evidenced by that certain Second Amended and Restated Secured Promissory Note ("Note") executed by Borrower to the order of Beneficiary, each dated as of the date hereof. The new amount of the Original Note is comprised of the Original Loan and the Additional Loan, and when combined with the No Place Like Home Note, the new total Loan is Thirty Five Million Three Hundred Six Thousand Two Hundred Thirty Three and No/100 Dollars (\$35,306,233) ("Funding Amount").

The Trustor agrees that the following covenants, terms, and conditions shall be part of and shall modify or supplement the Deed of Trust and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Deed of Trust, as amended by this First Amendment to Residential Deed of Trust, the following covenants, terms, and conditions shall control and prevail:

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

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

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

(a) performance of all present and future obligations of Trustor set forth in the Agreement, as it may be amended from time to time, 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, that certain Second Amended and Restated Secured Promissory Note dated _____, 2024, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "City Funds Note"), that certain Secured Promissory Note (NPLH) dated April 1, 2022, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "NPLH Note," and together with the City Funds Note, collectively the "Notes"), and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement, as amended;

(b) payment of the indebtedness evidenced by the Agreement as amended by that certain First Amendment to the Loan Agreement and the City Funds Note in the original principal amount of Thirty Million Five Hundred Twenty Five Thousand Nine Hundred Ninety Four and No/100 Dollars (\$30,525,994.00), with interest, if any, according to the terms of the Agreement, as amended, and the City Funds Note;

(c) payment of the indebtedness evidenced by the Agreement as amended by that certain First Amendment to the Loan Agreement and the NPLH Note in the original principal amount of Four Million Seven Hundred Eighty Thousand Two Hundred Thirty Nine and No/100 Dollars (\$4,780,239.00), with interest, if any, according to the terms of the Agreement, as amended, and the NPLH Note;

(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.

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

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

BENEFICIARY:

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

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

SIGNATURE ABOVE MUST BE NOTARIZED

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

[Additional signatures follow this page]

TRUSTOR:

Octavia RSU Associates, L.P.,
a California limited partnership

By: Octavia RSU GP LLC,
a California limited liability company,
its general partner

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

By: _____
Maurilio Leon
Chief Executive Officer

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A
Legal Description of the Land

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

Leasehold estate as created by that certain Ground Lease dated April 7, 2022 made by and between the City and County of San Francisco, a municipal corporation, as lessor, and Octavia RSU Associates, L.P., a California limited partnership, as lessee, for the term of and upon the terms and conditions contained in said lease, a memorandum thereof recorded concurrently herewith in and to the following:

Parcel A and Parcel B as shown on Parcel Map 10527, which Map recorded December 30, 2021 in Book 52 of Parcel Maps, Pages 31-34, inclusive, San Francisco County Records.

APN: 0853-065 and 0853-066 (formerly APN 0853-032)

Street Address:
78 Haight Street and 120 Octavia Street, San Francisco, CA

78 Haight Street and 120 Octavia Street
First Amendment to the Deed of Trust
Exhibit A

Street Address:

78 Haight Street and 120 Octavia Street, San Francisco

78 Haight Street and 120 Octavia Street
First Amendment to the Deed of Trust
Exhibit A

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

Attachment 4

First Amendment to Declaration of Restrictions

See Attached.

Attachment 4

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: Agnes Defiesta

APN#: 0853-065 and 0853-066
Address: 78 Haight Street and 120 Octavia Street, San Francisco, CA

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

**FIRST AMENDMENT TO DECLARATION OF RESTRICTIONS
AND AFFORDABLE HOUSING COVENANTS**

78 Haight Street and 120 Octavia Street

THIS FIRST AMENDMENT TO DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING COVENANTS (this "Amendment") is made and executed as of the ___ day of _____, 2024, (the "Effective Date"), by **OCTAVIA RSU ASSOCIATES, L.P.**, a California Limited Partnership ("Borrower") and the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (the "City"), with reference to the following recitals of fact:

RECITALS:

A. Borrower owns that certain real property located in the City and County of San Francisco, State of California, and more particularly described on Exhibit A attached hereto, and incorporated herein by this reference, and certain improvements situated thereon, an affordable housing development that will consist of 63 low income rental units (the "Property").

B. The Property is subject to that certain Declaration of Restrictions and Affordable Housing Covenants by Borrower in favor the City dated as of April 7, 2022, and recorded in the official records of the City and County of San Francisco on April 8, 2022, as Series No. 2022036071 (the "Declaration"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Declaration unless the context clearly indicates otherwise. The Declaration incorporates that certain Amended and Restated Loan Agreement by and between City and Borrower dated April 1, 2022 (the "Loan Agreement") and the First Amendment to Amended and Restated Loan Agreement dated _____, 2024.

C. To satisfy requirements under the Internal Revenue Code related to federal low income housing tax credits, Borrower and City desire to amend the Declaration to adjust the allowable maximum Median Income limits for certain units on or after the maturity date under the Loan Agreement to the extent necessary for repayment of the City's loan to Borrower.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree, from and after the Effective Date as follows:

A. Amendment. A new Section 4 is hereby added to the Declaration as follows:

4. To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered up to a maximum annual rent of thirty percent (30%) of seventy five (75%) of Median Income, less utility allowance, but only to the extent necessary for the Project to refinance and repay the full outstanding loan balance by the Maturity Date, as determined in City's reasonable discretion. Any Units with such altered rent restrictions will at all times be occupied by Qualified Tenants whose household income will be commensurate to the altered maximum annual rent, but will not exceed seventy five (75%) of Median Income. In such event, Borrower will provide the City with a written request no less than one year prior to the Maturity Date, and the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

B. Miscellaneous.

(a) References. No reference to this Amendment is necessary in any instrument or document at any time referring to the Agreement. Any reference to such documents will be deemed a reference to the Agreement as amended by this First Amendment.

(b) No Other Amendments. Except as amended by this Amendment, the Declaration will remain unmodified and in full force and effect.

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

(d) Successors and Assigns. The terms, covenants, and conditions contained in this Amendment will bind and inure to the benefit of Borrower and the City and, except as otherwise provided herein, their personal representatives and successors and assigns.

(e) Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

BORROWER:

Octavia RSU Associates, L.P.,
a California limited partnership

By: Octavia RSU GP LLC,
a California limited liability company,
its general partner

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

By: _____
Maurilio Leon
Chief Executive Officer

CITY:

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

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

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: _____
Keith Nagayama, Deputy City Attorney

ACKNOWLEDGMENT

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

STATE OF _____)
) ss:
COUNTY OF _____)

On _____, 2020, before me, _____,
Notary Public, personally appeared _____, who
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

[Seal]

EXHIBIT A

Legal Description

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

Street Address: 78 Haight Street

**AMENDED AND RESTATED LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
AFFORDABLE HOUSING FUND: INCLUSIONARY AFFORDABLE HOUSING PROGRAM,
AFFORDABLE HOUSING FUND: INCLUSIONARY MARKET AND OCTAVIA PROGRAM,
2019 GENERAL OBLIGATION BOND FOR AFFORDABLE HOUSING, NO PLACE LIKE
HOME (NPLH), EDUCATION REVENUE AUGMENTATION HOUSING FUND)**

By and Between

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

and

OCTAVIA RSU ASSOCIATES, L.P.,
A California limited partnership

for

78 HAIGHT
78 Haight Street and 120 Octavia Street, San Francisco, CA
\$26,746,467

AHF INCLUSIONARY FUND: \$5,466,228
AHF INCLUSIONARY MARKET AND OCTAVIA FUND: \$10,500,000
2019 GO BOND: \$4,000,000
NO PLACE LIKE HOME: \$4,780,239
ERAF HOUSING FUND: \$2,000,000

Dated as of April 1, 2022

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* * * * *

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
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- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
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- F Lobbying/Debarment Certification Form
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- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
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- M Deed of Trust
- N Declaration of Restrictions
- O MOHCD Commercial Underwriting Guidelines
- P MOHCD Residual Receipts Policy
- Q No Place Like Home Requirements
- R List of Early Release of Retention Contractors

AMENDED AND RESTATED LOAN AGREEMENT

(City and County of San Francisco

Affordable Housing Fund: Inclusionary Affordable Housing Program, Affordable Housing
Fund: Market and Octavia Program, 2019 General Obligation Bond for Affordable Housing, No
Place Like Home, ERAF Housing Fund)
(78 Haight)

This **AMENDED AND RESTATED LOAN AGREEMENT** (“Agreement”) is entered into as of April 1, 2022 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 **OCTAVIA RSU ASSOCIATES, L.P.**, a California limited partnership (“Borrower”).

RECITALS

A. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1, *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives impact Affordable Housing Fees (“Inclusionary Fees”) paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. The City may use the Inclusionary Fees received by the Citywide Affordable Housing Fund (the “AHF Inclusionary Fund”) to finance housing affordable to qualifying households. MOHCD administers the AHF Inclusionary Fund pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them.

B. Pursuant to Sections 416.1, *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives affordable housing fees from sponsors of certain residential developments in the Market and Octavia Program Area (“Market-Octavia Fees”). The City may use the Market-Octavia Fees received by the Citywide Affordable Housing Fund (the “AHF Inclusionary Market and Octavia Fund”) to finance housing affordable to qualifying households according to the priorities set forth in Section 416.5 of the San Francisco Planning Code. MOHCD administers the AHF Inclusionary Market and Octavia Fund pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them.

C. On November 5, 2019, the voters of the City and County of San Francisco approved Proposition A (Ordinance 168-19), which provided for the issuance of up to \$600 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the “2019 GO Bond”). To the extent permitted by law, the City intends to reimburse with proceeds of the Bond amounts disbursed under this Agreement to Borrower for the development and construction of affordable housing.

D. On November 19, 2019, through Resolution 511-19, the San Francisco Board of Supervisors authorized and delegated authority to the Mayor’s Office of Housing and Community Development to accept and expend the county competitive allocation award in the amount up to \$36,501,108 under the California Department of Housing and Community Development’s No Place Like Home Program which provides funding for counties to develop

multifamily housing specifically for persons with serious mental illness who are homeless, chronically homeless, or at-risk of chronic homelessness to households earning up to thirty percent (30%) of the Median Income as determined by the No Place Like Home regulations adjusted for household size. The City is authorized by this resolution to provide the funds under this Agreement (the “NPLH Funds”) to Borrower for the development of affordable permanent supportive housing.

E. Under San Francisco Administrative Code Section 10.100-11, the San Francisco Board of Supervisors established the Affordable Housing Production and Preservation Fund to receive appropriated excess Education Revenue Augmentation Fund (“ERAF”) revenues received by the City (“ERAF Housing Fund”). MOHCD administers the ERAF Housing Fund for the purpose of funding land acquisition and production of new 100% affordable housing projects and acquisition and preservation of existing housing to make that housing permanently affordable. MOHCD is authorized to provide funds from the ERAF Housing Fund under this Agreement to Borrower for the development of affordable housing. The funds provided from the AHF Inclusionary Fund, AHF Inclusionary Market and Octavia Fund, 2019 GO Bond, NPLH Funds, and ERAF Housing Fund under this Agreement are collectively referred herein as the “Funds.”

F. Borrower intends to acquire a leasehold interest in the real property located at 78 Haight Street and 120 Octavia Street, San Francisco, California (the “Land”) under a Ground Lease dated as of April 7, 2022 by and between City and Borrower (“Ground Lease”). Borrower desires to use the Funds to construct a sixty-three (63)-unit multifamily rental housing development (the “Improvements”) affordable to low-income households, including thirty-two (32) units for TAY, of which fifteen (15) units will be targeted to residents who qualify under the Homeless Household under No Place Like Home (NPLH) Criteria, and including the construction of the commercial shell of a childcare center (the “Commercial Space”), collectively which will be known as 78 Haight (the “Project”). If the context requires, the term “Improvements” will include the Commercial Space. The maximum income and rent requirements set forth in Exhibit A will remain in effect even if the Local Operating Subsidy is no longer available to the Project.

G. Borrower previously secured prior loans from City in connection with the Site as described below, pursuant to that certain Loan Agreement dated as of January 10, 2020 (“Original Agreement”):

1. AHF Inclusionary Fund loan made in the amount of Six Hundred Thousand Two Hundred Fifty and No/100 Dollars (\$600,250.00); and

2. ERAF Housing Fund loan in the amount of Two Million and No/100 Dollars (\$2,000,000.00).

H. 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 Twenty Six Million Seven Hundred Forty Six Thousand Four Hundred Sixty Seven

and No/100 Dollars (\$26,746,467) (the “Funding Amount”) under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) AHF Inclusionary Fund in the amount of Five Million Four Hundred Sixty Six Thousand Two Hundred Twenty Eight and No/100 Dollars (\$5,466,228.00), (ii) AHF Inclusionary Market and Octavia Fund in the amount of Ten Million Five Hundred Thousand and 00/100 (\$10,500,000.00), (iii) 2019 GO Bond in the amount of Four Million and No/100 Dollars (\$4,000,000), (iv) NPLH Funds in the amount of Four Million Seven Hundred Eighty Thousand Two Hundred Thirty Nine and No/100 Dollars (\$4,780,239), and (v) ERAF Housing Fund in the amount of Two Million and No/100 Dollars (\$2,000,000).

I. Borrower has secured the following additional financing for the Project:

1. a construction loan from Silicon Valley Bank to Borrower in the amount of Eighteen Million Three Hundred Fifty One Thousand Two Hundred Eighty Five and No/100 Dollars (\$18,351,285.00), pursuant to a loan agreement dated as of the date hereof;

2. federal and state low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee (“TCAC”), pursuant to its Preliminary Reservation of Low Income Housing Tax Credits dated October 20, 2021 and a Carryover Allocation dated December 2, 2021, as revised on March 29, 2022, including the sponsor loan documents relating to the state low income housing tax credits; and

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

J. On the Agreement Date, this Agreement will amend, restate, supersede and replace the Original Agreement. Concurrently herewith, Borrower will also (i) execute an amended and restated promissory note in the original principal amount of \$21,966,228.00 in favor of the City to supersede and replace the original note to evidence the Loan, (ii) execute a new promissory note in the original principal amount of \$4,780,239.00 to evidence the portion of the Loan funded with NPLH Funds, (iii) execute and record a deed of trust to secure such notes, and (v) execute and record a new declaration of restriction. As of the Agreement Date, the City will cancel and return the original note.

K. On February 25, 2022, the City’s Board of Supervisors and the Mayor approved this Agreement by Resolution No. 62-22 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 Amended and Restated Loan Agreement.

“Agreement Date” means the date first written above.

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

“AHP Bridge Loan” means the portion of the Funding Amount that is a loan of \$945,000 from the City to the Borrower for financing of the Project during the pendency of Borrower’s AHP loan application and until the Borrower is awarded an AHP loan.

“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.**

“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 Octavia RSU Associates, L.P., a California limited partnership whose general partner is Octavia RSU GP LLC, a California limited liability company (“General Partner”), and its authorized successors and assigns.

“Capitalized Operating Subsidy Reserve” has the meaning set forth in Section 12.3.

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

“CFR” means the Code of Federal Regulations.

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

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

“City Documents” means this Agreement, the 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.

“Commercial Income” means all receipts received by Borrower from the operation of the Commercial Space, including rents, fees, deposits (other than security deposits), any accrued interest disbursed from any reserve account authorized under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Commercial Space.

“Completion Date” has the meaning set forth in **Section 5.6**.

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

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

“Control of the Site” means Borrower’s execution of the Ground Lease by Borrower and the City.

“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.

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

“Developer” means Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, and its authorized successors and assigns.

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

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

“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**.

“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 H**.

“Funds” has the meaning set forth in **Recital E**.

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

“General Partner” means Octavia RSU GP LLC, a California limited liability company, whose manager is Tenderloin Neighborhood Development Corporation.

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

“Ground Lease” has the meaning set forth in **Recital F**.

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

“HCD” means the California State 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.

“Homeless Household under No Place Like Home (NPLH) Criteria” means specialized homeless targeting to meet the requirements of the No Place Like Home funding source for fifteen (15) TAY units. Occupancy of all NPLH assisted units shall be restricted to households with at least one member who qualifies as a member of the target population pursuant to the NPLH requirements. The NPLH target population includes adults or older adults with a serious mental disorder who are homeless, chronically homeless, or at-risk of chronic homelessness. This includes persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders as defined under the California Welfare and Institutions Code Sections 5600.3(a) and 5600.3(b).

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

“HUD” means the United States Department of Housing and Urban Development, acting by and through the Secretary of Housing and Urban Development and any authorized agents.

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

“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 construction 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.

“Land” means the real property owned by City on which the Site is located.

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

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

“Limited Partner” means MCC Housing LLC, a California limited liability company, and its permitted successors and assigns.

“Loan” has the meaning set forth in **Recital H**.

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

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

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

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

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

“Median Income” means median income as published annually by MOHCD for the City and County of San Francisco, derived in part from the income limits and area 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.”

“Median Income as determined by NPLH regulations” means Area Median Income limit as published by the State Department of Housing and Community which pertain to the No Place Like Home units (from Section 303 (a) of NPLH Program Guidelines); which are the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or HCD.

“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**.

“NPLH” means the No Place Like Home program funding with requirements summarized in Exhibit Q.

“Notes” means the two promissory notes executed by Borrower in favor of the City, in form and substance acceptable to City: (1) Note A in the original principal amount of Twenty One Million Nine Hundred Sixty Six Thousand Two Hundred Twenty Eight and No/100 Dollars (\$21,966,228.00); and (2) Note B in the original principal amount of [Four Million Seven Hundred Eighty Thousand Two Hundred Thirty Nine and No/100 Dollars (\$4,780,239.00).

“Official Records” means the official records of San Francisco County.

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

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

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

“Partnership Agreement” means the First Amended and Restated Agreement of Limited Partnership of the Borrower dated as of [April 1], 2022, as amended from time to time.

“Partnership Fees” means annual partnership management fees in the amount of \$19,750 (plus the increase shown in the Annual Operating Budget and approved by the City) approved by the City and (ii) annual investor services fees in the amount of \$5,000, without escalation, payable to the Limited Partner.

“Payment Date” means the first June 30 following the Completion Date and each succeeding June 30 until the Maturity Date.

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

“Preferences and Lottery Manual” means MOHCD’s 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 F**. 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 payments; (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; (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); and (i) Supportive Services including service coordination. Partnership Fees are not Project Expenses. Project Expenses does not include Commercial Expenses.

“Project Income” means all income and receipts in any form received by Borrower from the operation of the Project, including rents, fees, deposits (other than tenant security deposits), 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, reimbursements and other charges paid to Borrower in connection with the Project. Interest accruing on any portion of the Funding Amount is not Project Income 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.

“Qualified Tenant” means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in Exhibit A. The term “Qualified Tenant” includes each category of Tenant designated in Exhibit A. For the avoidance of any doubt, the term “Qualified Tenant” under this Agreement has the same meaning as the term “Qualified Household” under the Ground Lease.

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

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

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

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

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

“Retention” has the meaning set forth in **Section 4.7**.

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

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

“SFHA” means the San Francisco Housing Authority.

“Site” means the real property described in **Recital F** of this Agreement.

“Site” means the Land and the Improvements.

“Supportive Services” means services designed to support formerly homeless youth, including resident engagement, behavioral health services, housing retention, employment training, and life skills that lead to sustained independence and self-sufficiency and also services to support residents with trauma informed care, harm reduction, and cross system partnerships, 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.

“Transitional Age Youth” or “TAY” means transitional age youth who (i) are disconnected young people between the ages of eighteen and twenty-four, (ii) need additional supports and opportunities to make a successful transition to adulthood, and (iii) are one or more of the following: (1) parents who are homeless, (2) have had involvement with public systems, (3) have limited educational achievement, or (4) have a disability or other special needs.

“TCAC” means the California Tax Credit Allocation Committee.

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

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

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

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

“Unit” means a residential rental unit within the Project.

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

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

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

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

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

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

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance demolition of existing improvements on the site and construction of sixty-three (63) Units, including thirty-two (32) Units for TAY, of which fifteen (15) Units will be targeted to residents who qualify under the Homeless Household under No Place Like Home (NPLH) Criteria, and the Commercial Space. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to the Agreement Date. Notwithstanding the foregoing, City will not approve any expenditure of 2019 GO Bond 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 2019 GO Bond.

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

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

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

2.6 Other Loan Conditions.

- Borrower will repay the Loan with the amount of the COSR 2 (as defined below) unless it is needed for another purpose, which will require MOHCD review and approval.
- Borrower must provide additional information on the commercial space tenant improvement budget prior to construction loan closing, alongside warm shell assumptions for MOHCD staff to verify that it meets the Commercial Space Underwriting Guidelines.
- Borrower must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update until start of construction, including on:
 - Status of neighbor negotiations
 - Outcomes achieved related to racial equity goals, and
 - Commercial-use space development
- Borrower must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
- Borrower must provide quarterly updated response to any letters requesting corrective action.
- Borrower must submit an updated 1st year operating budget and 20-year cash flow – if any changes have occurred – by November 1st before the fiscal year the project will achieve TCO so that MOHCD may request the LOSP subsidy (anticipated to be needed by November 2022).
- Borrower to work with MOHCD and HSH to plan the lease up process for the referrals from Coordinated Entry.

2.6 AHP Loan. Borrower will apply for an AHP loan for permanent financing of the Project to the Federal Home Loan Bank of San Francisco in 2022. If Borrower's application for the AHP loan is denied, Borrower will continue to apply for an AHP loan to the Federal Home Loan Bank of San Francisco until Borrower is no longer eligible for AHP funding. If awarded AHP funds, and subject to any requirements of the San Francisco Federal Home Loan Bank Affordable Housing Program, Borrower will use the AHP loan to repay the AHP Bridge Loan, or any portion thereof, as set forth in Article 3. Borrower will submit to MOHCD a preliminary AHP application with a self-score prior to submission to the Federal Home Loan Bank.

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

3.1 Maturity Date. Borrower will repay all amounts owing under the City Documents on the date that is the later of (a) the fifty-seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-fifth (55th) anniversary of the Conversion Date (the "Maturity Date").

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

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest as provided in the Notes.

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 Notes, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

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

3.5.1 Notification and Repayment of AHP Bridge Loan. If Borrower is awarded AHP funding, Borrower will deliver to the City a copy of the award notice of such AHP funding award no later than ten (10) days of receiving written notice, unless the City has received such written notice prior to the Agreement Date. Borrower will repay the AHP Bridge Loan to the City within one hundred twenty (120) days of the later of (i) the date the Deed of Trust is

recorded in the Official Records, or (ii) the date the Borrower closes the loan for AHP funding and the AHP funds are disbursed to Borrower; provided, however, that if Borrower is not awarded AHP funding or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan and unpaid costs and fees incurred will be due and payable at the Maturity Date according to the terms set forth in full in the Notes.

3.6 Changes In Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Notes 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.

ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

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

(a) Borrower will have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Notes; (ii) this Agreement (in duplicate); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) the Opinion; (vi) the Authorizing Resolutions; (vii) the Developer Fee Agreement; (viii) subordination, nondisturbance and attornment agreements from each commercial tenant in possession, or holding any right of possession, of any portion of the Site; and (ix) any other City Documents reasonably requested by the City.

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

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

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

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

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

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

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

4.4 Disbursement of Funds. Following satisfaction of the conditions in **Section 4.3**, the City will authorize the Escrow Agent to disburse Funds as provided in the City's escrow instructions.

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the conditions precedent under this Section as follows:

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

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

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

(d) With respect to any Expenditure Request that covers travel expenses, Borrower's travel expenses will be reasonable and will comply with the following:

(i) Lodging, meals and incidental expenses will not exceed the then-current per diem rates set forth by the United States General Services Administration for the County of San Francisco found at: <https://www.gsa.gov/portal/category/104711>.

(ii) Air transportation expenses will use fares for coach-class accommodations, provided that purchases for air travel will occur no less than one week before the travel day.

(iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not

provided by a lodging, ground transportation expenses for travel to or from regional airports will not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses will not exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation will not include any expenses for luxury transportation services, such as a limousine, or any expenses related to travel to or from Project site meetings by Borrower's employees.

(iv) Miscellaneous travel expenses will not exceed Fifty Dollars (\$50.00) without prior written approval of the City.

(v) Any Expenditure Request for travel expenses will include supporting documentation, including, without limitation, original itemized receipts showing rates and cost, air travel itinerary, proof of payment, and any written justification requested by the City.

For the purpose of this Section, the terms "lodging," "meals" and "incidental expenses" will have the same meanings defined in 41 CFR Part 300-3; the term "coach-class" will have the same meaning defined in 41 CFR Part 301-10.121(a); and the term "miscellaneous" means copying services, printing services, communication services, or other services reasonably related to travel for the Project and approved by the City.

(e) The Loan will be In Balance.

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

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. The remaining ten percent (10%) of approved budgeted hard costs or tenant improvement costs associated with rehabilitation or construction will be held by the City and/or other Project lenders (the "**Retention**") and may be released only upon satisfaction of all requirements listed in the Construction Manager's Checklist for Release of Retention as follows:

(a) Early Retention Release. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, Borrower may submit a written request to the City to release up to fifty percent (50%) of the Retention, provided that the following prerequisites have been met: (i) all work required to be performed by all parties for whom the City agrees to release the Retention (the "**Early Retention Release Contractors**") has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (ii) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City;

(iii) no liens or stop notices have been filed against the Project and no claims are pending;
(iv) the City determines that the contingency is in balance and adequate to complete the Project;
(v) the Project is on schedule, and (vi) Expenditure Requests will not exceed 95% of the approved budgeted costs on a line item basis. A list of Early Release of Retention Contractors is set forth in Exhibit R.

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

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

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

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

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

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

Project, Borrower will retain the Approved Plans as well as “as-built” plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower will make available to the City upon request.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City’s prior written consent. Borrower will provide adequate and complete justification for analysis of any change order request to the City. The City will provide any questions, comments or requests for additional information to Borrower within five (5) business days of receipt of a change order request. City will review and approve or disapprove of a change order request within ten (10) business days of a complete submission by Borrower. In the event the City fails to approve or disapprove the change order request within such ten (10) business day period, the change order will be deemed approved. Borrower acknowledges that the City’s approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

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

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

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower will: (a) commence demolition, rehabilitation or construction by a date no later than July 1, 2022; (b) complete demolition, rehabilitation or construction by a date no later than January 1, 2024, 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 1, 2024.

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 six (6) months before the Completion Date, Borrower will deliver to the City for the City’s review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD’s then-current form of marketing and tenant selection plan (the “Marketing and Tenant Selection Plan”), all in compliance with the restrictions set forth in Exhibit A and in form and substance acceptable to

the City. Borrower will obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower will market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan will address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan will include as many of the following elements as are appropriate to the Project, as determined by the City: income restrictions, TAY requirements for the TAY units, and No Place Like Home (NPLH) population targeting requirements.

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

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

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

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

(e) Notices to SFHA.

(f) Notices to MOHCD

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

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

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

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

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

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

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

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

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

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

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units at all times to households certified as Qualified Tenants at initial occupancy, as set forth in Exhibit A. In addition, thirty-two (32) Units will be rented to transitional age youth (TAY), 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, of which fifteen (15) Units will be targeted to residents who qualify under the Homeless Household under No Place Like Home (NPLH) Criteria.

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

7.3 Rent Restrictions.

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

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

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

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

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

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then,

upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3(a)**.

7.4 Certification.

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

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

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

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

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

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Borrower will segregate any security

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

7.8 Commercial Space. At least sixty (60) days prior to the date that build-out of the Commercial Space begins, Borrower will obtain MOHCD's review and approval of proposed leases and development plans for the Commercial Space. All leases of Commercial Space will be to bona fide third-party tenants capable of performing their financial obligations under their leases, which will reflect arms'-length transactions at the then-current market rental rate for comparable space, *provided that*, leases for Public Benefit Purposes may be at below-market rates so long as the sum of Project Income and Commercial Income meets approved cash flow requirements for the Project. Allowed uses of Commercial Space will be consistent with all applicable local planning and building codes and be reasonably compatible with the design and purpose of the Project. Each lease of Commercial Space will restrict its use to Public Benefit Purposes or all Surplus Cash generated as a result of a market-rate lease of the Commercial Space will be directed toward repayment of the Loan or used for a Public Benefit Purpose. All surplus cash will be subject to the MOHCD Policy on the Use of Residual Receipts. Each lease of Commercial Space will comply with the MOHCD Commercial Underwriting Guidelines as set forth in Exhibit O herein.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

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

and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35.

8.2 Contracting With Management Agent.

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

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

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

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

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

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

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

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

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of rehabilitation or construction, the lease-up and/or permanent financing of the Project, as applicable, Borrower will provide to the City the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports

listed below, Borrower will provide to the City information or documents reasonably requested by the City to assist in the City's review and analysis of the submitted reports:

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

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

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

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

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

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

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

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

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6** and **10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) subject to the rights of tenants, 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 a minimum of \$500 per unit per year.

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

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

12.2 Operating Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing operating reserve depository account (the “Operating Reserve Account”) by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

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

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City’s prior written approval.

12.3 Other Reserve Requirements. In addition to the reserve requirements set forth above, no later than (sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower will also establish or cause to be established a segregated, interest-bearing capitalized operating subsidy reserve depository account (the “Capitalized Operating Subsidy Reserve”) by depositing funds in an amount equal to:

(a) \$3,889,201 to ensure feasible operations for eighteen (18) years to achieve 9% tax credit affordability requirements (“COSR 1”); of this amount, \$1,564,201 will be deposited no later than the Conversion Date and the remainder \$2,325,000 will be deposited by April 1, 2029; and

(b) \$478,550 (“COSR 2”). Borrower will apply the COSR 2 funds solely to repay the Loan. Borrower will not use any COSR 2 funds for any other purpose without the City’s prior written approval.

ARTICLE 13 DISTRIBUTIONS.

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

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

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

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

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

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

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

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

(f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any 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 Notes.

ARTICLE 14 SYNDICATION PROCEEDS.

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

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees to the Developer in an amount not to exceed Two Million Two Hundred Thousand and No/100 Dollars (\$2,200,000.00) for developing the Project (“Developer Fees”), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement between the City and Developer.

15.2 Fee Payment Schedule. Developer will receive payment of the Developer Fees pursuant to Section 2(b) of the Developer Fee Agreement.

ARTICLE 16 TRANSFERS.

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

ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

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

17.2 Borrower's Indemnity Obligations. Borrower will indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) from and after the date Borrower acquires Control of the Site, injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) from and after the date Borrower acquires Control of the Site, any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site (from and after the date Borrower acquires Control of the Site), or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, from and after the date Borrower acquires Control of the Site, until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring from and after the date Borrower acquires Control of the Site and before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

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

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

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

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

ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I and Site Mitigation Plan or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

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

otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; *provided further* that prior to the date Borrower acquires Control of the Site, compliance under 18.2(a) will apply to activities of Borrower or Borrower's agents, employees, contractors and invitees in connection with the Site and the Project, including any activities conducted under the License Agreement, and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

ARTICLE 19 DEFAULT.

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

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

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

(n) Before a certificate of occupancy or equivalent certification is issued for the Project, Borrower ceases rehabilitation or construction of the Project for a period of twenty five (25) 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 or any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

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

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

19.2 Remedies. During the pendency of an uncured Event of Default, the City may exercise any right or remedy available under this Agreement or any other City Document or at law or in equity. All of the City's 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 Notes, together with default interest as provided in the Notes and any other charges due under the Notes 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 Notes, together with default interest as provided in the Notes and any other charges due under the Notes 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 Notes, even if it causes the principal balance to exceed the face amount of the Notes, 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, to Borrower's knowledge, threatened that might affect Borrower or the Project adversely in any material respect.

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the City, the Department of Industrial Relations, or any Governmental Agency, nor has Borrower, any of its principals or its general contractor has been suspended, disciplined or prohibited from contracting with the City or any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

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

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

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

ARTICLE 21 NOTICES.

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

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

To Borrower: Octavia RSU Associates, L.P.
c/o Tenderloin Neighborhood Development Corporation
201 Eddy Street
San Francisco, CA 94102
Attn: Chief Executive Officer

With a copy to: Gubb & Barshay
235 Montgomery Street, suite 1110
San Francisco, CA 94104

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

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

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

To: MCC Housing LLC
c/o Merritt Community Capital Corporation
1970 Broadway, Suite 250
Oakland, California 94612
Attention: President & CEO

With a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Rachel Rosner, Esq.

ARTICLE 22 GENERAL PROVISIONS.

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

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

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

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

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

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

development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

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

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

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

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

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

22.12 Reserved.

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

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

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

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

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

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

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

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

22.23 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 Deed of Trust
N Declaration of Restrictions
O MOHCD Commercial Underwriting Guidelines
P MOHCD Residual Receipts Policy
Q No Place Like Home
R Early Retention

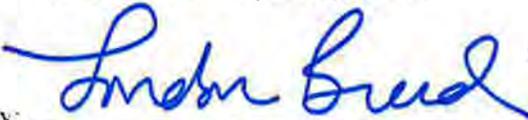
IN WITNESS WHEREOF, the parties hereto have executed this Agreement in San Francisco, California as of the date first written above.

THE CITY:

BORROWER:

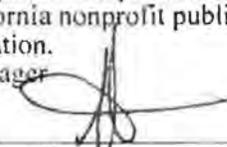
CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

Octavia RSU Associates, L.P., a California limited partnership

By: 
London N. Breed
Mayor

By: Octavia RSU GP LLC, a California limited liability company, its general partner

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

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

By: Maurilio Leon
Chief Executive Officer

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

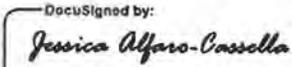
By: 
C2A819107182428
Jessie Alfaro-Cassella
Deputy City Attorney

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:

| Unit Size | No. of Units | Maximum Income Level |
|------------------|---------------------|---|
| Studio | 12 | 30% of Median Income (LOSP) |
| NPLH Studio | 15 | 30% of Median Income as determined by NPLH Regulations (LOSP) |
| 1BR | 5 | 30% of Median Income (LOSP) |
| Studio | 27 | 65% of Median Income |
| Studio | 4 | 50% of Median Income |

Thirty-two (32) Units will be made available to the Transitional Age Youth who are 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.

Of those thirty-two (32) Units, fifteen (15) Units will be No Place Like Home (NPLH) units and targeted to residents who meet the Homeless Household under No Place Like Home (NPLH) Criteria for a period of 55 years. NPLH units are restricted to 30% AMI as determined by NPLH Regulations, however the AMI for the NPLH units may be increased to a maximum of 50% AMI consistent with the provisions under the NPLH Program Guidelines. On an annual basis, Borrower will convert to the Median Income as determined by NPLH Regulations and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation.

NPLH units must be operated under the requirements of No Place Like Home as listed in Exhibit Q of this Agreement, and as also included in the MOHCD Underwriting Guidelines and Local Operating Subsidy Program Policies & Procedures Manual.

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-five percent (65%) of Median Income and the monthly rent paid by the Qualified

Tenants may not exceed (a) thirty percent (30%) of sixty percent (65%) of Median Income, (b) less utility allowance.

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: 11/15/21 # Units: 63
 Project Name: Octavia Parcel U # Bedrooms: 5
 Project Address: 78 Haight Street # Beds:
 Project Sponsor: Tenderloin Neighborhood Development Corporation LOSP Project

| SOURCES | 21,021,228 | 4,780,239 | 24,622,538 | 2,423,019 | 100 | 625,390 | 945,000 | Total Sources | 54,417,514 | Comments |
|---------|----------------------------|----------------------|--------------------|------------|-----------------------------------|------------------------------|---------|---------------|------------|----------|
| | No Place Like Home (MOHCD) | Federal LIHTC Equity | Slate LIHTC Equity | GP Capital | Accrued Deferred Interest - MOHCD | AHP - Federal Home Loan Bank | | | | |

USES

| ACQUISITION | 21,021,228 | 4,780,239 | 24,622,538 | 2,423,019 | 100 | 625,390 | 945,000 | 54,417,514 |
|--------------------------------------|---------------|-----------|------------|-----------|----------|----------|----------|---------------|
| Acquisition cost or value | 0 | | | | | | | 0 |
| Legal / Closing costs / Broker's Fee | 5,000 | | | | | | | 5,000 |
| Holding Costs | 0 | | | | | | | 0 |
| Transfer Tax | 32,438 | | | | | | | 32,438 |
| TOTAL ACQUISITION | 37,438 | 0 | 0 | 0 | 0 | 0 | 0 | 37,438 |

CONSTRUCTION (HARD COSTS)

| | | | | | | | | | |
|---|-------------------|------------------|-------------------|------------------|------------|----------|----------------|-------------------|--|
| Unit Construction/Rehab | 2,087,085 | 4,780,239 | 15,509,650 | 2,423,019 | 100 | | 945,000 | 25,745,093 | Escalation, Design, Bid, and GC Contingency are spread over all the items. |
| Commercial Shell Construction | 2,053,538 | | | | | | | 2,053,538 | Commercial Shell AND TI costs |
| Demolition | 0 | | | | | | | 0 | |
| Environmental Remediation | 0 | | | | | | | 0 | See below at Other Environmental |
| Onsite Improvements/Landscaping | 1,271,135 | | | | | | | 1,271,135 | |
| Offsite Improvements | 730,886 | | | | | | | 730,886 | |
| Infrastructure Improvements | 0 | | | | | | | 0 | |
| Parking | 0 | | | | | | | 0 | |
| GC Bond Premium/GC Insurance/GC Taxes | 1,020,527 | | | | | | | 1,020,527 | Subguard, OCIP, P&P Bond, Other taxes |
| GC Overhead & Profit | 1,154,970 | | | | | | | 1,154,970 | |
| CG General Conditions | 2,177,954 | | | | | | | 2,177,954 | |
| Sub-total Construction Costs | 10,496,095 | 4,780,239 | 15,509,650 | 2,423,019 | 100 | 0 | 945,000 | 34,154,103 | |
| Design Contingency (remove at DD) | 0 | | | | | | | 0 | 5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+ |
| Bid Contingency (remove at bid) | 0 | | | | | | | 0 | 5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+ |
| Plan Check Contingency (remove/reduce during Plan Review) | 0 | | | | | | | 0 | 4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+ |
| Hard Cost Construction Contingency | 1,707,705 | | | | | | | 1,707,705 | 5% |
| Sub-total Construction Contingencies | 1,707,705 | 0 | 0 | 0 | 0 | 0 | 0 | 1,707,705 | |
| TOTAL CONSTRUCTION COSTS | 12,203,800 | 4,780,239 | 15,509,650 | 2,423,019 | 100 | 0 | 945,000 | 35,861,808 | Construction line item costs as a % of hard costs 3.0% 3.4% 6.4% |

SOFT COSTS

| | | | | | | | | | | |
|--|------------------|----------|------------------|----------|----------|----------------|----------|-------------------|---|--|
| Architecture & Design | | | | | | | | | | |
| Architect design fees | 991,392 | | | | | | | 991,392 | Combined add services and reimbursables | |
| Design Subconsultants to the Architect (incl. Fees) | 735,488 | | | | | | | 735,488 | | |
| Architect Construction Admin | 558,110 | | | | | | | 558,110 | | |
| Reimbursables | 0 | | | | | | | 0 | | |
| Additional Services | 0 | | | | | | | 0 | | |
| Sub-total Architect Contract | 2,284,990 | 0 | 0 | 0 | 0 | 0 | 0 | 2,284,990 | | |
| Other Third Party design consultants (not included under Architect contract) | 152,725 | | | | | | | 152,725 | Peer review consultant, spec reproduction, dry utilities consultant, plan checker/permit expediter | |
| Total Architecture & Design | 2,437,715 | 0 | 0 | 0 | 0 | 0 | 0 | 2,437,715 | | |
| Engineering & Environmental Studies | | | | | | | | | | |
| Survey | 25,000 | | | | | | | 25,000 | | |
| Geotechnical studies | 122,000 | | | | | | | 122,000 | | |
| Phase I & II Reports | 100,000 | | | | | | | 100,000 | No Phase II report | |
| CEQA / Environmental Review consultants | 0 | | | | | | | 0 | | |
| NEPA / 106 Review | 0 | | | | | | | 0 | | |
| CNA/PNA (rehab only) | 0 | | | | | | | 0 | | |
| Other environmental consultants | 250,000 | | | | | | | 250,000 | Special Inspections Engineer + Environmental Remediation | |
| Total Engineering & Environmental Studies | 497,000 | 0 | 0 | 0 | 0 | 0 | 0 | 497,000 | | |
| Financing Costs | | | | | | | | | | |
| Construction Financing Costs | | | | | | | | | | |
| Construction Loan Origination Fee | 0 | | | | | | | 0 | | |
| Construction Loan Interest | 691,450 | | | | | 625,390 | | 1,316,840 | Includes pre dev loan interest | |
| Title & Recording | 70,000 | | | | | | | 70,000 | Escrow fee at closing | |
| CDLAC & CDIAC fees | 0 | | | | | | | 0 | | |
| Bond Issuer Fees | 235,492 | | | | | | | 235,492 | Includes CDLAC and CDIAC fees for previous applications | |
| Other Bond Cost of Issuance | 0 | | | | | | | 0 | | |
| Other Lender Costs (specify) | 0 | | | | | | | 0 | | |
| Sub-total Const. Financing Costs | 996,942 | 0 | 0 | 0 | 0 | 625,390 | 0 | 1,622,332 | | |
| Permanent Financing Costs | | | | | | | | | | |
| Permanent Loan Origination Fee | 0 | | | | | | | 0 | | |
| Credit Enhance. & Appt. Fee | 0 | | | | | | | 0 | | |
| Title & Recording | 10,000 | | | | | | | 10,000 | Escrow at conversion | |
| Sub-total Perm. Financing Costs | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 | | |
| Total Financing Costs | 1,006,942 | 0 | 0 | 0 | 0 | 625,390 | 0 | 1,632,332 | | |
| Legal Costs | | | | | | | | | | |
| Borrower Legal fees | 85,000 | | | | | | | 85,000 | | |
| Land Use / CEQA Attorney fees | 0 | | | | | | | 0 | | |
| Tax Credit Counsel | 140,000 | | | | | | | 140,000 | | |
| Bond Counsel | 0 | | | | | | | 0 | | |
| Construction Lender Counsel | 0 | | | | | | | 0 | | |
| Permanent Lender Counsel | 10,000 | | | | | | | 10,000 | | |
| Other Legal (specify) | 0 | | | | | | | 0 | | |
| Total Legal Costs | 235,000 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | | |
| Other Development Costs | | | | | | | | | | |
| Appraisal | 15,000 | | | | | | | 15,000 | | |
| Market Study | 15,000 | | | | | | | 15,000 | | |
| Insurance | 0 | | 688,247 | | | | | 688,247 | Liability and Builder's Risk | |
| Property Taxes | 173,000 | | | | | | | 173,000 | | |
| Accounting / Audit | 40,726 | | 39,274 | | | | | 80,000 | | |
| Organizational Costs | 10,000 | | | | | | | 10,000 | | |
| Entitlement / Permit Fees | 608,188 | | 691,812 | | | | | 1,300,000 | | |
| Marketing / Rent-up | 110,000 | | | | | | | 110,000 | Leasing office, outreach, marketing, rent-up | |
| Furnishings | 434,300 | | | | | | | 434,300 | \$2,000/unit; See MOHCD UW Guidelines on: http://sfmohcd.org/documents-reports-and-forms | |
| PCE / Utility Fees | 675,000 | | | | | | | 675,000 | Includes water meters | |
| TOAC App / Allow / Monitor Fees | 0 | | 127,830 | | | | | 127,830 | | |
| Financial Consultant fees | 65,000 | | | | | | | 65,000 | | |
| Construction Management fees / Owner's Rep | 118,388 | | | | | | | 118,388 | | |
| Security during Construction | 240,000 | | | | | | | 240,000 | | |
| Relocation | 0 | | | | | | | 0 | | |
| Construction Costs Not in Contract | 827,984 | | | | | | | 827,984 | Street space fees, neighbor agreement, storm water prevention, facade testing, solar pv, covid delays, fire pump, etc. and other scopes that aren't included in both PTA and G/S. | |
| SFAC 1% Public Art | 121,467 | | | | | | | 121,467 | Includes art consultant fee, artwork design fee, and installation coordination fee | |
| Other (specify) | 0 | | | | | | | 0 | | |
| Total Other Development Costs | 3,454,053 | 0 | 1,547,163 | 0 | 0 | 0 | 0 | 5,001,216 | | Total Soft Cost Contingency as % of Total Soft Costs 9.9% |
| Soft Cost Contingency | | | | | | | | | | |
| Contingency (Arch, Eng, Fin, Legal & Other Dev) | 880,607 | | | | | | | 880,607 | Should be either 10% or 5% of total soft costs. | |
| TOTAL SOFT COSTS | 8,611,317 | 0 | 1,547,163 | 0 | 0 | 625,390 | 0 | 10,683,870 | | |

RESERVES

| | | | | | | | | | |
|------------------------------|----------------|----------|------------------|----------|----------|----------|----------|------------------|--|
| Operating Reserves | | | 583,916 | | | | | 583,916 | |
| Replacement Reserves | | | | | | | | 0 | |
| Tenant Improvements Reserves | | | | | | | | 0 | |
| Lease Up Reserve | 268,673 | | | | | | | 268,673 | |
| COSR 1 | | | 3,287,392 | | | | | 3,287,392 | |
| COSR 2 | | | 1,494,417 | | | | | 1,494,417 | |
| TOTAL RESERVES | 268,673 | 0 | 5,365,725 | 0 | 0 | 0 | 0 | 5,634,398 | |

DEVELOPER COSTS

| | | | | | | | | | |
|---|----------|----------|------------------|----------|----------|----------|----------|------------------|--|
| Developer Fee - Cash-out Paid at Milestones | | | 2,200,000 | | | | | 2,200,000 | |
| Developer Fee - Cash-out At Risk | | 0 | | | | | | 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 | 2,200,000 | 0 | 0 | 0 | 0 | 2,200,000 | |

TOTAL DEVELOPMENT COST

| | | | | | | | | |
|--|------------|-----------|------------|-----------|------|---------|---------|------------|
| | 21,021,228 | 4,780,239 | 24,622,538 | 2,423,019 | 100 | 625,390 | 945,000 | 54,417,514 |
| Development Cost/Unit by Source | 333,670 | 75,877 | 390,834 | 38,461 | 2 | 9,927 | 15,000 | 863,770 |
| Development Cost/Unit as % of TDC by Source | 38.6% | 8.8% | 45.2% | 4.5% | 0.0% | 1.1% | 1.7% | 100.0% |
| Acquisition Cost/Unit by Source | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Cost (inc Const Contingency)/Unit by Source | 193,711 | 75,877 | 246,185 | 38,461 | 2 | 0 | 15,000 | 569,235 |
| Construction Cost (inc Const Contingency)/SF | 297.46 | 100.65 | 327.20 | 51.12 | 0.00 | 0.00 | 19.94 | 756.56 |

*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit: 333,670

Tax Credit Equity Pricing: 0.985

Construction Bond Amount: 17,959,004

Construction Loan Term (in months): 24 months

Construction Loan Interest Rate (as %): 2.60%

EXHIBIT B-2
Annual Operating Budget

Application Date: 11/15/2021
 Total # Units: 63
 LOSP Units: 32
 Non-LOSP Units: 31

Project Name: Octavia Parcel U
 Project Address: 78 Haight Street
 Tenderloin Neighborhood Development Corporation

First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023

Project Sponsor: **TCAC Income Limits In Use!** Correct errors noted in Col N!

| INCOME | LOSP/non-LOSP Allocation | | Total | Comments |
|--|--------------------------|----------------|------------------|---|
| | 51% | 49% | | |
| Residential - Tenant Rents | 99,000 | 515,952 | 614,952 | Links from 'New Proj - Rent & Unit Mix Worksheet |
| Residential - Tenant Assistance Payments (Non-LOSP) | 0 | 0 | 0 | Links from 'New Proj - Rent & Unit Mix Worksheet |
| Residential - LOSP Tenant Assistance Payments | 539,925 | | 539,925 | |
| Commercial Space | | | 1 | 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 |
| 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 | 4,434 | 4,260 | 8,694 | Links from 'Utilities & Other Income' Worksheet |
| Tenant Charges | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet |
| Miscellaneous Residential Income | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet |
| Other Commercial Income | 0 | 0 | 0 | from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100% |
| Withdrawal from Capitalized Reserve (deposit to operating account) | 0 | 111,374 | 111,374 | COSR 1 |
| Gross Potential Income | 643,359 | 631,586 | 1,274,946 | |
| Vacancy Loss - Residential - Tenant Rents | (4,950) | (25,798) | (30,748) | Vacancy loss is 5% of Tenant Rents. |
| Vacancy Loss - Residential - Tenant Assistance Payments | 0 | 0 | 0 | #DIV/0! |
| Vacancy Loss - Commercial | 0 | 0 | (1) | from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100% |
| EFFECTIVE GROSS INCOME | 638,409 | 605,788 | 1,244,198 | PUPA: 19,749 |

| OPERATING EXPENSES | | | | |
|--------------------------------------|---------------|---------------|---------------|-------------------------------|
| Management | | | | Alternative LOSP Split |
| Management Fee | 25,061 | 24,079 | 49,140 | Management Fee |
| Asset Management Fee | 11,965 | 11,495 | 23,460 | Asset Management Fee |
| Sub-total Management Expenses | 37,026 | 35,574 | 72,600 | PUPA: 1,152 |

| Salaries/Benefits | | | | |
|-------------------------------------|----------------|----------------|----------------|---|
| Office Salaries | | | | Alternative LOSP Split |
| Office Salaries | 38,271 | 36,770 | 75,041 | 51% of GM salaries = \$3,577 + 51% of General Office Salaries 34,540 (will be paid by LOSP) |
| Manager's Salary | 0 | 0 | 0 | Manager's Salary |
| Health Insurance and Other Benefits | 70,041 | 67,294 | 137,336 | worker's comp, health, payroll taxes |
| Other Salaries/Benefits | 71,840 | 69,022 | 140,862 | Includes: asst facilities mgr, janitor & cleaning, and maintenance payroll |
| Administrative Rent-Free Unit | 0 | 0 | 0 | Administrative Rent-Free Unit |
| Sub-total Salaries/Benefits | 180,152 | 173,087 | 353,239 | PUPA: 5,607 |

| Administration | | | | |
|--|---------------|---------------|---------------|-------------------------------|
| Advertising and Marketing | 739 | 710 | 1,449 | |
| Office Expenses | 0 | 0 | 0 | |
| Office Rent | 0 | 0 | 0 | |
| Legal Expense - Property | 3,570 | 3,430 | 7,000 | |
| Audit Expense | 13,570 | 13,038 | 26,608 | Includes audit and accounting |
| Bookkeeping/Accounting Services | 0 | 0 | 0 | |
| Bad Debts | 0 | 0 | 0 | |
| Miscellaneous | 21,930 | 21,070 | 42,999 | |
| Sub-total Administration Expenses | 39,809 | 38,247 | 78,056 | PUPA: 1,239 |

| Utilities | | | | |
|----------------------------|---------------|---------------|----------------|--------------------------|
| Electricity | 13,371 | 12,847 | 26,218 | |
| Water | 41,936 | 40,291 | 82,227 | Includes water and sewer |
| Gas | 0 | 0 | 0 | |
| Sewer | 0 | 0 | 0 | |
| Sub-total Utilities | 55,307 | 53,138 | 108,445 | PUPA: 1,721 |

| Taxes and Licenses | | | | |
|---|--------------|--------------|--------------|---|
| Real Estate Taxes | 2,396 | 2,302 | 4,699 | Real Estate Taxes |
| Payroll Taxes | 0 | 0 | 0 | Included above with health insurance and other benefits |
| Miscellaneous Taxes, Licenses and Permits | 1,002 | 963 | 1,965 | |
| Sub-total Taxes and Licenses | 3,398 | 3,265 | 6,664 | PUPA: 106 |

| Insurance | | | | |
|--|---------------|---------------|----------------|---|
| Property and Liability Insurance | 81,232 | 78,047 | 159,279 | |
| Fidelity Bond Insurance | 0 | 0 | 0 | |
| Worker's Compensation | 0 | 0 | 0 | Included in Health Insurance and Other Benefits |
| Director's & Officers' Liability Insurance | 0 | 0 | 0 | |
| Sub-total Insurance | 81,232 | 78,047 | 159,279 | PUPA: 2,528 |

| Maintenance & Repair | | | | |
|---|----------------|----------------|----------------|---|
| Payroll | 0 | 0 | 0 | |
| Supplies | 0 | 0 | 0 | |
| Contracts | 0 | 0 | 0 | |
| Garbage and Trash Removal | 23,538 | 22,615 | 46,153 | |
| Security Payroll/Contract | 141,540 | 47,180 | 188,720 | 75% of desk clerk salaries paid by LOSP |
| HVAC Repairs and Maintenance | 11,102 | 10,667 | 21,769 | Includes HVAC, fire life safety, others |
| Vehicle and Maintenance Equipment Operation and Repairs | 0 | 0 | 0 | |
| Miscellaneous Operating and Maintenance Expenses | 28,605 | 27,483 | 56,089 | Includes misc repairs, extermination, grounds, elevator |
| Sub-total Maintenance & Repair Expenses | 204,785 | 107,945 | 312,730 | PUPA: 4,964 |

| Supportive Services | | | | |
|---------------------|---|--------|--------|---|
| Supportive Services | 0 | 53,068 | 53,068 | Includes social services and programming |
| Commercial Expenses | 0 | 0 | 710 | from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100% |

TOTAL OPERATING EXPENSES 601,709 542,372 1,144,791 PUPA: 18,171

| Reserves/Ground Lease Base Rent/Bond Fees | | | | |
|--|---------------|---------------|---------------|---|
| Ground Lease Base Rent | 7,650 | 7,350 | 15,000 | Ground lease with MOHCD Provide additional comments here, if needed. |
| Bond Monitoring Fee | 0 | 0 | 0 | |
| Replacement Reserve Deposit | 16,065 | 15,435 | 31,500 | |
| Operating Reserve Deposit | 0 | 0 | 0 | |
| Other Required Reserve 1 Deposit | 0 | 0 | 0 | |
| Other Required Reserve 2 Deposit | 0 | 0 | 0 | |
| Required Reserve Deposits, Commercial | 0 | 0 | 0 | from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100% |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | 23,715 | 22,785 | 46,500 | PUPA: 738 |

| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | |
|--|---------|---------|-----------|--------------|
| | 625,424 | 565,157 | 1,191,291 | PUPA: 18,909 |

NET OPERATING INCOME (INCOME minus OP EXPENSES) 12,984 40,632 52,907 PUPA: 840

| DEBT SERVICE/MUST PAY PAYMENTS (Hard debt/amortized loans) | | | | |
|--|----------|----------|----------|---|
| Hard Debt - First Lender | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len) | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Hard Debt - Fourth Lender | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Commercial Hard Debt Service | 0 | 0 | 0 | from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100% |
| TOTAL HARD DEBT SERVICE | 0 | 0 | 0 | PUPA: 0 |

| CASH FLOW (NOI minus DEBT SERVICE) | | | | |
|---|---------------|---------------|---------------|---|
| | 12,984 | 40,632 | 52,907 | |
| Commercial Only Cash Flow | | | (710) | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | (362) | (348) | | Allocation of Commercial Surplus to LOSP/Non- |
| AVAILABLE CASH FLOW | 12,622 | 40,284 | 52,907 | |

| 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) | 10,073 | 9,678 | 19,750 | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | 2,550 | 2,450 | 5,000 | |
| Other Payments | 0 | 0 | 0 | |
| Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field) | 0 | 0 | 0 | MOHCD - GAP Provide additional comments here, if needed. |
| Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field) | 0 | 0 | 0 | MOHCD - NPLH Provide additional comments here, if needed. |
| Deferred Developer Fee (Enter amt <= Max Fee from cell I130) | 0 | 0 | 0 | Def. Develop. Fee split: 0% Provide additional comments here, if needed. |
| TOTAL PAYMENTS PRECEDING MOHCD | 12,623 | 12,128 | 24,750 | PUPA: 393 |

| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | |
|--|-----|--------|--------|--|
| | (0) | 28,157 | 28,157 | |

Residual Receipts Calculation
 Does Project have a MOHCD Residual Receipt Obligation? Yes Project has MOHCD ground lease? Yes
 Will Project Defer Developer Fee? No
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 33%
 % of Residual Receipts available for distribution to soft debt lenders in: 67%

Sum of DD F from LOSP and non-LOSP:
 Ratio of Sum of DDF and calculated 50%:

| Soft Debt Lenders with Residual Receipts Obligations | (Select lender name/program from drop down) | Total Principal Amt | Distrib. of Soft Debt Loans |
|--|---|---------------------|-----------------------------|
| MOHCD/OClI - Soft Debt Loans | All MOHCD/OClI Loans payable from res. recs | | 0.00% |
| MOHCD/OClI - Ground Lease Value or Land Acq Cost | Ground Lease Value | \$150,000 | 100.00% |
| HCD (soft debt loan) - Lender 3 | | | 0.00% |
| Other Soft Debt Lender - Lender 4 | | | 0.00% |
| Other Soft Debt Lender - Lender 5 | | | 0.00% |

| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | |
|--|--------|--------|---|
| MOHCD Residual Receipts Amount Due | 18,771 | 18,771 | 67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | 18,771 | 18,771 | 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 repaymt. |

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 9,386

| 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) 9,386

| Owner Distributions/Incentive Management Fee | | | |
|--|--|-------|--|
| Owner Distributions/Incentive Management Fee | | 9,386 | 100% of Borrower share of 33% of residual receipts |
| Other Distributions/Uses | | 0 | |

Final Balance (should be zero) 0

Application Date: 11/15/2021
 Total # Units: 63
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023

| INCOME | | | |
|--|------|----------|---|
| Residential - Tenant Rents | | non-LOSP | Approved By (reqd) |
| Residential - Tenant Assistance Payments (Non-LOSP) | 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) | | 0.00% | 100.00% |
| 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 | 51.00% | 49.00% | |
| 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 | 51.00% | 49.00% | |
| Audit Expense | | | |
| Bookkeeping/Accounting Services | LOSP | non-LOSP | (only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system) |
| Bad Debts | | | |
| Miscellaneous | | | |
| 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 | 51.00% | 49.00% | |
| 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 | | | (LOSP-specific expenses must be tracked at entry level in projects) |
| Contracts | | | |
| Garbage and Trash Removal | LOSP | non-LOSP | Approved By (reqd) |
| Security Payroll/Contract | 75.00% | 25.00% | |
| HVAC Repairs and Maintenance | | | |
| Vehicle and Maintenance Equipment Operation and Repairs | | | |
| Miscellaneous Operating and Maintenance Expenses | | | |
| 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) |
| | 0.00% | 100.00% | |
| 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) | 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 Pymt - Lender 1 (select lender in comments field) | | | (order 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: 0

% of Residual Receipts available for distribution to soft debt lenders in #VALUE!

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) | |

EXHIBIT B-3
20-Year Cash Flow Proforma

Octavia Parcel U

TCAC Income Limits In Use!

| INCOME | Total # Units: LOSP Units | | | Comments (related to annual inc assumptions) | Year 1 2023 | | | Year 2 2024 | | | Year 3 2025 | | |
|---|---------------------------|------|----|---|----------------|----------------|------------------|----------------|----------------|------------------|----------------|----------------|------------------|
| | 63 | 32 | 31 | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | | | | | | | | | | | | | |
| Residential - Tenant Rents | | | | | 99,000 | 515,952 | 614,952 | 100,980 | 526,271 | 627,251 | 103,000 | 536,796 | 639,796 |
| Residential - Tenant Assistance Payments (Non-LOSP) | | | | | | | | | | | | | |
| Residential - LOSP Tenant Assistance Payments | | | | | 539,925 | | 539,925 | 556,108 | | 556,108 | 572,795 | | 572,795 |
| Commercial Space | | | | | | | 1 | | | 1 | | | 1 |
| Residential Parking | | | | | | | | | | | | | |
| Miscellaneous Rent Income | | | | | | | | | | | | | |
| Supportive Services Income | | | | | | | | | | | | | |
| Interest Income - Project Operations | | | | | | | | | | | | | |
| Laundry and Vending | | | | | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 |
| Tenant Charges | | | | | | | | | | | | | |
| Miscellaneous Residential Income | | | | | | | | | | | | | |
| Other Commercial Income | | | | | | | | | | | | | |
| Withdrawal from Capitalized Reserve (deposit to operating account) | | | | | | 111,374 | 111,374 | | 115,078 | 115,078 | | 122,821 | 122,821 |
| Gross Potential Income | | | | | 643,359 | 631,586 | 1,274,946 | 661,522 | 645,609 | 1,307,132 | 680,229 | 663,878 | 1,344,107 |
| Vacancy Loss - Residential - Tenant Rents | | | | | (4,950) | (25,796) | (30,748) | (5,049) | (26,314) | (31,363) | (5,150) | (26,840) | (31,990) |
| Vacancy Loss - Residential - Tenant Assistance Payments | | | | | | | | | | | | | |
| Vacancy Loss - Commercial | | | | | | | (1) | | | (1) | | | (1) |
| EFFECTIVE GROSS INCOME | | | | | 638,409 | 605,788 | 1,244,198 | 656,473 | 619,296 | 1,275,769 | 675,079 | 637,038 | 1,312,117 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | |
| Management Fee | 3.0% | 3.0% | | 1st Year to be set according to HUD schedule. | 25,061 | 24,079 | 49,140 | 25,813 | 24,801 | 50,614 | 26,588 | 25,545 | 52,133 |
| Asset Management Fee | 3.0% | 3.0% | | per MOHCD policy | 11,965 | 11,495 | 23,460 | 12,324 | 11,840 | 24,164 | 12,693 | 12,195 | 24,889 |
| Sub-total Management Expenses | | | | | 37,026 | 35,574 | 72,600 | 38,137 | 36,641 | 74,778 | 39,281 | 37,740 | 77,021 |
| Salaries/Benefits | | | | | | | | | | | | | |
| Office Salaries | 3.0% | 3.0% | | | 38,271 | 36,770 | 75,041 | 39,419 | 37,873 | 77,293 | 40,602 | 39,010 | 79,611 |
| Manager's Salary | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Health Insurance and Other Benefits | 3.0% | 3.0% | | | 70,041 | 67,294 | 137,336 | 72,142 | 69,313 | 141,456 | 74,307 | 71,393 | 145,699 |
| Other Salaries/Benefits | 3.0% | 3.0% | | | 71,840 | 69,022 | 140,862 | 73,995 | 71,093 | 145,088 | 76,215 | 73,226 | 149,441 |
| Administrative Rent-Free Unit | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | 180,152 | 173,087 | 353,239 | 185,556 | 178,280 | 363,836 | 191,123 | 183,628 | 374,751 |
| Administration | | | | | | | | | | | | | |
| Advertising and Marketing | 3.0% | 3.0% | | | 739 | 710 | 1,449 | 761 | 731 | 1,492 | 784 | 753 | 1,537 |
| Office Expenses | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Office Rent | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | 3.0% | 3.0% | | | 3,570 | 3,430 | 7,000 | 3,677 | 3,533 | 7,210 | 3,787 | 3,639 | 7,426 |
| Audit Expense | 3.0% | 3.0% | | | 13,570 | 13,038 | 26,608 | 13,977 | 13,429 | 27,406 | 14,396 | 13,832 | 28,228 |
| Bookkeeping/Accounting Services | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Bad Debts | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 3.0% | 3.0% | | | 21,930 | 21,070 | 42,999 | 22,587 | 21,702 | 44,289 | 23,265 | 22,363 | 45,618 |
| Sub-total Administration Expenses | | | | | 39,809 | 38,247 | 78,056 | 41,003 | 39,395 | 80,398 | 42,233 | 40,577 | 82,810 |
| Utilities | | | | | | | | | | | | | |
| Electricity | 3.0% | 3.0% | | | 13,371 | 12,847 | 26,218 | 13,773 | 13,232 | 27,005 | 14,186 | 13,629 | 27,815 |
| Water | 3.0% | 3.0% | | | 41,936 | 40,291 | 82,227 | 43,194 | 41,500 | 84,693 | 44,489 | 42,745 | 87,234 |
| Gas | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Sewer | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Sub-total Utilities | | | | | 55,307 | 53,138 | 108,445 | 56,966 | 54,732 | 111,698 | 58,675 | 56,374 | 115,049 |
| Taxes and Licenses | | | | | | | | | | | | | |
| Real Estate Taxes | 3.0% | 3.0% | | | 2,396 | 2,302 | 4,699 | 2,468 | 2,372 | 4,840 | 2,542 | 2,443 | 4,985 |
| Payroll Taxes | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Taxes, Licenses and Permits | 3.0% | 3.0% | | | 1,002 | 963 | 1,965 | 1,032 | 992 | 2,024 | 1,063 | 1,021 | 2,084 |
| Sub-total Taxes and Licenses | | | | | 3,398 | 3,265 | 6,664 | 3,500 | 3,363 | 6,864 | 3,605 | 3,464 | 7,069 |
| Insurance | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.0% | 3.0% | | | 81,232 | 78,047 | 159,279 | 83,669 | 80,388 | 164,057 | 86,179 | 82,800 | 168,979 |
| Fidelity Bond Insurance | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Director's & Officers' Liability Insurance | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | 81,232 | 78,047 | 159,279 | 83,669 | 80,388 | 164,057 | 86,179 | 82,800 | 168,979 |
| Maintenance & Repair | | | | | | | | | | | | | |
| Payroll | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Supplies | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Contracts | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Garbage and Trash Removal | 3.0% | 3.0% | | | 23,538 | 22,615 | 46,153 | 24,244 | 23,293 | 47,538 | 24,971 | 23,992 | 48,964 |
| Security Payroll/Contract | 3.0% | 3.0% | | | 141,540 | 47,180 | 188,720 | 145,786 | 48,595 | 194,382 | 150,160 | 50,053 | 200,213 |
| HVAC Repairs and Maintenance | 3.0% | 3.0% | | | 11,102 | 10,967 | 22,069 | 11,435 | 10,987 | 22,422 | 11,778 | 11,316 | 23,094 |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.0% | 3.0% | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | 3.0% | 3.0% | | | 28,605 | 27,483 | 56,089 | 29,463 | 28,308 | 57,771 | 30,347 | 29,157 | 58,505 |
| Sub-total Maintenance & Repair Expenses | | | | | 204,785 | 107,945 | 312,730 | 210,929 | 111,183 | 322,112 | 217,257 | 114,519 | 331,776 |
| Supportive Services | | | | | | | | | | | | | |
| Commercial Expenses | | | | | | 53,068 | 53,068 | | 54,660 | 54,660 | | 56,300 | 56,300 |
| TOTAL OPERATING EXPENSES | | | | | 601,709 | 542,372 | 1,144,791 | 619,761 | 558,643 | 1,179,138 | 638,354 | 575,402 | 1,214,516 |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | |
| PUPA (w/o Reserves/GL Base Rent/Bond Fees) | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 |
| Bond Monitoring Fee | | | | | - | - | - | - | - | - | - | - | - |
| Replacement Reserve Deposit | | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 |
| 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 | | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | | 625,424 | 565,157 | 1,191,291 | 643,476 | 581,428 | 1,225,638 | 662,069 | 598,187 | 1,261,016 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | | | | | | | |
| | | | | | 12,984 | 40,632 | 52,907 | 12,997 | 37,868 | 50,130 | 13,010 | 38,851 | 51,101 |
| 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) | | | | | | | | | | | | | |
| 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) | | | | | 12,984 | 40,632 | 52,907 | 12,997 | 37,868 | 50,130 | 13,010 | 38,851 | 51,101 |
| Commercial Only Cash Flow | | | | | | | (710) | | | (734) | | | (760) |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | (362) | (349) | | (375) | (360) | | (388) | (372) | |
| AVAILABLE CASH FLOW | | | | | 12,622 | 40,284 | 52,907 | 12,622 | 37,508 | 50,130 | 12,622 | 38,478 | 51,101 |
| 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) | 3.0% | 3.0% | | per MOHCD policy | - | - | - | - | - | - | - | - | - |
| Partnering Management Fee (see policy for limits) | 3.0% | 3.0% | | per MOHCD policy | 10,073 | 9,678 | 19,750 | 10,073 | 9,678 | 19,750 | 10,073 | 9,678 | 19,750 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | per MOHCD policy no annual increase | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 |
| Other Payments | | | | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 1 | | | | Enter comments re: annual increase, etc. | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 2 | | | | Enter comments re: annual increase, etc. | - | - | - | - | - | - | - | - | - |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | 12,623 | 12,128 | 24,750 | 12,623 | 12,128 | 24,750 | 12,623 | 12,128 | 24,750 |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | | | | | | | | | |

Total # Units: Non-LOSP
 LOSP Units Units
 63 32 31

| | 51.00% | 49.00% | Comments (related to annual inc assumptions) | Year 1 2023 | | | Year 2 2024 | | | Year 3 2025 | | |
|--|--------|--------|---|----------------|----------|-------|----------------|----------|-------|----------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |

INCOME

Other Required Reserve 2 Running Balance

Total # Units: Non-LOSP
 LOSP Units Units
 63 32 31

| | 51.00% | 49.00% | Comments (related to annual inc assumptions) | Year 4 2026 | | | Year 5 2027 | | | Year 6 2028 | | |
|--|--------|--------|---|----------------|----------|-------|----------------|----------|-------|----------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |

INCOME

Other Required Reserve 2 Running Balance

Octavia Parcel U

| INCOME | Total # Units: | | Non-LOSP Units | | | Year 7 2029 | | | Year 8 2030 | | | Year 9 2031 | | | |
|--|----------------|-------------------|--|--------|----|----------------|----------------|------------------|----------------|----------------|------------------|----------------|----------------|------------------|-------|
| | 63 | 32 | LOSP Units | 51.00% | 31 | 49.00% | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | annual inc | % annual increase | Comments (related to annual inc assumptions) | | | | | | | | | | | | |
| Residential - Tenant Rents | 2.0% | 2.0% | | | | 111,490 | 581,046 | 692,536 | 113,720 | 592,667 | 706,387 | 115,994 | 604,520 | 720,514 | |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | | - | - | - | - | - | - | - | - | - | |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | | 644,905 | - | 644,905 | 664,357 | - | 664,357 | 684,413 | - | 684,413 | |
| Commercial Space | n/a | 2.5% | From Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100% | | | - | - | 1 | - | - | 1 | - | - | 1 | |
| Residential Parking | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Rent Income | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Supportive Services Income | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Interest Income - Project Operations | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Laundry and Vending | 0.0% | 0.0% | | | | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 | |
| Tenant Charges | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Residential Income | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| 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 | | | - | 157,227 | 157,227 | - | 166,750 | 166,750 | - | 176,668 | 176,668 | |
| Gross Potential Income | | | | | | 760,829 | 742,533 | 1,503,363 | 782,511 | 763,677 | 1,546,188 | 804,841 | 785,448 | 1,590,290 | |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate | | | (5,575) | (29,052) | (34,627) | (5,686) | (29,633) | (35,319) | (5,800) | (30,226) | (36,026) | |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | | - | - | - | - | - | - | - | - | - | |
| Vacancy Loss - Commercial | n/a | n/a | | | | - | - | (1) | - | - | (1) | - | - | (1) | |
| EFFECTIVE GROSS INCOME | | | | | | 755,255 | 713,481 | 1,468,736 | 776,825 | 734,043 | 1,510,869 | 799,042 | 755,222 | 1,554,264 | |
| OPERATING EXPENSES | | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | | |
| Management Fee | 3.0% | 3.0% | 1st Year to be set according to HUD schedule. | | | 29,925 | 28,751 | 58,676 | 30,822 | 29,614 | 60,436 | 31,747 | 30,502 | 62,249 | |
| Asset Management Fee | 3.0% | 3.0% | per MOHCD policy | | | 14,286 | 13,728 | 28,012 | 14,715 | 14,138 | 28,853 | 15,156 | 14,562 | 29,718 | |
| Sub-total Management Expenses | | | | | | 44,211 | 42,479 | 86,688 | 45,537 | 43,752 | 89,289 | 46,903 | 45,064 | 91,967 | |
| Salaries/Benefits | | | | | | | | | | | | | | | |
| Office Salaries | 3.0% | 3.0% | | | | 45,698 | 43,906 | 89,603 | 47,069 | 45,223 | 92,291 | 48,481 | 46,579 | 95,060 | |
| Manager's Salary | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Health Insurance and Other Benefits | 3.0% | 3.0% | | | | 83,633 | 80,353 | 163,986 | 86,142 | 82,764 | 168,906 | 88,726 | 85,247 | 173,973 | |
| Other Salaries/Benefits | 3.0% | 3.0% | | | | 85,780 | 82,416 | 168,197 | 88,354 | 84,889 | 173,243 | 91,004 | 87,436 | 178,440 | |
| Administrative Rent-Free Unit | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Salaries/Benefits | | | | | | 215,111 | 206,675 | 421,786 | 221,564 | 212,875 | 434,439 | 228,211 | 219,262 | 447,473 | |
| Administration | | | | | | | | | | | | | | | |
| Advertising and Marketing | 3.0% | 3.0% | | | | 882 | 848 | 1,730 | 909 | 873 | 1,782 | 936 | 899 | 1,835 | |
| Office Expenses | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Office Rent | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Legal Expense - Property | 3.0% | 3.0% | | | | 4,263 | 4,096 | 8,358 | 4,391 | 4,218 | 8,609 | 4,522 | 4,345 | 8,867 | |
| Audit Expense | 3.0% | 3.0% | | | | 16,203 | 15,568 | 31,771 | 16,689 | 16,035 | 32,724 | 17,190 | 16,516 | 33,706 | |
| Bookkeeping/Accounting Services | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Bad Debts | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous | 3.0% | 3.0% | | | | 26,185 | 25,158 | 51,343 | 26,971 | 25,913 | 52,884 | 27,780 | 26,690 | 54,470 | |
| Sub-total Administration Expenses | | | | | | 47,534 | 45,670 | 93,203 | 48,960 | 47,040 | 95,999 | 50,428 | 48,451 | 98,879 | |
| Utilities | | | | | | | | | | | | | | | |
| Electricity | 3.0% | 3.0% | | | | 15,966 | 15,340 | 31,306 | 16,445 | 15,800 | 32,245 | 16,938 | 16,274 | 33,213 | |
| Water | 3.0% | 3.0% | | | | 50,073 | 48,110 | 98,183 | 51,576 | 49,553 | 101,128 | 53,123 | 51,040 | 104,162 | |
| Gas | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Sewer | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Utilities | | | | | | 66,039 | 63,450 | 129,489 | 68,021 | 65,353 | 133,374 | 70,061 | 67,314 | 137,375 | |
| Taxes and Licenses | | | | | | | | | | | | | | | |
| Real Estate Taxes | 3.0% | 3.0% | | | | 2,862 | 2,749 | 5,611 | 2,947 | 2,832 | 5,779 | 3,036 | 2,917 | 5,952 | |
| Payroll Taxes | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Taxes, Licenses and Permits | 3.0% | 3.0% | | | | 1,196 | 1,150 | 2,346 | 1,232 | 1,184 | 2,416 | 1,269 | 1,220 | 2,489 | |
| Sub-total Taxes and Licenses | | | | | | 4,058 | 3,899 | 7,957 | 4,180 | 4,016 | 8,195 | 4,305 | 4,136 | 8,441 | |
| Insurance | | | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.0% | 3.0% | | | | 96,995 | 93,192 | 190,187 | 99,905 | 95,987 | 195,893 | 102,903 | 98,867 | 201,770 | |
| Fidelity Bond Insurance | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Worker's Compensation | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Director's & Officers' Liability Insurance | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Insurance | | | | | | 96,995 | 93,192 | 190,187 | 99,905 | 95,987 | 195,893 | 102,903 | 98,867 | 201,770 | |
| Maintenance & Repair | | | | | | | | | | | | | | | |
| Payroll | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Supplies | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Contracts | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Garbage and Trash Removal | 3.0% | 3.0% | | | | 28,106 | 27,003 | 55,109 | 28,949 | 27,814 | 56,762 | 29,817 | 28,648 | 58,465 | |
| Security Payroll/Contract | 3.0% | 3.0% | | | | 169,006 | 163,335 | 332,341 | 174,076 | 168,025 | 342,101 | 179,299 | 173,566 | 352,865 | |
| HVAC Repairs and Maintenance | 3.0% | 3.0% | | | | 13,256 | 12,737 | 25,993 | 13,654 | 13,119 | 26,773 | 14,064 | 13,512 | 27,576 | |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Operating and Maintenance Expenses | 3.0% | 3.0% | | | | 34,156 | 32,817 | 66,973 | 35,181 | 33,801 | 68,982 | 36,236 | 34,815 | 71,051 | |
| Sub-total Maintenance & Repair Expenses | | | | | | 244,524 | 236,892 | 481,416 | 251,860 | 244,759 | 498,619 | 254,116 | 247,482 | 503,157 | |
| Supportive Services | 3.0% | 3.0% | | | | - | 63,366 | 63,366 | - | 65,267 | 65,267 | - | 67,225 | 67,225 | |
| Commercial Expenses | | | | | | | | 873 | | | 903 | | | 935 | |
| TOTAL OPERATING EXPENSES | | | | | | 718,473 | 647,620 | 1,366,965 | 740,027 | 667,049 | 1,407,979 | 762,228 | 687,060 | 1,450,223 | |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | |
| Bond Monitoring Fee | | | | | | - | - | - | - | - | - | - | - | - | |
| Replacement Reserve Deposit | | | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | |
| 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 | | | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | | | 742,188 | 670,405 | 1,413,465 | 763,742 | 689,834 | 1,454,479 | 785,943 | 709,845 | 1,496,723 | |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | 13,067 | 43,075 | 55,271 | 13,083 | 44,210 | 56,390 | 13,099 | 45,377 | 57,542 | |
| 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) | | | | | | - | - | - | - | - | - | - | - | - | |
| 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) | | | | | | 13,067 | 43,075 | 55,271 | 13,083 | 44,210 | 56,390 | 13,099 | 45,377 | 57,542 | |
| Commercial Only Cash Flow | | | | | | - | - | (872) | - | - | (903) | - | | | |

Total # Units: Non-LOSP
 LOSP Units Units
 63 32 31

| | 51.00% | 49.00% | Comments (related to annual inc assumptions) | Year 7 2029 | | | Year 8 2030 | | | Year 9 2031 | | |
|-------------------|--------|--------|---|----------------|----------|-------|----------------|----------|-------|----------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| annual inc LOSP | | | | | | | | | | | | |
| % annual increase | | | | | | | | | | | | |

INCOME

Other Required Reserve 2 Running Balance

Octavia Parcel U

| INCOME | Total # Units: | | Non-LOSP Units | | | Year 10 2032 | | | Year 11 2033 | | | Year 12 2034 | | |
|--|-----------------|-------------------|--|----------------|----------------|------------------|----------------|----------------|------------------|----------------|----------------|------------------|-------|--|
| | 63 | 32 | 51.00% | 49.00% | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | |
| | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | | |
| Residential - Tenant Rents | 2.0% | 2.0% | | 118,314 | 616,610 | 734,925 | 120,680 | 628,943 | 749,623 | 123,094 | 641,521 | 764,616 | | |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | - | - | - | - | - | - | - | - | - | | |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | 705,093 | - | 705,093 | 726,415 | - | 726,415 | 748,399 | - | 748,399 | | |
| Commercial Space | n/a | 2.5% | From Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100% | - | - | 1 | - | - | 1 | - | - | 1 | | |
| Residential Parking | 0.0% | 0.0% | | - | - | - | - | - | - | - | - | - | | |
| Miscellaneous Rent Income | 0.0% | 0.0% | | - | - | - | - | - | - | - | - | - | | |
| Supportive Services Income | 0.0% | 0.0% | | - | - | - | - | - | - | - | - | - | | |
| Interest Income - Project Operations | 0.0% | 0.0% | | - | - | - | - | - | - | - | - | - | | |
| Laundry and Vending | 0.0% | 0.0% | | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 | | |
| Tenant Charges | 0.0% | 0.0% | | - | - | - | - | - | - | - | - | - | | |
| Miscellaneous Residential Income | 0.0% | 0.0% | | - | - | - | - | - | - | - | - | - | | |
| 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 | - | 186,996 | 186,996 | - | 197,747 | 197,747 | - | 208,936 | 208,936 | | |
| Gross Potential Income | | | | 827,841 | 807,866 | 1,635,708 | 851,529 | 830,950 | 1,682,480 | 875,927 | 854,718 | 1,730,646 | | |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate | (5,916) | (30,831) | (36,746) | (6,034) | (31,447) | (37,481) | (6,155) | (32,076) | (38,231) | | |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | - | - | - | - | - | - | - | - | - | | |
| Vacancy Loss - Commercial | n/a | n/a | | - | - | (1) | - | - | (1) | - | - | (1) | | |
| EFFECTIVE GROSS INCOME | | | | 821,925 | 777,036 | 1,598,962 | 845,495 | 799,503 | 1,644,998 | 869,773 | 822,641 | 1,692,414 | | |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | |
| Management Fee | 3.0% | 3.0% | 1st Year to be set according to HUD schedule. | 32,699 | 31,417 | 64,117 | 33,680 | 32,360 | 66,040 | 34,691 | 33,330 | 68,021 | | |
| Asset Management Fee | 3.0% | 3.0% | per MOHCD policy | 15,611 | 14,999 | 30,610 | 16,079 | 15,449 | 31,528 | 16,562 | 15,912 | 32,474 | | |
| Sub-total Management Expenses | | | | 48,311 | 46,416 | 94,727 | 49,760 | 47,809 | 97,568 | 51,253 | 49,242 | 100,495 | | |
| Salaries/Benefits | | | | | | | | | | | | | | |
| Office Salaries | 3.0% | 3.0% | | 49,935 | 47,977 | 97,912 | 51,433 | 49,416 | 100,849 | 52,976 | 50,899 | 103,875 | | |
| Manager's Salary | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Health Insurance and Other Benefits | 3.0% | 3.0% | | 91,388 | 87,804 | 179,192 | 94,129 | 90,438 | 184,568 | 96,953 | 93,151 | 190,105 | | |
| Other Salaries/Benefits | 3.0% | 3.0% | | 93,734 | 90,059 | 183,793 | 96,546 | 92,760 | 189,307 | 99,443 | 95,543 | 194,986 | | |
| Administrative Rent-Free Unit | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Sub-total Salaries/Benefits | | | | 235,057 | 225,839 | 460,897 | 242,109 | 232,615 | 474,724 | 249,372 | 239,593 | 488,965 | | |
| Administration | | | | | | | | | | | | | | |
| Advertising and Marketing | 3.0% | 3.0% | | 964 | 926 | 1,890 | 993 | 954 | 1,947 | 1,023 | 983 | 2,006 | | |
| Office Expenses | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Office Rent | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Legal Expense - Property | 3.0% | 3.0% | | 4,658 | 4,475 | 9,133 | 4,798 | 4,610 | 9,407 | 4,942 | 4,748 | 9,690 | | |
| Audit Expense | 3.0% | 3.0% | | 17,705 | 17,012 | 34,717 | 18,237 | 17,522 | 35,759 | 18,784 | 18,048 | 36,832 | | |
| Bookkeeping/Accounting Services | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Bad Debts | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Miscellaneous | 3.0% | 3.0% | | 28,613 | 27,491 | 56,104 | 29,472 | 28,316 | 57,787 | 30,356 | 29,165 | 59,521 | | |
| Sub-total Administration Expenses | | | | 51,941 | 49,904 | 101,846 | 53,499 | 51,401 | 104,901 | 55,104 | 52,943 | 108,048 | | |
| Utilities | | | | | | | | | | | | | | |
| Electricity | 3.0% | 3.0% | | 17,447 | 16,762 | 34,209 | 17,970 | 17,265 | 35,235 | 18,509 | 17,783 | 36,292 | | |
| Water | 3.0% | 3.0% | | 54,716 | 52,571 | 107,287 | 56,358 | 54,148 | 110,506 | 58,049 | 55,772 | 113,821 | | |
| Gas | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Sewer | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Sub-total Utilities | | | | 72,163 | 69,333 | 141,496 | 74,328 | 71,413 | 145,741 | 76,558 | 73,556 | 150,113 | | |
| Taxes and Licenses | | | | | | | | | | | | | | |
| Real Estate Taxes | 3.0% | 3.0% | | 3,127 | 3,004 | 6,131 | 3,221 | 3,094 | 6,315 | 3,317 | 3,187 | 6,504 | | |
| Payroll Taxes | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Miscellaneous Taxes, Licenses and Permits | 3.0% | 3.0% | | 1,307 | 1,256 | 2,564 | 1,347 | 1,294 | 2,640 | 1,387 | 1,333 | 2,720 | | |
| Sub-total Taxes and Licenses | | | | 4,434 | 4,260 | 8,695 | 4,567 | 4,388 | 8,955 | 4,704 | 4,520 | 9,224 | | |
| Insurance | | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.0% | 3.0% | | 105,990 | 101,833 | 207,823 | 109,169 | 104,888 | 214,057 | 112,444 | 108,035 | 220,479 | | |
| Fidelity Bond Insurance | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Worker's Compensation | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Director's & Officers' Liability Insurance | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Sub-total Insurance | | | | 105,990 | 101,833 | 207,823 | 109,169 | 104,888 | 214,057 | 112,444 | 108,035 | 220,479 | | |
| Maintenance & Repair | | | | | | | | | | | | | | |
| Payroll | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Supplies | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Contracts | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Garbage and Trash Removal | 3.0% | 3.0% | | 30,712 | 29,507 | 60,219 | 31,633 | 30,393 | 62,026 | 32,592 | 31,304 | 63,887 | | |
| Security Payroll/Contract | 3.0% | 3.0% | | 184,678 | 181,559 | 366,237 | 190,218 | 186,406 | 376,624 | 192,924 | 188,308 | 381,233 | | |
| HVAC Repairs and Maintenance | 3.0% | 3.0% | | 14,486 | 13,918 | 28,403 | 14,920 | 14,335 | 29,255 | 15,368 | 14,765 | 30,133 | | |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - | | |
| Miscellaneous Operating and Maintenance Expenses | 3.0% | 3.0% | | 37,323 | 35,860 | 73,183 | 38,443 | 36,935 | 75,379 | 39,596 | 38,044 | 77,640 | | |
| Sub-total Maintenance & Repair Expenses | | | | 267,198 | 259,784 | 526,982 | 283,214 | 276,069 | 559,280 | 289,471 | 283,417 | 572,557 | | |
| Supportive Services | 3.0% | 3.0% | | - | 69,242 | 69,242 | - | 71,318 | 71,318 | - | 73,459 | 73,459 | | |
| Commercial Expenses | | | From Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100% | - | - | 968 | - | - | 1,002 | - | - | 1,037 | | |
| TOTAL OPERATING EXPENSES | | | | 785,094 | 707,672 | 1,492,766 | 808,647 | 728,902 | 1,537,551 | 832,907 | 750,769 | 1,583,712 | | |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | | |
| Bond Monitoring Fee | | | | - | - | - | - | - | - | - | - | - | | |
| Replacement Reserve Deposit | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | | |
| 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 | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | | |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | 808,809 | 730,457 | 1,539,266 | 832,362 | 751,687 | 1,584,051 | 856,622 | 773,554 | 1,630,212 | | |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | 13,116 | 46,579 | 58,728 | 13,133 | 47,815 | 59,947 | 13,151 | 49,087 | 61,202 | | |
| 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) | | | | - | - | - | - | - | - | - | - | - | | |
| 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) | | | | 13,116 | 46,579 | 58,728 | 13,133 | 47,815 | 59,947 | 13,151 | 49,087 | 61,202 | | |
| Commercial Only Cash Flow | | | | - | - | (967) | - | - | (1,001) | - | - | (1,036) | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | (493) | (474) | - | (511) | (491) | - | (526) | (508) | - | | |
| AVAILABLE CASH FLOW | | | | 12,623 | 46,105 | 58,728 | 12,622 | 47,324 | 58,946 | 12,625 | 48,579 | 60,166 | | |
| 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) | 3.0% | 3.0% | per MOHCD policy | - | - | - | - | - | - | - | - | - | | |
| Partnership Management Fee (see policy for limits) | 3.0% | 3.0% | per MOHCD policy | 10,073 | 9,678 | 19,750 | 10,073 | 9,678 | 19,750 | 10,073 | 9,678 | 19,750 | | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | per MOHCD policy no annual increase | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 | | |
| Other Payments | | | | - | - | - | - | - | - | - | - | - | | |
| Non-amortizing Loan Pmt - Lender 1 | | | Enter comments re: annual increase, etc. | - | - | - | - | - | - | - | - | - | | |
| Non-amortizing Loan Pmt - Lender 2 | | | Enter comments re: annual increase, etc. | - | - | - | - | - | - | - | - | - | | |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | - | - | - | - | - | - | - | - | - | | |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | 12,623 | 12,128 | 24,750 | 12,623 | 12,128 | 24,750 | 12,623 | 12,128 | 24,750 | | |
| | | | | | | | | | | | | | | |

Octavia Parcel U

| INCOME | Total # Units: | | Non-LOSP Units | | | Year 13 2035 | | | Year 14 2036 | | | Year 15 2037 | | | |
|--|-----------------|-------------------|--|--------|----|----------------|----------------|------------------|----------------|----------------|------------------|----------------|----------------|------------------|-------|
| | 63 | 32 | LOSP Units | 51.00% | 31 | 49.00% | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | | | | | | | | | | | | |
| Residential - Tenant Rents | 2.0% | 2.0% | | | | 125,556 | 654,352 | 779,908 | 128,067 | 667,439 | 795,506 | 130,628 | 680,788 | 811,416 | |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | | - | - | - | - | - | - | - | - | - | |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | | 771,066 | - | 771,066 | 794,437 | - | 794,437 | 818,532 | - | 818,532 | |
| Commercial Space | n/a | 2.5% | From Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100% | | | - | - | 1 | - | - | 1 | - | - | 1 | |
| Residential Parking | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Rent Income | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Supportive Services Income | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Interest Income - Project Operations | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Laundry and Vending | 0.0% | 0.0% | | | | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 | |
| Tenant Charges | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Residential Income | 0.0% | 0.0% | | | | - | - | - | - | - | - | - | - | - | |
| 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 | | | - | 220,579 | 220,579 | - | 232,693 | 232,693 | - | 245,292 | 245,292 | |
| Gross Potential Income | | | | | | 901,056 | 879,191 | 1,780,248 | 926,938 | 904,392 | 1,831,331 | 953,594 | 930,340 | 1,883,935 | |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate | | | (6,278) | (32,718) | (38,995) | (6,403) | (33,372) | (39,775) | (6,531) | (34,039) | (40,571) | |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | | - | - | - | - | - | - | - | - | - | |
| Vacancy Loss - Commercial | n/a | n/a | | | | - | - | (1) | - | - | (1) | - | - | (1) | |
| EFFECTIVE GROSS INCOME | | | | | | 894,778 | 846,473 | 1,741,252 | 920,534 | 871,020 | 1,791,555 | 947,063 | 896,300 | 1,843,364 | |
| OPERATING EXPENSES | | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | | |
| Management Fee | 3.0% | 3.0% | 1st Year to be set according to HUD schedule. | | | 35,732 | 34,330 | 70,062 | 36,804 | 35,360 | 72,164 | 37,908 | 36,421 | 74,329 | |
| Asset Management Fee | 3.0% | 3.0% | per MOHCD policy | | | 17,059 | 16,300 | 33,448 | 17,570 | 16,881 | 34,452 | 18,098 | 17,388 | 35,485 | |
| Sub-total Management Expenses | | | | | | 52,790 | 50,720 | 103,510 | 54,374 | 52,242 | 106,616 | 56,005 | 53,809 | 109,814 | |
| Salaries/Benefits | | | | | | | | | | | | | | | |
| Office Salaries | 3.0% | 3.0% | | | | 54,565 | 52,426 | 106,991 | 56,202 | 53,998 | 110,201 | 57,888 | 55,618 | 113,507 | |
| Manager's Salary | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Health Insurance and Other Benefits | 3.0% | 3.0% | | | | 99,862 | 95,946 | 195,808 | 102,858 | 98,824 | 201,682 | 105,944 | 101,789 | 207,732 | |
| Other Salaries/Benefits | 3.0% | 3.0% | | | | 102,426 | 98,409 | 200,836 | 105,499 | 101,362 | 206,861 | 108,664 | 104,403 | 213,066 | |
| Administrative Rent-Free Unit | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Salaries/Benefits | | | | | | 256,854 | 246,781 | 503,634 | 264,559 | 254,184 | 518,743 | 272,496 | 261,810 | 534,306 | |
| Administration | | | | | | | | | | | | | | | |
| Advertising and Marketing | 3.0% | 3.0% | | | | 1,054 | 1,012 | 2,066 | 1,085 | 1,043 | 2,128 | 1,118 | 1,074 | 2,192 | |
| Office Expenses | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Office Rent | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Legal Expense - Property | 3.0% | 3.0% | | | | 5,090 | 4,890 | 9,980 | 5,243 | 5,037 | 10,280 | 5,400 | 5,188 | 10,588 | |
| Audit Expense | 3.0% | 3.0% | | | | 19,348 | 18,589 | 37,937 | 19,928 | 19,147 | 39,075 | 20,526 | 19,721 | 40,247 | |
| Bookkeeping/Accounting Services | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Bad Debts | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous | 3.0% | 3.0% | | | | 31,266 | 30,040 | 61,307 | 32,204 | 30,941 | 63,146 | 33,170 | 31,870 | 65,040 | |
| Sub-total Administration Expenses | | | | | | 56,758 | 54,532 | 111,289 | 58,460 | 56,168 | 114,628 | 60,214 | 57,853 | 118,067 | |
| Utilities | | | | | | | | | | | | | | | |
| Electricity | 3.0% | 3.0% | | | | 19,064 | 18,317 | 37,381 | 19,636 | 18,866 | 38,503 | 20,225 | 19,432 | 39,658 | |
| Water | 3.0% | 3.0% | | | | 59,790 | 57,445 | 117,236 | 61,584 | 59,169 | 120,753 | 63,431 | 60,944 | 124,375 | |
| Gas | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Sewer | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Utilities | | | | | | 78,854 | 75,762 | 154,617 | 81,220 | 78,035 | 159,256 | 83,657 | 80,376 | 164,033 | |
| Taxes and Licenses | | | | | | | | | | | | | | | |
| Real Estate Taxes | 3.0% | 3.0% | | | | 3,417 | 3,283 | 6,700 | 3,519 | 3,381 | 6,901 | 3,625 | 3,483 | 7,108 | |
| Payroll Taxes | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Taxes, Licenses and Permits | 3.0% | 3.0% | | | | 1,429 | 1,373 | 2,801 | 1,471 | 1,414 | 2,885 | 1,516 | 1,456 | 2,972 | |
| Sub-total Taxes and Licenses | | | | | | 4,845 | 4,656 | 9,501 | 4,991 | 4,795 | 9,786 | 5,140 | 4,939 | 10,079 | |
| Insurance | | | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.0% | 3.0% | | | | 115,818 | 111,276 | 227,093 | 119,292 | 114,614 | 233,906 | 122,871 | 118,053 | 240,923 | |
| Fidelity Bond Insurance | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Worker's Compensation | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Director's & Officers' Liability Insurance | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Insurance | | | | | | 115,818 | 111,276 | 227,093 | 119,292 | 114,614 | 233,906 | 122,871 | 118,053 | 240,923 | |
| Maintenance & Repair | | | | | | | | | | | | | | | |
| Payroll | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Supplies | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Contracts | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Garbage and Trash Removal | 3.0% | 3.0% | | | | 33,560 | 32,244 | 65,803 | 34,566 | 33,211 | 67,777 | 35,603 | 34,207 | 69,811 | |
| Security Payroll/Contract | 3.0% | 3.0% | | | | 201,802 | 192,267 | 394,069 | 207,856 | 199,285 | 407,141 | 214,092 | 207,364 | 421,456 | |
| HVAC Repairs and Maintenance | 3.0% | 3.0% | | | | 15,829 | 15,208 | 31,037 | 16,304 | 15,664 | 31,968 | 16,793 | 16,134 | 32,927 | |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.0% | 3.0% | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Operating and Maintenance Expenses | 3.0% | 3.0% | | | | 40,784 | 39,185 | 79,969 | 42,008 | 40,360 | 82,368 | 43,268 | 41,571 | 84,839 | |
| Sub-total Maintenance & Repair Expenses | | | | | | 291,975 | 283,904 | 575,872 | 300,734 | 294,840 | 597,279 | 311,664 | 304,272 | 617,633 | |
| Supportive Services | 3.0% | 3.0% | | | | - | 75,682 | 75,682 | - | 77,932 | 77,932 | - | 80,270 | 80,270 | |
| Commercial Expenses | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| TOTAL OPERATING EXPENSES | | | | | | 857,894 | 773,292 | 1,632,259 | 883,631 | 796,491 | 1,681,232 | 910,140 | 820,386 | 1,731,675 | |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | |
| Bond Monitoring Fee | | | | | | - | - | - | - | - | - | - | - | - | |
| Replacement Reserve Deposit | | | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | |
| 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 | | | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | | | 881,609 | 796,077 | 1,678,759 | 907,346 | 819,276 | 1,727,732 | 933,855 | 843,171 | 1,778,175 | |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | 13,169 | 50,396 | 62,493 | 13,189 | 51,744 | 63,823 | 13,208 | 53,130 | 65,189 | |
| 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) | | | | | | - | - | - | - | - | - | - | - | - | |
| 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) | | | | | | 13,169 | 50,396 | 62,493 | 13,189 | 51,744 | 63,823 | 13,208 | | | |

Octavia Parcel U

| INCOME | Total # Units: | | Comments (related to annual inc assumptions) | Year 16 2038 | | | Year 17 2039 | | | Year 18 2040 | | |
|--|----------------|----------------|---|-----------------|----------------|------------------|------------------|-------------------|------------------|------------------|----------------|------------------|
| | LOSP Units | Non-LOSP Units | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 63 | 32 | | 31 | 51.00% | 49.00% | annual inc LOSP | % annual increase | | | | |
| Residential - Tenant Rents | | | | 1,332,411 | 694,403 | 827,644 | 1,359,066 | 708,292 | 844,197 | 1,386,224 | 722,457 | 861,081 |
| Residential - Tenant Assistance Payments (Non-LOSP) | | | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | | | | 843,375 | - | 843,375 | 868,988 | - | 868,988 | 895,395 | - | 895,395 |
| Commercial Space | | | | - | - | - | - | - | - | - | - | - |
| Residential Parking | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Rent Income | | | | - | - | - | - | - | - | - | - | - |
| Supportive Services Income | | | | - | - | - | - | - | - | - | - | - |
| Interest Income - Project Operations | | | | - | - | - | - | - | - | - | - | - |
| Laundry and Vending | | | | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 |
| Tenant Charges | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Residential Income | | | | - | - | - | - | - | - | - | - | - |
| Other Commercial Income | | | | - | - | - | - | - | - | - | - | - |
| Withdrawal from Capitalized Reserve (deposit to operating account) | | | | - | 258,395 | 258,395 | - | 272,019 | 272,019 | - | 228,648 | 228,648 |
| Gross Potential Income | | | | 981,050 | 957,059 | 1,938,109 | 1,009,327 | 984,571 | 1,993,899 | 1,038,452 | 955,365 | 1,993,819 |
| Vacancy Loss - Residential - Tenant Rents | | | | (6,662) | (34,720) | (41,382) | (6,795) | (35,415) | (42,210) | (6,931) | (36,123) | (43,054) |
| Vacancy Loss - Residential - Tenant Assistance Payments | | | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | | | | - | - | - | (1) | - | (1) | - | - | (1) |
| EFFECTIVE GROSS INCOME | | | | 974,388 | 922,338 | 1,896,726 | 1,002,532 | 949,156 | 1,951,689 | 1,031,521 | 919,243 | 1,950,764 |
| OPERATING EXPENSES | | | | | | | | | | | | |
| Management | | | | | | | | | | | | |
| Management Fee | 3.0% | 3.0% | 1st Year to be set according to HUD schedule. | 39,045 | 37,514 | 76,559 | 40,216 | 38,639 | 78,855 | 41,423 | 39,798 | 81,221 |
| Asset Management Fee | 3.0% | 3.0% | per MOHCD policy | 18,640 | 17,909 | 36,550 | 19,200 | 18,447 | 37,646 | 19,776 | 19,000 | 38,776 |
| Sub-total Management Expenses | | | | 57,685 | 55,423 | 113,109 | 59,416 | 57,086 | 116,501 | 61,198 | 58,798 | 119,997 |
| Salaries/Benefits | | | | | | | | | | | | |
| Office Salaries | 3.0% | 3.0% | | 59,625 | 57,287 | 116,912 | 61,414 | 59,005 | 120,419 | 63,256 | 60,776 | 124,032 |
| Manager's Salary | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Health Insurance and Other Benefits | 3.0% | 3.0% | | 109,122 | 104,843 | 213,965 | 112,396 | 107,968 | 220,383 | 115,767 | 111,227 | 226,995 |
| Other Salaries/Benefits | 3.0% | 3.0% | | 111,924 | 107,535 | 219,458 | 115,282 | 110,761 | 226,042 | 118,740 | 114,084 | 232,823 |
| Administrative Rent-Free Unit | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | 280,671 | 269,664 | 550,335 | 289,091 | 277,754 | 566,845 | 297,764 | 286,087 | 583,850 |
| Administration | | | | | | | | | | | | |
| Advertising and Marketing | 3.0% | 3.0% | | 1,151 | 1,106 | 2,257 | 1,186 | 1,139 | 2,325 | 1,221 | 1,173 | 2,395 |
| Office Expenses | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Office Rent | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | 3.0% | 3.0% | | 5,562 | 5,344 | 10,906 | 5,729 | 5,504 | 11,233 | 5,901 | 5,669 | 11,570 |
| Audit Expense | 3.0% | 3.0% | | 21,142 | 20,313 | 41,454 | 21,776 | 20,922 | 42,698 | 22,429 | 21,550 | 43,979 |
| Bookkeeping/Accounting Services | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Bad Debts | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 3.0% | 3.0% | | 34,166 | 32,826 | 66,991 | 35,191 | 33,811 | 69,001 | 36,246 | 34,825 | 71,071 |
| Sub-total Administration Expenses | | | | 62,021 | 59,588 | 121,609 | 63,881 | 61,376 | 125,257 | 65,798 | 63,217 | 129,015 |
| Utilities | | | | | | | | | | | | |
| Electricity | 3.0% | 3.0% | | 20,832 | 20,015 | 40,847 | 21,457 | 20,616 | 42,073 | 22,101 | 21,234 | 43,335 |
| Water | 3.0% | 3.0% | | 65,334 | 62,772 | 128,106 | 67,294 | 64,655 | 131,950 | 69,313 | 66,595 | 135,908 |
| Gas | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Sewer | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Sub-total Utilities | | | | 86,166 | 82,787 | 168,954 | 88,751 | 85,271 | 174,022 | 91,414 | 87,829 | 179,243 |
| Taxes and Licenses | | | | | | | | | | | | |
| Real Estate Taxes | 3.0% | 3.0% | | 3,734 | 3,587 | 7,321 | 3,846 | 3,695 | 7,540 | 3,961 | 3,806 | 7,767 |
| Payroll Taxes | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Taxes, Licenses and Permits | 3.0% | 3.0% | | 1,561 | 1,500 | 3,061 | 1,608 | 1,545 | 3,153 | 1,656 | 1,591 | 3,247 |
| Sub-total Taxes and Licenses | | | | 5,295 | 5,087 | 10,382 | 5,454 | 5,240 | 10,693 | 5,617 | 5,397 | 11,014 |
| Insurance | | | | | | | | | | | | |
| Property and Liability Insurance | 3.0% | 3.0% | | 126,557 | 121,594 | 248,151 | 130,354 | 125,242 | 255,596 | 134,264 | 128,999 | 263,264 |
| Fidelity Bond Insurance | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Director's & Officers' Liability Insurance | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | 126,557 | 121,594 | 248,151 | 130,354 | 125,242 | 255,596 | 134,264 | 128,999 | 263,264 |
| Maintenance & Repair | | | | | | | | | | | | |
| Payroll | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Supplies | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Contracts | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Garbage and Trash Removal | 3.0% | 3.0% | | 36,671 | 35,233 | 71,905 | 37,772 | 36,290 | 74,062 | 38,905 | 37,379 | 76,284 |
| Security Payroll/Contract | 3.0% | 3.0% | | 220,515 | 213,505 | 434,020 | 227,130 | 219,710 | 446,840 | 233,944 | 226,915 | 460,859 |
| HVAC Repairs and Maintenance | 3.0% | 3.0% | | 17,297 | 16,618 | 33,915 | 17,815 | 17,117 | 34,932 | 18,350 | 17,630 | 35,980 |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.0% | 3.0% | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | 3.0% | 3.0% | | 44,566 | 42,818 | 87,384 | 45,903 | 44,103 | 89,006 | 47,280 | 45,426 | 92,706 |
| Sub-total Maintenance & Repair Expenses | | | | 319,049 | 311,175 | 630,224 | 326,620 | 317,320 | 643,848 | 334,479 | 327,417 | 661,896 |
| Supportive Services | 3.0% | 3.0% | | - | 82,678 | 82,678 | - | 85,159 | 85,159 | - | 87,713 | 87,713 |
| Commercial Expenses | | | | | | | | | | | | |
| Commercial Expenses | | | | - | - | - | 1,189 | - | 1,231 | - | - | 1,274 |
| TOTAL OPERATING EXPENSES | | | | 937,444 | 844,997 | 1,783,631 | 965,567 | 870,347 | 1,837,145 | 994,534 | 896,458 | 1,892,266 |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 |
| Bond Monitoring Fee | | | | - | - | - | - | - | - | - | - | - |
| Replacement Reserve Deposit | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 |
| 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 | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | 961,159 | 867,782 | 1,830,131 | 989,282 | 893,132 | 1,883,645 | 1,018,249 | 919,243 | 1,938,766 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | 13,229 | 54,556 | 66,596 | 13,250 | 56,024 | 68,043 | 13,272 | (0) | 11,998 |
| 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) | | | | - | - | - | - | - | - | - | - | - |
| 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) | | | | 13,229 | 54,556 | 66,596 | 13,250 | 56,024 | 68,043 | 13,272 | (0) | 11,998 |
| Commercial Only Cash Flow | | | | - | - | (1,189) | - | - | (1,231) | - | - | (1,274) |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | (606) | (583) | - | (628) | (603) | - | (650) | (624) | - |
| AVAILABLE CASH FLOW | | | | 12,623 | 53,973 | 65,407 | 12,622 | 55,421 | 66,812 | 12,622 | (0) | 10,724 |
| 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) | 3.0% | 3.0% | per MOHCD policy | - | - | - | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | 3.0% | 3.0% | per MOHCD policy | 10,073 | 9,678 | 19,750 | 10,073 | 9,678 | 19,750 | 10,073 | 9,678 | 19,750 |
| Investor Service Fee (aka LP Asset Mgt Fee) (see policy for limits) | | | per MOHCD policy no annual increase | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 |
| Other Payments | | | </ | | | | | | | | | |

Total # Units: Non-LOSP
 LOSP Units Units
 63 32 31

| | 51.00% | 49.00% | Comments (related to annual inc assumptions) | Year 16 2038 | | | Year 17 2039 | | | Year 18 2040 | | |
|--|--------|--------|---|-----------------|----------|-------|-----------------|----------|-------|-----------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |

INCOME

Other Required Reserve 2 Running Balance

Octavia Parcel U

| INCOME | Total # Units: | | Comments (related to annual inc assumptions) | Year 19 2041 | | | Year 20 2042 | | |
|---|--------------------|----------------------|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | LOSP Units | Non-LOSP Units | | LOSP | non- LOSP | Total | LOSP | non- LOSP | Total |
| | 63 | 32 | | 31 | | | | | |
| | 51.00% | 49.00% | | | | | | | |
| | annual inc LOSP | % annual increase | | | | | | | |
| Residential - Tenant Rents | 2.0% | 2.0% | | 141,396 | 736,907 | 878,303 | 144,224 | 751,645 | 895,869 |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | 922,619 | - | 922,619 | 950,688 | - | 950,688 |
| Commercial Space | n/a | 2.5% | from Commercial Op. Budget Worksheet Commercial to Residential allocation: 100% | - | - | 1 | - | - | 1 |
| Residential Parking | 0.0% | 0.0% | | - | - | - | - | - | - |
| Miscellaneous Rent Income | 0.0% | 0.0% | | - | - | - | - | - | - |
| Supportive Services Income | 0.0% | 0.0% | | - | - | - | - | - | - |
| Interest Income - Project Operations | 0.0% | 0.0% | | - | - | - | - | - | - |
| Laundry and Vending | 0.0% | 0.0% | | 4,434 | 4,260 | 8,694 | 4,434 | 4,260 | 8,694 |
| Tenant Charges | 0.0% | 0.0% | | - | - | - | - | - | - |
| Miscellaneous Residential Income | 0.0% | 0.0% | | - | - | - | - | - | - |
| 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 | | | | 1,068,450 | 741,167 | 1,809,617 | 1,099,346 | 755,905 | 1,855,251 |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate | (7,070) | (36,845) | (43,915) | (7,211) | (37,682) | (44,793) |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | - | - | - | - | - | - |
| Vacancy Loss - Commercial | n/a | n/a | | - | - | (1) | - | - | (1) |
| EFFECTIVE GROSS INCOME | | | | 1,061,380 | 704,321 | 1,765,702 | 1,092,135 | 718,222 | 1,810,458 |
| OPERATING EXPENSES | | | | | | | | | |
| Management | | | | | | | | | |
| Management Fee | 3.0% | 3.0% | 1st Year to be set according to HUD schedule. | 42,665 | 40,992 | 83,658 | 43,945 | 42,222 | 86,167 |
| Asset Management Fee | 3.0% | 3.0% | per MOHCD policy | 20,369 | 19,570 | 39,939 | 20,980 | 20,157 | 41,137 |
| Sub-total Management Expenses | | | | 63,034 | 60,562 | 123,597 | 64,925 | 62,379 | 127,305 |
| Salaries/Benefits | | | | | | | | | |
| Office Salaries | 3.0% | 3.0% | | 65,154 | 62,599 | 127,753 | 67,109 | 64,477 | 131,585 |
| Manager's Salary | 3.0% | 3.0% | | - | - | - | - | - | - |
| Health Insurance and Other Benefits | 3.0% | 3.0% | | 119,240 | 114,564 | 233,805 | 122,818 | 118,001 | 240,819 |
| Other Salaries/Benefits | 3.0% | 3.0% | | 122,302 | 117,506 | 239,808 | 125,971 | 121,031 | 247,002 |
| Administrative Rent-Free Unit | 3.0% | 3.0% | | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | 306,697 | 294,669 | 601,366 | 315,897 | 303,509 | 619,407 |
| Administration | | | | | | | | | |
| Advertising and Marketing | 3.0% | 3.0% | | 1,258 | 1,209 | 2,467 | 1,296 | 1,245 | 2,541 |
| Office Expenses | 3.0% | 3.0% | | - | - | - | - | - | - |
| Office Rent | 3.0% | 3.0% | | - | - | - | - | - | - |
| Legal Expense - Property | 3.0% | 3.0% | | 6,078 | 5,839 | 11,917 | 6,260 | 6,015 | 12,275 |
| Audit Expense | 3.0% | 3.0% | | 23,102 | 22,196 | 45,298 | 23,795 | 22,862 | 46,657 |
| Bookkeeping/Accounting Services | 3.0% | 3.0% | | - | - | - | - | - | - |
| Bad Debts | 3.0% | 3.0% | | - | - | - | - | - | - |
| Miscellaneous | 3.0% | 3.0% | | 37,334 | 35,870 | 73,203 | 38,454 | 36,946 | 75,399 |
| Sub-total Administration Expenses | | | | 67,772 | 65,114 | 132,885 | 69,805 | 67,067 | 136,872 |
| Utilities | | | | | | | | | |
| Electricity | 3.0% | 3.0% | | 22,764 | 21,871 | 44,635 | 23,447 | 22,927 | 46,374 |
| Water | 3.0% | 3.0% | | 71,393 | 68,593 | 139,986 | 73,534 | 70,651 | 144,185 |
| Gas | 3.0% | 3.0% | | - | - | - | - | - | - |
| Sewer | 3.0% | 3.0% | | - | - | - | - | - | - |
| Sub-total Utilities | | | | 94,156 | 90,464 | 184,620 | 96,981 | 93,578 | 190,559 |
| Taxes and Licenses | | | | | | | | | |
| Real Estate Taxes | 3.0% | 3.0% | | 4,080 | 3,920 | 8,000 | 4,202 | 4,037 | 8,240 |
| Payroll Taxes | 3.0% | 3.0% | | - | - | - | - | - | - |
| Miscellaneous Taxes, Licenses and Permits | 3.0% | 3.0% | | 1,706 | 1,639 | 3,345 | 1,757 | 1,688 | 3,445 |
| Sub-total Taxes and Licenses | | | | 5,786 | 5,559 | 11,345 | 5,959 | 5,726 | 11,685 |
| Insurance | | | | | | | | | |
| Property and Liability Insurance | 3.0% | 3.0% | | 138,292 | 132,869 | 271,161 | 142,441 | 136,855 | 279,296 |
| Fidelity Bond Insurance | 3.0% | 3.0% | | - | - | - | - | - | - |
| Worker's Compensation | 3.0% | 3.0% | | - | - | - | - | - | - |
| Director's & Officers' Liability Insurance | 3.0% | 3.0% | | - | - | - | - | - | - |
| Sub-total Insurance | | | | 138,292 | 132,869 | 271,161 | 142,441 | 136,855 | 279,296 |
| Maintenance & Repair | | | | | | | | | |
| Payroll | 3.0% | 3.0% | | - | - | - | - | - | - |
| Supplies | 3.0% | 3.0% | | - | - | - | - | - | - |
| Contracts | 3.0% | 3.0% | | - | - | - | - | - | - |
| Garbage and Trash Removal | 3.0% | 3.0% | | 40,072 | 38,500 | 78,572 | 41,274 | 39,655 | 80,930 |
| Security Payroll/Contract | 3.0% | 3.0% | | 240,962 | 80,321 | 321,283 | 248,191 | 82,730 | 330,922 |
| HVAC Repairs and Maintenance | 3.0% | 3.0% | | 18,900 | 18,159 | 37,060 | 19,467 | 18,704 | 38,172 |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.0% | 3.0% | | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | 3.0% | 3.0% | | 48,699 | 46,789 | 95,487 | 50,159 | 48,192 | 98,352 |
| Sub-total Maintenance & Repair Expenses | | | | 348,633 | 183,769 | 532,403 | 359,092 | 189,282 | 548,375 |
| Supportive Services | | | | | | | | | |
| Commercial Expenses | 3.0% | 3.0% | from Commercial Op. Budget Worksheet Commercial to Residential allocation: 100% | - | 90,345 | 90,345 | - | 93,055 | 93,055 |
| TOTAL OPERATING EXPENSES | | | | 1,024,370 | 923,351 | 1,949,040 | 1,055,101 | 951,052 | 2,007,518 |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | |
| Ground Lease Base Rent | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 |
| Bond Monitoring Fee | | | | - | - | - | - | - | - |
| Replacement Reserve Deposit | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 |
| 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 | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | 1,048,085 | 946,136 | 1,995,540 | 1,078,816 | 973,837 | 2,054,018 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | | | |
| | | | | 13,295 | (241,815) | (229,839) | 13,318 | (255,514) | (243,561) |
| 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) | | | Enter comments re: annual increase, etc. | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | Enter comments re: annual increase, etc. | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | | Enter comments re: annual increase, etc. | - | - | - | - | - | - |
| Commercial Hard Debt Service | | | from Commercial Op. Budget Worksheet Commercial to Residential allocation: 100% | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | | | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | | | | | |
| Commercial Only Cash Flow | | | | 13,295 | (241,815) | (229,839) | 13,318 | (255,514) | (243,561) |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | (672) | (646) | (1,318) | (696) | (669) | (1,364) |
| AVAILABLE CASH FLOW | | | | 12,623 | (242,461) | (229,839) | 12,622 | (256,183) | (243,561) |
| 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) | 3.0% | 3.0% | per MOHCD policy | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | 3.0% | 3.0% | per MOHCD policy | 10,073 | 9,678 | 19,750 | 10,073 | 9,678 | 19,750 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | per MOHCD policy no annual increase | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 |
| Other Payments | | | | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 1 | | | Enter comments re: annual increase, etc. | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 2 | | | Enter comments re: annual increase, etc. | - | - | - | - | - | - |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | 12,623 | 12,128 | 24,750 | 12,623 | 12,128 | 24,750 |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | 0 | (254,589) | (254,589) | (0) | (268,311) | (268,311) |
| Does Project have a MOHCD Residual Receipt Obligation? Yes | | | | | | | | | |
| Will Project Defer Developer Fee? No | | | | | | | | | |
| Residual Receipts split for all years. - Lender/Owner 67% / 33% | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | | - | - | - | - | - | - |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | 100.00% | | Dist. Soft Debt Loans Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy | - | - | - | - | - | - |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | | - | - | - | - | - | - |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | | NOHCD Financing | - | - | - | - | - | - |
| Lender 4 Residual Receipts Due | 0.00% | | | - | - | - | - | - | - |
| Lender 5 Residual Receipts Due | 0.00% | | | - | - | - | - | - | - |
| Total Non-MOHCD Residual Receipts Debt Service | | | | - | - | - | - | - | - |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | - | - | - | - | - | - |
| Other Distributions/Uses | | | | - | - | - | - | - | - |
| Final Balance (should be zero) | | | | - | - | - | - | - | - |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | - | - | 567,000 | - | - | 598,500 |
| Replacement Reserve Deposits | | | | - | - | - | - | - | 31,500 |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | - | - | - | - | - | - |
| Replacement Reserve Interest | | | | - | - | - | - | - | - |
| RR Running Balance | | | | | | 567,000 | | | 630,000 |
| | | | | | | \$9,500 | | | \$10,000 |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | |
| Operating Reserve Starting Balance | | | | 583916 | - | - | - | - | - |
| Operating Reserve Deposits | | | | - | - | - | - | - | - |
| Operating Reserve Withdrawals | | | | - | - | - | - | - | - |
| Operating Reserve Interest | | | | - | - | - | - | - | - |
| OR Running Balance | | | | 583,916 | - | - | - | - | - |
| | | | | | | 0.0% | | | 0.0% |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | 3287392 | - | - | - | - | - |
| Other Reserve 1 Deposits | | | | - | - | - | - | - | - |
| Other Reserve 1 Withdrawals | | | | - | - | - | - | - | - |
| Other Reserve 1 Interest | | | | - | - | - | - | - | - |
| Other Required Reserve 1 Running Balance | | | | 3,287,392 | - | - | - | - | - |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | | |

EXHIBIT C
Tenant Income Certification Form

PART V. DETERMINATION OF INCOME ELIGIBILITY

| | | |
|--|--|---|
| <p>TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1 \$ </p> <p>Current Federal LIHTC Income Limit per Family Size (Federal Income Restriction at 60%, 50% or A.I.T. (20% - 80%)): \$ _____</p> <p>If Applicable, Current Federal Bond Income Limit per Family Size: \$ _____</p> <p>Household Income as of Move-in: \$ _____</p> | <p align="right">RECERTIFICATION ONLY:</p> <p>Unit Meets Federal Income Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50%</p> <p>Or Federal A.I.T. at: <input type="checkbox"/> 80% <input type="checkbox"/> 70% <input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> 20%</p> <p>Unit Meets State Deeper Targeting Income Restriction at: <input type="checkbox"/> Other _____%</p> | <p>Current Federal LIHTC Income Limit x 140%: \$ _____</p> <p>Household Income exceeds 140% at recertification: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Household Size at Move-in: _____</p> |
|--|--|---|

PART VI. RENT

| | |
|--|--|
| <p>Tenant Paid Monthly Rent: \$ _____</p> <p>Monthly Utility Allowance: \$ _____</p> <p>Other Monthly Non-optional charges: \$ _____</p> <p>GROSS MONTHLY RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges) \$ </p> <p>Maximum Federal LIHTC Rent Limit for this unit: \$ _____</p> <p>If Applicable, Maximum Federal & State LIHTC Bond Rent Limit for this unit: \$ _____</p> <p>Unit Meets Federal Rent Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50%</p> <p>Or Federal A.I.T. at: <input type="checkbox"/> 80% <input type="checkbox"/> 70% <input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> 20%</p> <p>If Applicable, Unit Meets Bond Rent Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50%</p> <p>Unit Meets State Deeper Targeting Rent Restriction at: <input type="checkbox"/> Other: _____%</p> | <p>Federal Rent Assistance: \$ _____ *Source: _____</p> <p>Non-Federal Rent Assistance: \$ _____ (*0-8)</p> <p>Total Monthly Rent Assistance: \$ _____</p> <p>*Source of Federal Assistance</p> <ol style="list-style-type: none"> 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 <p>** (PBRA) Includes: Section 8 New Construction/Substantial Rehabilitation; Section 8 Loan Management; Section 8 Property Disposition; Section 202 Project Rental Assistance Contracts (PRAC)</p> |
|--|--|

PART VII. STUDENT STATUS

| | | |
|--|---|--|
| <p>ARE ALL OCCUPANTS FULL TIME STUDENTS? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> | <p>If yes, Enter student explanation* (also attach documentation)</p> <p align="center">Enter 1-5</p> | <p>*Student Explanation:</p> <ol style="list-style-type: none"> 1 AFDC / TANF Assistance 2 Job Training Program 3 Single Parent/Dependent Child 4 Married/Joint Return 5 Former Foster Care |
|--|---|--|

PART VIII. PROGRAM TYPE

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

| | |
|--|--|
| <p>Select one of the following.</p> <p><input type="checkbox"/> 9% Allocated Federal Housing Tax Credit</p> <p><input type="checkbox"/> 4% Allocated Federal Housing Tax Credit</p> <p><input type="checkbox"/> Tax-Exempt Bond Only (No tax credits)</p> | <p>Select all that apply.</p> <p><input type="checkbox"/> HOME (including TCAP)</p> <p><input type="checkbox"/> CDBG</p> <p><input type="checkbox"/> Other HUD, including 202, 811, and 236</p> <p><input type="checkbox"/> National Housing Trust Fund</p> <p><input type="checkbox"/> USDA Rural Housing Service, including 514, 515, and 538</p> <p><input type="checkbox"/> Other state or local housing programs</p> |
|--|--|

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 attorneys fees.

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

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

EXHIBIT E
Governmental Requirements

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

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

3. Conflict of Interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. Sunshine Ordinance.

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

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

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

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

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

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

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

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

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

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

(a) Borrower agrees to comply fully with and be bound by all of the provisions of 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. Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Borrower will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code Chapter 14B ("LBE Ordinance") and will incorporate such requirements in contracts with any Contractors and Subcontractors.

23. Contractor Vaccination Policy. Borrower shall comply with the requirements of the 38th Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency ("Emergency Declaration"), dated February 25, 2020, and the Contractor Vaccination Policy for City Contractors issued by the City Administrator ("Contractor Vaccination Policy"), as those documents may be amended from time to time. The requirements stated in the Emergency Declaration and Contractor Vaccination

Policy are material terms and conditions of this Agreement, which include but are not limited to, the following:

(a) Borrower shall identify its Covered Employees who are or will be performing Work or Services under this Agreement, and shall inform them of the COVID-19 vaccination requirements stated in the City's Contractor Vaccination Policy and the Emergency Declaration.

(b) Borrower shall maintain a list of its Covered Employees by name and position, which list shall not include the employees' vaccination status. Borrower shall update the list as needed to show all current Covered Employees, and Borrower shall provide that list to the City on request.

(c) Borrower shall be responsible for determining the vaccination status of any Covered Employees working for their subcontractors under this Agreement. Borrower shall ensure that its covered subcontractors submit required information to the Borrower respecting their compliance with the Contractor Vaccination Policy.

(d) Borrower previously submitted to the City the Attestation Form confirming its compliance with the Contractor Vaccination Policy, including Attachment A thereto respecting any medical or religious vaccination exemptions granted to their Covered Employees. Borrower will submit an updated Attachment A if Borrower assigns a new Covered Employee to work on the contract who is eligible for an exemption under the Vaccination Policy.

(e) Borrower shall coordinate with the City to confirm that the City can safely accommodate at its worksite any Covered Employee for whom the Borrower has granted a medical or religious vaccination exemption, which may include ensuring that exempt employees who are accommodated comply with any required health and safety protocols.

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.

Octavia RSU Associates, L.P.,
a California limited partnership

By: Octavia RSU GP LLC,
a California limited liability company,
its general partner

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

By: 

Maurilio Leon
Chief Executive Officer

EXHIBIT G
Form of Annual Monitoring Report

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



London N. Breed
Mayor

Eric D. Shaw
Director

October 21, 2020

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

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

IMPORTANT INFORMATION RELATED TO COVID-19

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

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

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

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

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

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

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

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

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

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

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

II. Owner Compliance Certification Form and Documentation of Insurance

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

III. Audited Financial Statements

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

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

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

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

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

IV. Waiting List

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

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

- stated household income
- desired unit size

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

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

AMR Training – On-Demand Videos

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

Marketing Procedure for Available Units and Waiting List Openings

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

Serious Incident Protocol

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

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

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

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

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

Asset Management Team

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

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

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

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

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

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

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

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

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

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

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

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

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

Property and Liability Insurance

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

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

Tax Certification

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

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

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

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

Signature: _____ Date: _____

Name: _____ Title: _____

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

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

Updated 12/21/2020

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

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

1C. Eviction Data

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

2. Fiscal Activity

Income and Expenses

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

INSTRUCTIONS:

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

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

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

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

Income

Rental Income

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

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

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

Vacancy Loss

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

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

Other Income

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

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

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

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

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

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

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

Expenses

Management

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

Salaries/Benefits

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

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

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

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

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

Administration

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

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

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

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

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

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

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

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

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

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

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

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

Insurance

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

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

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

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

Maintenance and Repairs

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

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

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

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

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

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

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

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

Supportive Services

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

Reserve Account Activity

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

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

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

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

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

3A. Occupancy & Rent Info

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

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

| COLUMN | DESCRIPTION |
|--------|-------------|
|--------|-------------|

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

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

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

Bed = (measurement for Group homes or transitional housing)

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

"**Studio**" = Studio unit

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

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

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

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

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

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

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

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

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

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

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

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

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

3B. Demographic

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

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

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

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

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

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

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

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

3C. Summary of Reported Household Demographics

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

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

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

6. Services Funding

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

7. Supplementary Audit Information - Required by MOHCD

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

Completeness Tracker

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

Links to Relevant Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

POPULATION SERVED

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

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

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

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

Remember, **SAVE YOUR WORK!**

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

Project Address:

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

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

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

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

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

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

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

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

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

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

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

Project Address:

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

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

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

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

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

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

Number of Unlawful Detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.)
You MUST answer every question (i.e., enter zero if applicable).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(add additional rows as needed)

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

| Violation or Citation # | Date Cleared | Issued By | Description of Remedy |
|-------------------------|--------------|-----------|-----------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

(add additional rows as needed)

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

3. Major Repairs

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

4. Vacant Unit Rent-Up Time

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

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

5. Affirmative Marketing

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

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

6. Vacancy Rate ----->

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

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

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

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

Misc. Admin Expenses

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

Misc. Operating & Maintenance Expenses

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

8. Negative Cash Flow

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

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

Project Street Address:

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

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

Project Street Address:

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

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

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

Administration

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

Utilities

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

Taxes and Licenses

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

Insurance

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

Project Street Address:

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

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

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

Financial Expenses

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

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

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

Depreciation & Amortization Expenses

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

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

Net Entity Expenses

the right.

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

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

Project Street Address:

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

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

Distribution of Surplus Cash Ahead of Residual Receipts Payments

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

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

Distribution of Residual Receipts

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

| |
|--|
| |
| |
| |
| |
| |

Total

Total Residual Receipts Distributions to Lenders: \$0

Proposed Owner Distribution \$0

Proposed Other Distribution/Uses \$0

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

Project Street Address:

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

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

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

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

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

Project Address: _____

Submission Instructions:

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

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

| Worksheet 1A. Property & Residents | | INCOMPLETE |
|------------------------------------|--|------------|
| Questions 1 thru 4 | | Incomplete |
| Questions 5 thru 24 | | Incomplete |
| Questions 25 thru 39 | | Incomplete |
| Questions 40 thru 46 | | Incomplete |
| Questions 51 thru 57 | | Incomplete |

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

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

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

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

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

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

| Worksheet 5. Project Financing | | INCOMPLETE |
|--------------------------------|--|------------|
|--------------------------------|--|------------|

| 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 |
| HUD SF AMI | 100.0 | 108.0 | 8.0% | 107 | -0.9% | 111 | 3.9% | 109.0 | -2.0% | 112.5 | 3.2% |
| MOHCD AMI | 100.0 | 104.0 | 4.0% | 107 | 2.9% | 111 | 3.9% | 111 | 0.0% | 112.5 | 1.2% |

Utility Allowances

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

Limited Hardship Waiver

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

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

EXHIBIT L
Insurance Requirements

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

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

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

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

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

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

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

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

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

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

(a) Prior to construction:

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

(b) During the course of construction:

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

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

(c) Upon completion of construction:

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

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

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

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

3. 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
Deed of Trust

Free Recording Requested Pursuant to
Government Code Section 27383

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Director
APN: 0853-065 and 0853-066
Address: 78 Haight Street and 120 Octavia Street, San Francisco, CA

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

**LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

(Property Address: 78 Haight Street and 120 Octavia Street, San Francisco, CA)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (“Deed of Trust”) is made as of _____, 2022, by **OCTAVIA RSU ASSOCIATES, L.P.**, a California limited partnership (“Trustor”), whose address is 201 Eddy Street, San Francisco, California 94102, to **OLD REPUBLIC TITLE COMPANY**, a California corporation (“Trustee”), whose address is 275 Battery Street, Suite 1500, San Francisco, California 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 an Amended and Restated 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 sixty-three (63)-unit multifamily rental housing development (the “Improvements”) affordable to low-income households, including thirty-two (32) units for TAY, of which fifteen (15) units will be targeted to residents who qualify under the Homeless Household under No Place Like Home (NPLH) Criteria, and including the construction of the commercial shell of a childcare center

(the “Commercial Space”), collectively which will be known as 78 Haight (the “Project”); and

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

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

(d) all of Trustor's interest in and under that certain Ground Lease on or about the date hereof by and between Beneficiary, as lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

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

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

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

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

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

(j) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

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

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

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

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

(b) payment of the indebtedness evidenced by the Agreement and the Notes in the original principal amount of Twenty Six Million Seven Hundred Forty Six Thousand Four Hundred Sixty Seven and No/100 Dollars (\$26,746,467), with interest, according to the terms of the Agreement and the Notes; and

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

3. Assignment of Rents.

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) should Trustor fail to make any payment or to do any act as herein provided, then, subject to the notice and cure provisions included in the Agreement, 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 84-2120618.. 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 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 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.

(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 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:”

Octavia RSU Associates, L.P.,
a California limited partnership

By: Octavia RSU GP LLC,
a California limited liability company,
its general partner

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

By: _____
Maurilio Leon
Chief Executive Officer

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A
Legal Description of the Land

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

Leasehold estate as created by that certain Ground Lease dated April _____, 2022 made by and between the City and County of San Francisco, a municipal corporation, as lessor, and Octavia RSU Associates, L.P., a California limited partnership, as lessee, for the term of and upon the terms and conditions contained in said lease, a memorandum thereof recorded concurrently herewith in and to the following:

Parcel A and Parcel B as shown on Parcel Map 10527, which Map recorded December 30, 2021 in Book 52 of Parcel Maps, Pages 31-34, inclusive, San Francisco County Records.

APN: 0853-065 and 0853-066 (formerly APN 0853-032)

Street Address:
78 Haight Street and 120 Octavia Street, San Francisco, CA

EXHIBIT N
Declaration of Restrictions

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: Director
APN#: 0853-065 and 0853-066
Address: 78 Haight Street and 120 Octavia Street, San Francisco, CA

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

**DECLARATION OF RESTRICTIONS AND
AFFORDABLE HOUSING COVENANTS**
78 Haight Street and 120 Octavia Street

**THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING
COVENANTS** (this “Declaration”) is made as of _____, 2022, by
OCTAVIA RSU 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 AHF Inclusionary
Funds, AHF Inclusionary Market and Octavia Funds, 2019 GO Bond funds, No Place
Like Home funds, and ERAF housing funds, to finance costs associated with the
development of the leasehold interest in the real property described in **Exhibit A** attached
hereto and incorporated herein by reference (the land and the leasehold interest, the
“Property”) as low-income affordable housing (the “Project”). The Loan is evidenced by,
among other documents, an Amended and Restated Loan Agreement between the City
and Borrower dated as of the date of this Declaration, as it may be amended from time to
time (the “Agreement”). The Agreement is incorporated by reference in this Declaration
as though fully set forth in this Declaration. Definitions and rules of interpretation set
forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain
affordability covenants and other use and occupancy restrictions set forth in the
Agreement (collectively, the “Regulatory Obligations”), commencing on the date the
Deed of Trust is recorded in the Official Records of San Francisco County, and

continuing for the Life of the Project (the “Compliance Term”), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

AGREEMENT

Now, therefore, in consideration of the City providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower will comply with the Regulatory Obligations and this Declaration through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

1.1 Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically:

| Unit Size | No. of Units | Maximum Income Level |
|------------------|---------------------|---|
| Studio | 12 | 30% of Median Income (LOSP) |
| NPLH Studio | 15 | 30% of Median Income as determined by NPLH Regulations (LOSP) |
| 1BR | 5 | 30% of Median Income (LOSP) |
| Studio | 27 | 65% of Median Income |
| Studio | 4 | 50% of Median Income |

Thirty-two (32) Units will be made available to the Transitional Age Youth who are 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.

Of those thirty-two (32) Units, fifteen (15) Units will be No Place Like Home (NPLH) units and targeted to residents who meet the Homeless Household under No Place Like Home (NPLH) Criteria for a period of 55 years. NPLH units are restricted to 30% AMI as determined by NPLH Regulations, however the AMI for the NPLH units may be increased to a maximum of 50% AMI consistent with the provisions under the NPLH Program Guidelines. On an annual basis, Borrower will convert to the Median Income as determined by NPLH Regulations and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation.

NPLH units must be operated under the requirements of No Place Like Home as listed in Exhibit Q of this Agreement, and as also included in the MOHCD Underwriting Guidelines and Local Operating Subsidy Program Policies & Procedures Manual.

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-five percent (65%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (65%) of Median Income, (b) less utility allowance.

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

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

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

1.3 For the avoidance of any doubt, notwithstanding any repayment of the Loan or otherwise satisfied or if the Deed of Trust is reconveyed, Borrower will comply with the applicable terms of the Agreement as if fully set forth herein, including, without limitation, Article 6 (Marketing), Article 7 (Affordability and Other Leasing Restrictions), Article 8 (Maintenance and Management of the Project), Article 9 (Governmental Approvals and Requirements), Article 10 (Project Monitoring, Reports, Books and Records), Article 11 (Use of Income From Operations), Article 12 (Required Reserves), Article 16 (Transfers), Article 17 (Insurance and Bonds; Indemnity), Article 18 (Hazardous Substances), and Article 19 (Default).

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

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

[signature follows]

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

“BORROWER”

Octavia RSU Associates, L.P.,
a California limited partnership

By: Octavia RSU GP LLC,
a California limited liability company,
its general partner

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

By: _____
Maurilio Leon
Chief Executive Officer

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A

(Legal Description of the Property)

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

Leasehold estate as created by that certain Ground Lease dated April _____, 2022 made by and between the City and County of San Francisco, a municipal corporation, as lessor, and Octavia RSU Associates, L.P., a California limited partnership, as lessee, for the term of and upon the terms and conditions contained in said lease, a memorandum thereof recorded concurrently herewith in and to the following:

Parcel A and Parcel B as shown on Parcel Map 10527, which Map recorded December 30, 2021 in Book 52 of Parcel Maps, Pages 31-34, inclusive, San Francisco County Records.

APN: 0853-065 and 0853-066 (formerly APN 0853-032)

Street Address:

78 Haight Street and 120 Octavia Street, San Francisco, CA

EXHIBIT O
Commercial Underwriting Guidelines

Mayor's Office of Housing and Community Development Commercial Space Underwriting Guidelines

Effective February 2, 2018

A. Applicability

The following Commercial Space Underwriting Guidelines (Guidelines) are intended to assist applicants for capital financing to prepare financing requests to the Mayor's Office of Housing and Community Development (MOHCD). They apply to new construction projects only. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee for consideration. The Loan Committee maintains the right to set final terms and conditions for commitment of funds based on the actual circumstances of each project. MOHCD reserves the right to review and approve any requests for variations to these Guidelines. These Guidelines are subject to change.

B. Goals

1. To repay the City for costs related to the development of commercial spaces located within City-funded affordable housing properties.
2. To create vibrant neighborhoods, especially for those experiencing displacement of low-income residents, by facilitating the development of commercial space for Public Benefit and Community Serving Commercial Uses.
3. To recognize the dynamism and relationship to market conditions in commercial real estate that is not found in affordable housing while also mitigating against the market risk inherent in this dynamism.

C. Definitions

1. **Affiliated Entity:** An entity that is either controlled by the Housing Owner, controls the Housing Owner, or is under common control with Housing Owner. Control, as used in the previous sentence, means the ownership, directly or indirectly, of the right to vote in or direct the ordinary operations of the entity.
2. **Commercial Space:** An entire undifferentiated commercial area for Public Benefit Use, Community Serving Commercial Use, or Commercial Use. If the Project is subdivided, then the Commercial Space would be a condominium or air rights parcel, separate from the Residential Space. It is possible to have more than one Commercial Space in a Project because the developer intends different uses (for example, a space finished to Warm Shell and where use will be Public Benefit Use, while another area is finished to Cold Shell and Commercial Use is intended). A Commercial Space may be demised into more than one Individual Tenant Space as appropriate.
3. **Commercial Use:** A land use, typically retail or other sales and services use, with the sole or chief emphasis on making financial gain and that is not a Public Benefit Use or Community Serving Commercial Use as defined below. Commercial Uses shall not include uses that, in MOHCD's sole discretion, are inconsistent with fostering a stable environment for families and children, including, but not limited to, bars, liquor stores,

tobacco product stores, recreational cannabis shops (medical cannabis dispensaries may be permitted in MOHCD's sole discretion, but only to the extent permitted by funding sources and applicable local, state, and federal law) or other uses that cater exclusively to adults.

4. **Commercial Entity:** A legal entity, separate from the Housing Owner, who may either master lease the Commercial Space from the Housing Owner or ground lease the Commercial Space directly from the City, as provided in Permitted Legal Structures, below.
5. **Commercial Project Costs:** The total of all hard and soft costs associated with the development of the Commercial Space.
6. **Community Serving Commercial Use:** A land use, typically retail or other sales and services use, that provides a direct benefit to the community, e.g. a food market with affordable and healthy produce and other goods, community banking, or other neighborhood serving uses that have a demonstrated benefit to the residents of the Project, as determined by MOHCD in its sole discretion.
7. **Commercial Space Master Tenant:** A Commercial Entity that is an Affiliated Entity and that leases the Commercial Space from the Housing Owner and subleases Individual Tenant Space(s) to Individual Commercial Tenant(s).
8. **Housing Owner:** The owner of the residential improvements at the Project.
9. **Cold Shell:** Commercial Space improvements as defined in detail under Item 18.
10. **Individual Commercial Tenant:** An occupant of Commercial Space rented from the Housing Owner or Commercial Entity (depending on legal structure).
11. **Individual Tenant Space:** Demised portion of the Commercial Space for lease to an Individual Commercial Tenant.
12. **Net Commercial Cash Flow:** Commercial Operating Income less the Commercial Operating Expenses for a Lease Year (or portion thereof). **Commercial Operating Expenses** means the reasonable and customary expenses of reasonable operating and routine maintenance and repair expenses incurred by the Housing Owner or Commercial Entity (depending on legal structure) in the operation of the Commercial Space, debt service, and MOHCD-approved reserves. **Commercial Operating Income** means all income and receipts in any form received by the Housing Owner or Commercial Entity (depending on legal structure) from the operation of the Commercial Space, including rents, fees, deposits, and reimbursements.
13. **Project:** A mixed-use, multifamily residential and commercial project built with substantial reliance on City funding, which may include one or more subdivided residential condominium/air rights parcels and commercial condominium/air rights parcels.
14. **Public Benefit Use:** A land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit

corporations, and has been identified by the City or community as a priority use. Examples include, but are not limited to, childcare centers, adult day health centers, nonprofit office space, public libraries, supportive services for the residents of the affordable housing development, health clinics that serve the local community at no or low cost, arts-related spaces that provide programs, and classes and/or exhibition spaces available to community members at no or low cost.

- 15. Residential Space:** The entire undifferentiated residential area for future demising and occupancy by residential tenants. If the Project is subdivided, then the Residential Space would be a condominium or air rights parcel, separate from the Commercial Space(s).
- 16. Tenant Improvement Allowance:** A budget allowance sized to accommodate the build out of Warm Shell improvements, which MOHCD may approve when the Individual Commercial Tenant/s is unknown at construction loan closing.
- 17. Warm Shell:** Commercial Space improvements as defined in detail under Item 18.
- 18. *Detailed definition of Cold Shell and Warm Shell improvements (see next page)***

| | | |
|---------------------------|---|---|
| <u>Scope/Trade</u> | <u>Cold Shell</u> | <u>Warm Shell (Cold Shell plus the following)</u> (Note: The cost of Warm Shell improvements should be included in the development budget either as a specific scope of work, if known, or as a Tenant Improvement Allowance, subject to MOHCD approval.) |
| Walls/Doors | Exterior/perimeter walls and doors. Exterior/perimeter walls must be finished with gyp and fire taping to Code. No partition walls or doors. | Partition walls and doors to Individual Tenant Space/s. Partition walls, doors and locks for bathrooms based on Individual Commercial Tenants and Code requirements. |
| Finish | Exposed concrete slab with rough-in Plumbing, depressed to allow for anticipated use (floor sinks, drains). Temporary ramps for Certificate of Completion, as required. | Finished floor to minimum specification of Individual Commercial Tenant or exposed slab with clearance to install flooring to level landing at door. Wall and ceiling finish, lighting and finish specialties in bathrooms. |
| Specialties | Code required signage. Exterior commercial signage program developed and approved by Planning and MOHCD. | Bathroom accessories. Exterior signage design, infrastructure, fabrication and installation. |
| Structural | Anchors for drop-ceiling. Anchors must be cast-in slab 4' on center in each direction. Coring or block-out for assumed HVAC rough-in. | Code required ramps and railings to assumed final finish floor and level landing at entrance(s). |
| Elevator | No | As required. |

| | | |
|-------------------|---|---|
| Mechanical | Stub out for heat-pump, space on roof for equipment, and pad (or sidewall where possible). Fire rated shaft for later ducting of restaurant hood(s); supply air / louver on exterior wall. | Venting of bathrooms and all other plumbing fixtures. Ductwork to connect location of heatpump to exterior. Code required smoke control. In the case of an approved restaurant use, minimum of one (1) grease duct plus make up air (MUA) duct to accommodate Type 1 hood. Type 2 hood shaft and venting may be considered. Does not include water heating and all other mechanical equipment. |
| Gas | Stub-out for gas and gas meter in meter room. | Submeters based on establishment of Individual Tenant Space/s. |
| Plumbing | Stub-out for domestic water supply and water meter in meter room. Storm sewer 4". Stub out all plumbing (supply and waste) to bathroom location(s). No finish. | Water meters based on establishment of Individual Commercial Tenant/s. Distribute domestic water, waste and vents to plumbing fixture locations within Individual Tenant Space/s. Finish plumbing. |
| Electrical | 200A-600A 3 phase service. Meter in electrical room with service to Commercial Space. Stub out and conduit on ceiling for mechanical. Perimeter walls to have wall receptacles. Light fixtures in space connected to house meter to meet Certificate of Completion requirements only. Emergency lighting battery back-up. | Submeters based on established Individual Commercial Tenant/s and extension of stub-outs to Individual Tenant Space/s. Installation of sub panel at Individual Tenant Space/s. |
| Telco | Two (2) 2" conduits from MPOE to space for telecom/data/security. Temporary security camera connected to residential system until Commercial Space is occupied. | |

| | | |
|--|---|--|
| <p>Fire Protection/ Alarm</p> | <p>Building Fire Alarm shall be sized and zoned to include Commercial Space. State and Local SFFD Code requirements for Completion and Certificate of Occupancy must be met. Sprinkler shall be installed, activated and monitored.</p> | <p>Zoning of Fire Alarm to Individual Tenant Space/s and re-configuration / programming of main building fire panel.</p> |
| <p>Site Work</p> | <p>No</p> | <p>No</p> |

D. Permitted Legal Structures

a. Each of the following legal structures may be used for a Project, as permitted by MOHCD, taking into account the location of the Project, the community that the Project intends to serve, financing requirements and restrictions, and the capacity and expertise of the developer and Housing Owner. These Guidelines assume MOHCD owns the land on which the Project is located. In the rare scenario in which that is not the case, MOHCD and the Housing Owner will adjust these Guidelines accordingly to achieve the Goals articulated in Paragraph B and the same financing principles related to the use of MOHCD funds.

1. No Subdivision; Single Ground Lease. The real property is not subdivided and the entire property is ground leased to Housing Owner.

a. Direct Leases: Housing Owner leases directly to Individual Commercial Tenant(s); or

b. Commercial Master Lease: Housing Owner leases the Commercial Space to the Commercial Entity (which must be an Affiliated Entity) (the “Commercial Space Master Tenant”). The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

2. Subdivision. The real property is subdivided into a separate residential condominium or air rights parcel and a separate commercial condominium or air rights parcel (or subdivided into more than one separate parcels of either use).

a. Single Ground Lease. The real property is subdivided, and the City ground leases the entire property to the Housing Owner.

(i) Direct Leases: Housing Owner retains ownership of the leasehold for the Commercial Space and leases directly to Individual Commercial Tenant(s); or

(ii) Commercial Master Lease: Housing Owner retains ownership of the leasehold for the Commercial Space and leases the Commercial Space to a Commercial Space Master Tenant. The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

b. Separate Ground Leases.

(i) The City ground leases the Residential Space to the Housing Owner. The City separately ground leases the Commercial Space to the Commercial Entity. The Commercial Entity may or may not be an Affiliated Entity.

(ii) Where the Commercial Entity is a for-profit company, not related to the Housing Owner, and the Commercial Space will be used for Commercial Use, the City’s strong preference is that the subdivision be in the form of a condominium as opposed to an air rights parcel.

E. Underwriting Guidelines for All Permitted Legal Structures

1. The eligible uses of MOHCD Funds for Commercial Project Costs are:
 - a. Hard Costs: Subject to approval by MOHCD, Borrower may request the use of MOHCD funds for the following:
 - i. Commercial Uses: Cold Shell only. However, MOHCD may provide funding for Warm Shell improvements required to be installed concurrent with residential construction (e.g. restaurant flue shafts with grease ducts and access panels on each floor, drain lines and anchor bolts installed in PT floor and ceiling slabs). If Housing Owner is working with the Commercial Entity or an Individual Commercial Tenant before or during construction, Housing Owner may install ducting to the exterior (roof or louvers on building exterior) as a reimbursable cost to Housing Owner by the Commercial Entity or the Individual Commercial Tenant. Costs for all Cold Shell and Warm Shell improvements must be repaid to MOHCD, in full or in part, through non-housing sources, according to the requirements set forth in Section I below.
 - ii. Community Serving Commercial Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources, such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc., as appropriate for the proposed use for the purpose of reducing funding required from MOHCD.
 - iii. Public Benefit Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc. as appropriate for the proposed use, for the purpose of reducing funding required from MOHCD.
 - b. Soft Costs: Subject to MOHCD approval and evaluated based on industry standards and market conditions for comparable projects and uses, including:
 - Construction management and consulting fees for coordination of tenant improvements with shell construction
 - Commercial broker fee
 - Commercial space lease-up reserve
 - Commercial space replacement reserve
 - Commercial space developer fee (see developer fee policy below)
 - Market analysis as is required by MOHCD
 - Future tenant improvements reserve
 - Pro rata share of Project development costs associated with Commercial Space (for example, financing costs and legal fees)

2. Conditions of MOHCD Funds.

- a. Market Analysis: Developer shall provide MOHCD a third party prepared market analysis (e.g. from a broker, appraiser, or market analyst) to determine appropriate terms for Market Rents, Rent Growth, Annual Rent Adjustments, Rent Concessions and/or Tenant Improvement Allowances, Vacancy, Expenses, Expense Growth, Management Fees, Leasing Agent Fees, and Reserves.
- b. Operating Budget. Developer shall provide the Housing Owner's or Commercial Entity's (depending on legal structure) commercial operating budget based on proposed use and market conditions consistent with the third party prepared Market Analysis provided for the project as defined above in 2.a. Commercial rents charged must be sufficient to cover all direct, shared, and allocated costs attributable to commercial use, including, but not limited to: pro-rata share of cleaning, maintenance and utility costs for shared bathrooms and hallways; pro-rata share of maintenance of fire sprinkler and fire alarm systems; pro-rata share of cleaning, maintenance and repair of the trash room; pro-rata share of maintenance and repair of the sidewalk, street trees and bike racks; pro-rata share of hydro-jetting of the sewer laterals; and pro-rata share of back-flow testing of the water lines. Commercial operating expenses shall include all utilities payable by the property for the Commercial Space, commercial property management and asset management fees, commercial operating and replacement reserves, and property taxes and insurance attributable to the Commercial Space.
- c. Leases and Letters of Intent. The Commercial Master Lease and business terms for Direct Leases and subleases are subject to review and approval by MOHCD, in accordance with the Market Analysis and these Guidelines.

F. Commercial Space Developer Fee

1. Commercial Uses: The lesser of \$100,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 incremental fee will be allowed for completion of the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. The Commercial Space Developer Fee is payable only from non-MOHCD sources, e.g. commercial loan proceeds or transfer of the leasehold estate in the Commercial Space, etc.
2. Public Benefit Uses and Community Serving Uses: The lesser of \$250,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 in fee will be allowed for completing the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. Half of the Commercial Space Developer Fee is payable

only from non-MOHCD sources, e.g. commercial loan proceeds, grants, or transfer of the leasehold estate in the Commercial Space.

3. Commercial Space Developer Fee; Net Developer Fee Maximums. To the extent allowable by TCAC, the Commercial Space Developer Fee is in addition to the net developer fee maximums pursuant to MOHCD Developer Fee Guidelines.

G. Change in Use

Change in use from Public Benefit Use or Community Serving Commercial Use to Commercial Use requires approval by MOHCD and will result in required repayment of the costs of Warm Shell improvements funded by MOHCD loan(s). Repayment will be calculated by amortizing the MOHCD-funded costs over the useful life of the improvements and sized based on the number of years the improvements did not serve a Public Benefit or Community Serving Commercial Use.

H. Single Ground Lease Additional Guidelines

The following ground lease terms apply where the City ground leases the entire property to the Housing Owner, whether or not the property has been subdivided.

1. Direct Lease
 - a. **40% City/60% Housing Owner:** 40% of Net Commercial Cash Flow will be paid by Housing Owner to City in the form of increased ground lease payment of Residual Rent (see MOHCD Policy on Ground Leases for defined terms). Housing Owner will retain 60% of Net Commercial Cash Flow.
 - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.
2. Commercial Master Lease
 - a. **40% City/60% Affiliated Entity:** 40% of Net Commercial Cash Flow will be paid by Commercial Entity to Housing Owner and subsequently paid to City in the form of increased ground lease payment of Residual Rent. 60% of Net Commercial Cash Flow is payable to the Commercial Entity (ie. the Commercial Space Master Tenant). The Commercial Entity must be an Affiliated Entity.
 - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.

I. Separate Ground Leases Additional Guidelines

The following MOHCD commercial loan repayment and commercial ground lease terms apply where the property has been subdivided, the City ground leases the Residential Space to the Housing Owner, and the City ground leases the Commercial Space(s) to the Commercial Entity(ies).

1. Reimbursement to MOHCD of Commercial Project Costs depends on the ownership structure and the type of use, as follows:

- a. Public Benefit Uses, Community Serving Commercial Uses, and Commercial Uses when the Commercial Entity is an Affiliated Entity:

Within the earlier of 90 days after 75% occupancy is achieved for Commercial Space or one year after the issuance of a Temporary Certificate of Occupancy or Certificate of Occupancy for the Commercial Space, the Commercial Entity must obtain a commercial loan commitment to repay MOHCD for all Commercial Project Costs included in MOHCD financing. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval. The commercial loan must close within 90 days following the issuance of a loan commitment. In the event that the commercial loan is not large enough to fully repay MOHCD for Commercial Project Costs, MOHCD will retain a second position Deed of Trust against the Commercial Space, securing a Note in the amount of any unpaid balance. Any outstanding balance on a MOHCD commercial loan will be payable upon refinance or transfer of the Commercial Space.

- b. Commercial Uses when the Commercial Entity is an unrelated third-party:

The Commercial Entity must repay MOHCD for all Commercial Project Costs included in MOHCD financing at close of purchase of the leasehold interest in the commercial condominium/air rights parcel and/or execution of the commercial ground lease. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval.

2. Commercial Space Ground Lease Payment and Payment on Any Outstanding MOHCD Commercial Loan

- a. Public Benefit Uses & Community Serving Commercial Uses: Annual ground lease payment equal to 40% of Net Commercial Cash Flow. However, if there is an outstanding MOHCD commercial loan, the 40% Net Commercial Cash Flow will first be used to pay down the MOHCD commercial loan and then to the annual ground lease payment. Commercial Entity will retain 60% of Net Commercial Cash Flow.

- b. Commercial Uses: Annual ground lease payment equal to market rent based on current comparable leases. Sizing of Base Rent and Residual Rent to be negotiated. If there is an outstanding MOHCD commercial loan (only applicable when the Commercial Entity is an Affiliated Entity), 40% Net Commercial Cash Flow will be used to pay off the MOHCD commercial loan and then go towards payment of Residual Rent, if applicable. Commercial Entity will retain 60% of Net Commercial Cash Flow.

3. Any transfer or sale of the Housing Owner's or Commercial Owner's ground lease interest in the Commercial Space parcel is subject to MOHCD approval as ground lessor. If the Project was developed as air rights parcels, MOHCD may require that the air rights subdivision be converted to condominiums before the Commercial Space may be transferred to an unaffiliated for-profit entity for Commercial Use.

4. Ground Lease Term: To be negotiated based on Market Analysis (see section E.2.a. for requirements for Market Analysis.)

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)

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|---|--|
| 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.

EXHIBIT Q

No Place Like Home (NPLH) Requirements

EXHIBIT Q

ATTACHMENT 7

No Place Like Home Requirements (NPLH) Key Requirements

(as included in the MOHCD Underwriting Guidelines dated June 17, 2019 and Local Operating Subsidy Program (LOSP) Policies & Procedures)

For supportive housing funded by the State of California's No Place Like Home Program, MOHCD has developed this addendum to summarize key requirements of the NPLH Program. Sponsors of NPLH-funded supportive housing must comply with all relevant requirements of the NPLH Program Guidelines. The full program guidelines are available at the State of California Housing and Community Development Department's website: <http://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml#guidelines>.

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

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

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

http://www.hcd.ca.gov/grants-funding/already-have-funding/uniform-multifamily-regulations/docs/MHPandSHRegs5_14_05.pdf

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

- Suitability of each location for the NPLH residents, including proximity to transportation, services, and other amenities in a manner that ensures integration of the NPLH residents in the community;

- The Project site must be free from severe adverse environmental conditions, such as the presence of toxic waste that is economically infeasible to remove and that cannot be mitigated.
- All units must be on a permanent foundation and must meet all applicable State and local requirements pertaining to rental housing, including but not limited to, requirements for minimum square footage, and requirements related to maintaining the property in a safe and sanitary condition.
- Readiness to proceed to construction;
- Capital, operating subsidy, and supportive services leverage;
- Compliance with applicable state and federal relocation laws including California Government Code Section 7260 et seq., and 25 CCR Section 6000 et seq.; and
- Compliance with Article XXXIV Section 1 of the California Constitution, as clarified by Public Housing Election Implementation Law (H&S Code Section 37000 et seq.).

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

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

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

- (1) Assisted units must be integrated with other units in the project and not separated onto separate floors or areas in the building
- (2) To promote integration of the target population with other project tenants, in projects of greater than 20 units, MOHCD will fund no more than 49 percent of the project's total units as NPLH assisted units. This limitation shall not be interpreted to preclude occupancy of any project units by persons with disabilities, or restrictions by other

- funding sources, including but not limited to TCAC, that result in more than 49 percent of the total project units being restricted to persons with disabilities
- (3) Sponsors must certify that they will facilitate or provide regular community building activities and architectural design features that promote tenant interaction, as feasible depending on the scope of the construction or rehabilitation activity
 - (4) The service plan and property management plan submitted with the funding application must document policies that promote participation by tenants in community activities, and impose no restrictions on guests that are not otherwise required by other project funding sources or would not be common in other unsubsidized rental housing in the community. (from Section 202 (g))

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

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

MOHCD will not allocate NPLH funds to capitalize operating subsidy reserves for assisted units. (from Section 302 (b))

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

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

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

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

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

NPLH funds not committed to projects within 24 months of award by the State Department of Housing and Community Development shall be returned to the State, and such funds shall

be made available for award to applicants as part of the State's Competitive Allocations. Evidence of committed funds may include award letters, commitment letters, or other written agreements evidencing a commitment of funds. (from Section 302 (h))

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

Occupancy of all NPLH assisted units shall be restricted to households with at least one member who qualifies as a member of the target population. (from Section 303 (a)) The NPLH target population includes adults or older adults with a serious mental disorder or children or adolescents with serious emotional disturbance who are homeless, chronically homeless, or at-risk of chronic homelessness. This includes persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders. (from the State's Welfare and Institutions Code Section 5600.3 (a) and (b) that governs the Mental Health Services Act Program and the target population for the MHSA Program)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

California Labor Code Section 1720 et seq. requires payment of prevailing wages for certain developments paid for in whole or in part from any public funding source, and exempts other developments from this requirement. All funds provided under this program are public funds within the meaning of these Labor Code sections. Program funding for a portion of a project shall not necessarily, in and of itself, be considered public funding of the entire project. MOHCD shall be responsible for determining on a case-by-case basis, the extent of the applicability of state prevailing wage law to each individual project. (from Section 304 (f)).

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

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

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

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

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

housing. Funds from the transition reserve may be used for these expenses. (from Section 304 (h))

D. Operating Budget Requirements

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

E. Supportive Services Requirements

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

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

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

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

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

- (1) Description of the Target Population to be served, and identification of any additional subpopulation target or occupancy preference for the NPLH Project that the Applicant wishes to undertake beyond what is permitted under the Target Population requirements. Any

additional subpopulation targeting or occupancy preference for NPLH Project must be approved by the Department prior to construction loan closing and must be consistent with federal and state fair housing requirements;

- (2) Description of tenant outreach, engagement and retention strategies to be used;
- (3) Description of each service to be offered, how frequently each service will be offered or provided depending on the nature of the service, who is anticipated to be providing the services and the location and general hours of availability of the services;
- (4) For services provided off-site, the plan must describe what public or private transportation options will be available to NPLH tenants in order to provide them reasonable access to these services. Reasonable access is access that does not require walking more than ½ mile.
- (5) Description of how the supportive services are culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. This includes explaining how services will be provided to NPLH tenants who do not speak English, or have other communication barriers, including sensory disabilities, and how communication among the services providers, the property manager and these tenants will be facilitated;
- (6) Estimated itemized budget, and sources of funding for services;
- (7) Description of how the supportive services staff and property management staff will work together to prevent evictions, to adopt and ensure compliance with harm reduction principles, and to facilitate the implementation of reasonable accommodation policies from rent-up to ongoing operations of the Project;
- (8) General service provider and property manager communication protocols;
- (9) Description of how the physical design of the Project fosters tenant engagement, onsite supportive services provision, safety and security, and sustainability of furnishings, equipment, and fixtures; and (10) Other information needed by the Department to evaluate the supportive services to be offered consistent with the Program. (from Section 203 (e))

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

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

F. Tenant Selection, Rental Agreements and Grievance Procedure Requirements

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

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

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

MOHCD shall have reasonable standards for project rental agreements, property management plans, and tenant grievance procedures to ensure compliance with the State's Housing First requirements (from the State's Welfare and Institutions Code Section 8255(b) that detail the core components of Housing First), and compliance with basic tenant protections established under federal, state and local law. (from Section 307 (d))

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

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

G. Reporting Requirements

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

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

Elements for reporting include:

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

For NPLH Units Only:

- (7) Average vacancy rate of NPLH Assisted Units during the reporting period (12-month average);
- (8) Head of Household gender, race, ethnicity, age;
- (9) Income levels of NPLH tenants as a percentage of AMI, (i.e., 10 percent of AMI, 15 percent of AMI, 20 percent of AMI, etc.);
- (10) The percentage of NPLH tenants who have lived in the building less than 12 months, 12 to 24 months, and longer than 24 months;
- (11) The number of tenants who moved into a NPLH Assisted Unit during the reporting period who, prior to Project entry, were (A) Chronically Homeless, (B) Homeless, or (C) At-Risk of Chronic Homelessness, as defined under Section 101 of these Guidelines;
- (12) The number of tenants who served on active duty in the armed forces of the United States (for tenants over age 18);
- (13) The number of tenants who continue to have a Serious Mental Disorder or the number who are Seriously Emotionally Disturbed Children or Adolescents, as defined in Welfare and Institutions Code Section 5600.3;
- (14) Of those who moved in during the reporting period, the number of tenants who were referred from:
 - A. CES and/or;
 - B. The County behavioral health department or a service provider acting on its behalf;
 - C. A State Department of Developmental Services regional center, or
 - D. Another reported source.
- (15) Of those who moved in during the reporting period, the length of time prior to moving in that they reported they were:
 - A. On the streets (including a vehicle or other place not meant for human habitation), or
 - B. In an emergency shelter, safe haven, or transitional or interim housing.
- (16) Of those who moved in during the reporting period, and to the extent the information was available prior to referral to the Project, the number of tenants who had:
 - A. A physical, mental, or emotional impairment, including an impairment caused by alcohol or drug abuse, post-traumatic stress disorder, or brain injury that:
 - (i) Is expected to be long-continuing or of indefinite duration;
 - (ii) Substantially impedes the individual's ability to live independently;and
 - (iii) Could be improved by the provision of more suitable housing conditions.
 - B. A developmental disability, as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002); or
 - C. The disease of acquired immunodeficiency syndrome (AIDS) or any condition arising from human immunodeficiency virus (HIV).
- (17) For tenants who exited NPLH Assisted Units during the reporting period:
 - A. The number of tenants who exited during the reporting period to:
 - (i) other permanent housing,
 - (ii) the street, emergency shelter, transitional housing, or safe haven, or
 - (iii) an institutional destination, and the specific institutional destination, if known (including, but not limited to hospitalization or psychiatric hospitalization, residential substance use treatment facility, skilled nursing facility, jail or prison).
- (18) The number of tenants who died during the reporting period.

(19) For tenants who leased or remained in NPLH Assisted Units during the reporting period:

- A. Changes in employment income during the reporting period;
- B. Changes in non-employment cash income during the reporting period; and
- C. Changes in total cash income during the reporting period.

- Notwithstanding the above requirements, the Department of Housing and Community Development may modify the data collected over time to conform to changes in the specific data metrics required by HUD through CES, or required by another state or federal agency
- If readily available, counties may also provide aggregate data on: (1) emergency room visits for NPLH tenants before and after move-in; (2) average number of hospital and psychiatric facility admissions and in-patient days before and after move-in; and (3) number of arrests and returns to jail or prison before and after move-in
- Data collected annually will be compiled by the Department of Housing and Community Development and made available on the Department's website
- Where there is a difference between these guidelines and the Department of Housing and Community Development's current reporting requirements, the provisions of these guidelines shall prevail

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

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

H. Monitoring Requirements

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

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

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

EXHIBIT R

Early Release of Retention Contractors

Exhibit R

Early Release of Retention

The following Systems are identified for early release of retention:

| System | Release Period | Comments |
|-----------------|------------------------------|------------------------------------|
| Scaffolding | Upon Completion of work | |
| Cranes & Hoist | Upon Dismantle | |
| Surveying | Upon Completion of work | |
| Concrete | Upon SOR Letter of Affidavit | Foundation and Superstructure Only |
| Earthwork | Upon Completion of work | |
| Shoring Systems | Upon Completion of work | |

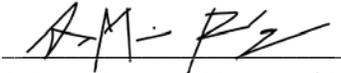


GENERAL PLAN REFERRAL

February 1, 2022

Case No.: 2022-000540GPR
Address: 78 Haight Street
Block/Lot No.: 0853/032
Project Sponsor: Mayor's Office of Housing and Community Development
Applicant: Mara Blitzer 415-701- 5544
mara.blitzer@sfgov.org
City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Ave., 5th Floor
San Francisco, CA 94103

Staff Contact: Luiz Barata – (628) 652-7326
luiz.barata@sfgov.org

Recommended By: 
AnMarie Rodgers, Director of Citywide Policy for Rich Hillis, Director of Planning

Recommendation: Finding the project, on balance, is **in conformity** with the General Plan

Project Description

GPR referral is required due to the proposed Ground Lease between the City and the project developer/owner.

78 Haight will provide 63 units of affordable housing in 7 stories, including 32 units for Transition Age Youth (TAY) who are homeless or at risk of homelessness, as well as a childcare center on the ground floor. Rents are set at or below 65% San Francisco Area Median Income.

This site has long been envisioned for TAY housing under the City's 2007 TAY Housing Plan, and the project has rotated through various financing scenarios including a committed state CA Housing & Community Development MHP loan that was to accompany a bond allocation and 4% tax credits; ultimately the project's 2021 Round 1 CDLAC application was not successful, and the sponsor pivoted to a 9% tax credit structure, submitting an

application for the 2021 California Tax Credit Allocation Committee (TCAC) 9% second round under the competitive Special Needs Set-Aside. The Project received a final recommendation for reservation for 9% and state low-income housing tax credits at the TCAC meeting on October 20, 2021. The project must close construction financing and start construction by mid-April, 2022 to meet the tax credit award requirements. The ground lease transaction is part of this package of construction financing.

Environmental Review

Project approved under California Senate Bill 35; considered a ministerial approval and is not subject to CEQA.

General Plan Compliance and Basis for Determination

As described below, the proposed ground lease associated with the affordable housing development is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of the General Plan.

HOUSING ELEMENT

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

POLICY 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing

The lease is part of a project that provides affordable housing and will assure that the project will provide an affordable housing resource on an ongoing basis.

POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing.

The lease is part of a project that provides affordable housing and will assure that the project will provide an affordable housing resource on an ongoing basis.

POLICY 1.8

Promote mixed use development, and include housing, particularly permanently affordable housing, in new commercial, institutional or other single use development projects.

The lease is part of a project that provides affordable housing and will assure that the project will provide an affordable housing resource on an ongoing basis.

OBJECTIVE 7

SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL

POLICY 7.1

Expand the financial resources available for permanently affordable housing, especially permanent sources.

The lease is part of a project that provides affordable housing and will assure that the project will provide an affordable housing resource on an ongoing basis.

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 neighborhood serving retail uses or opportunities for employment in or ownership of such businesses. Project residents will represent potential customers for this on-site commercial space and other neighborhood-serving retail 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 not have a negative effect on housing or neighborhood character in San Francisco County. The existing housing and neighborhood character will remain intact, conserved and protected to preserve the cultural and economic diversity.

- 3. That the City’s supply of affordable housing be preserved and enhanced;

The Project would not have an adverse effect on the City’s supply of affordable housing. The Project will establish the long-term viability and feasibility of the multifamily affordable housing property and prevent displacement of residents.

- 4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The Project would not have an adverse effect on MUNI transit service or overburden the streets or

neighborhood.

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 not have an adverse effect on the city's industrial or service sectors, nor on opportunities for resident employment and ownership.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The Project would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The Project would not have an adverse 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 not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

Recommendation: Finding the project, on balance, is in conformity with the General Plan

Citywide Affordable Housing Loan Committee
San Francisco Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller's Office of Public Finance

MEMORANDUM

DATE: January 5, 2024
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: ANNE ROMERO, SENIOR PROJECT MANAGER
RE: **78 HAIGHT STREET (AKA Octavia Parcel U) – ADDITIONAL GAP REQUEST**

Project Description

| | |
|--|--|
| Sources and Amounts of New Funds Recommended: | Up to \$8,559,766 <ul style="list-style-type: none">• \$5,000,000 2019 GO Bonds• \$3,559,766 in Housing Trust Fund |
| Sources and Amounts of Previous Gap City Funds Closed: | \$4,000,000 2019 GO Bonds \$10,500,000 AHF Includ. Market Octavia Fund \$5,466,228 AHF Inclusionary \$4,780,239 No Place Like Home \$2,000,000 ERAF Housing Fund |
| Previously Committed Total: | \$26,746,467 (includes \$945,000 as AHP Bridge) |
| Proposed Total Funds: | \$35,306,233 |

| | | | |
|-------------------------|-----------------------|--------------------------|---|
| Construction Type: | Type I | Project Type: | New Construction |
| Number of Stories: | 7 | Lot Size (acres and sf): | 0.128 acres / 5,581 sf |
| Number of Units: | 63 | Architect: | Paulett Taggart Architects |
| Total Residential Area: | 44,185 sf | General Contractor: | Guzman Suffolk Joint Venture |
| Total Commercial Area: | 3,216 sf | Property Manager: | Tenderloin Neighborhood Development Corporation |
| Total Building Area: | 47,401 sf | Supervisor and District: | Sup. Preston - D5 |
| Land Owner: | City of San Francisco | | |

1. Summary of Request

On behalf of Octavia RSU Associates, LP, Tenderloin Neighborhood Development Corporation (TNDC) requests additional MOHCD gap financing in the amount of up to \$8,559,766 to support the restart of 78 Haight which has been on hold since May 2022, a month after the initial start of construction. The development will provide 63 units of affordable housing on a very small infill site, including 32 units for Transition Age Youth (TAY) who are homeless or at risk of homelessness (Project). TNDC was awarded predevelopment funding after a responding to the Octavia Boulevard Parcels R, S, & U Request for Proposals (RFP) that was issued on June 19, 2017. After multiple attempts at securing State Multifamily Housing Program (MHP) and bond financing, the project applied for and received a 9% tax credit allocation in 2021 under the Special Needs Set Aside and closed on permanent gap financing in April 2022. Among the Central Freeway housing parcels, this site has long been identified for TAY housing under City housing plans given the small site and limited density, which is ideal for TAY housing, and the dynamism, safety and amenities of the surrounding neighborhood.

The Sponsor paused construction in May 2022 due to unforeseen conditions of the adjacent Mount Trinity Baptist Church (MTBC), which is at risk of collapse if construction on the new Project proceeds. This request includes an increase in hard costs to cover MTBC's building structural repairs, escalation in Project cost due to increased construction costs, increases in construction loan interest due to the new interest rate environment, increase in associated soft costs and an increase in the capitalized operating subsidy reserve (COSR) due to increased operating cost projections. TNDC is contributing their full at-risk developer fee as GP equity to reduce the gap financing need and will endeavor to raise additional capital and operating funds to reduce MOHCD's additional gap as well as to reclaim a portion of at-risk developer fee. The Project needs to restart construction by March 2024 to ensure that it reaches its extended completion Temporary Certificate of Occupancy (TCO) / Placed-In-Service (PIS) deadline of December 31, 2025.

Principal Development Issues

- MTBC Building's Improvements:
 - MTBC and TNDC agreed in the 2023 Neighbor Agreement that the Project would pay up to \$1M for the work related to the structural repair of the church. Based on MTBC's structural engineer's plans, the structural repair construction cost is \$1.75M, and includes around \$500K in work that expands beyond the foundation and adjacent wall of the Project but is necessary for overall structural integrity.
 - MTBC's structural engineer has designed the entire building structural scope, and has asserted that the full scope of work is needed to sufficiently protect the building. The structural work is required to remove a Notice of Violation (NOV) imposed by the Department of Building Inspection (DBI), which has displaced the church occupancy until repairs are made.

- The structural repair permit triggers accessibility upgrades which have not yet been designed nor costed out; DBI has agreed to a deferred submittal for the accessibility drawings, with the accessibility checklist to be submitted in late December. The full accessibility scope will need to be funded by MTBC. If MTBC does not identify a funding source and/or does not complete the additional upgrades, the Project will proceed nonetheless, which is understood and agreed to by MTBC.
- **Timeline:** The Project must restart by March 2024 or the Project will risk not meeting the revised tax credit Placed in Service deadline of December 31, 2025. With the planned late February restart, the Project will reach TCO by mid-September 2025, providing a three-month buffer. TNDC is also looking at Project acceleration options if needed. If there are delays beyond December 2025, it would be catastrophic for the Project and TNDC, resulting in a loss of the TCAC 9% allocation, and TNDC's guaranties would require that they cover the \$27 million in federal and state tax credit equity. Please see Section 2 Background.
- **Commercial Space:** The ground floor childcare is no longer viable due to an error in the licensing application and this space will be redesigned as additional units or community serving commercial, still to be determined. Please see Section 3 Commercial Space and proposed loan condition.

2. Background

The Project site is located next to the Mt. Trinity Baptist Church (MTBC), a three-story building that is more than 120 years old. An historic Black church, MTBC opened in 1975 and maintained ownership of its building during the redevelopment era even when most of its congregation was displaced. The Church still has strong ties within the community and has provided many resources over the years including food drives, youth services, childcare, and workforce opportunities.

In 2016, MTBC's leader, Rev. Willie Williams, Sr., passed away. Prior to his passing, Rev. Williams had been trying to raise funds to conduct much-needed repairs to the church building. The congregation had been struggling to appoint new leadership and address these deferred maintenance concerns when the COVID-19 pandemic began.

The Project site is extremely small at a little over 5,000 SF, and is maximizing the housing density at 7.5 stories, occupying the entire site, in very close proximity to the MTBC building, which also extends to its property line. The precarious condition of the MTBC building was not known by TNDC nor the City prior to the start of development, and its stabilization is ultimately required for any development on the Central Freeway housing site to move forward.

On May 5, 2022, one month after construction loan closing, MOHCD staff facilitated a meeting with MTBC and TNDC to allow TNDC's structural engineer, KPFF, to perform a structural observation of the northern half of the basement at the MTBC building at 68 Haight Street. Following this site meeting, TNDC shared the structural engineer's report which showed

dangerous conditions with MTBC and requested immediate access to the MTBC building to install temporary shoring and bracing as recommended by the structural engineer's report. TNDC offered to reconstruct the western basement wall and advised that if temporary shoring and bracing were not installed immediately, the MTBC building was inherently dangerous in its current condition regardless of the new construction Project. KPFF noted in the report that failure to rectify this issue would require KPFF, by law and professional obligation, to report the findings to DBI due to the unsafe conditions. In June 2022, both TNDC and MTBC agreed to sign an access agreement drafted by MTBC and revised by TNDC. MTBC never countersigned the agreement, and informed TNDC that MTBC intended to engage in their own soils studies and would not be able to meet until soils reports were complete. The project had a placed-in-service deadline of Dec 31, 2023 at the time and did not have a time buffer to afford lengthy due diligence on the part of MTBC. The development team decided to pause all activities on the Project in July 2022 and considered return of tax credits since no timely resolution seemed to be imminent with the MTBC at that time.

As warned previously, the structural engineer reported the unsafe conditions to SFDBI. SFDBI inspected the property and a structural Notice of Violation (NOV) was placed on the building on February 14, 2023, resulting in the church having to vacate the building.

In April 2023, MTBC met with TNDC and the City. MTBC agreed to engage their own structural engineer to design repairs to the MTBC's building's basement wall, the cost of which has been covered by TNDC. Since then, a collaborative relationship has been built between TNDC and MTBC. In August 2023, MTBC and TNDC entered into an access agreement which allows TNDC permission to enter the building and perform repairs to the basement wall, and TNDC committed, with MOHCD's preliminary approval, to fund up to \$1 million in these structural repairs in a signed neighbor agreement. MTBC engaged HCG Associates to design repairs for the MTBC's basement wall, who has designed a full structural repair of the entire building. These plans have been reviewed and commented on by the general contractor, shoring engineer, owner's representative and TNDC's structural engineer in late October 2023. The plans are currently under review by SFDBI, and due to the scope and cost, have triggered code-required accessibility improvements which must be added. DBI has agreed that permit review and issuance can proceed after an Accessibility Checklist is submitted, to be prepared by TNDC's architect, Paulett Taggart Architects in coordination with MTBC's structural engineer; a subsequent accessibility upgrade permit will be connected to the structural repair permit and will need to be closed out concurrently. The initial stage of work, shoring and foundation repair has been permitted and started in late December.

Upon receipt of permits for the structural work, TNDC would like to promptly begin construction work at MTBC since this is a prerequisite to the restart of the Project a few months later once the church building is stabilized. The shoring engineer has opined that it is safe to begin when the Church's west wall framing and foundation are complete.

The Project had an original Placed-In-Service (PIS) deadline of Dec 31, 2023. TNDC obtained a first year PIS extension due to the pandemic until end of year 2024, and a second extension until December 31, 2025 due to the collapse and restructuring of construction lender Silicon Valley Bank (SVB). To complete the Project by the PIS deadline of December 2025, it is imperative for the work on the church to begin expeditiously to allow the restart of 78 Haight

Street in February / March 2024. Failure to complete construction on time and meet the PIS date would result in a loss of the 9% tax credits.

Despite the collapse and federal takeover of the construction lender, Silicon Valley Bank (SVB), the team and Project financing remain intact. First Citizens bank operates SVB as a separate arm, allowing the lender to continue to work on active projects. The SVB team has extended the term of its original construction loan and has provided estimates of interest rate changes and extension fees based on the new projected timeline. The equity investor, Merritt, has extended the conversion equity installment to a later date which allows them to maintain their return on investment and limit the downward adjusters due to the delay.

3. Change in Ground Floor Use

The ground floor was originally earmarked for Wu Yee Childcare Services. However, it was recently discovered that the waiver that Wu Yee received to use a neighborhood playground space in lieu of onsite outdoor space calculated a distance from the Project incorrectly. As a result, the outdoor space does not meet the State licensing requirements, and the waiver is no longer valid. TNDC is pursuing two options to redesign the ground floor space: a) addition of one to two units on the ground floor with expansion of residential lobby, or b) another community serving commercial use. The space has its own condo parcel and the revised plans will need approval by MOHCD, Planning and DBI. It remains to be determined if this redesign of ground floor space would result in additional costs or in savings for the Project (please see Section 5. Construction Specialist’s evaluation for more detail). TNDC is aware that the City financing cannot increase to cover this change in use, and that they’ll need to manage the soft and hard costs associated with the redesign and buildout of this ground floor space within the budget. Please see proposed loan condition.

4. Update on Project Financing

a. Proposed Sources

| Permanent Sources | Original Gap | Current Request | Variance | % change |
|-----------------------------|-------------------|-------------------|-------------------|------------|
| MOHCD Additional Gap | | 8,559,766 | 8,559,766 | |
| MOHCD/OCII | 21,021,228 | 21,021,228 | - | 0% |
| No Place Like Home | 4,780,239 | 4,780,239 | - | 0% |
| Fed LIHTC Equity | 24,624,975 | 24,624,975 | - | 0% |
| State LIHTC Equity | 2,423,019 | 2,423,019 | - | 0% |
| AHP | 945,000 | 945,000 | - | 0% |
| GP Equity | | 1,100,000 | 1,100,000 | |
| Accrued Interest | 653,942 | 1,546,700 | 892,758 | 137% |
| Total | 54,448,403 | 65,000,927 | 10,552,524 | 19% |

TNDC proposes to restart the Project using existing financing commitments, the proposed MOHCD additional gap of up to \$8,559,766, and \$1.1 million contribution of TNDC’s at-risk developer fee as GP equity to help meet the gap. The increase in accrued interest reflects the larger MOHCD loan.

The City’s AHP bridge loan remains in place, as the Project was not competitive in 2023, but TNDC will apply in CY 2024.

The construction lender, Silicon Valley Bank (SVB), and investor, Merritt Community Capital, have remained committed to the project despite the long pause in construction activities. The resized SVB construction loan is \$18,351,285 at 7.5% interest for a 48-month term.

Merritt worked creatively with TNDC to maintain pricing (Federal LIHTC pricing of \$0.9850 and State LIHTC: \$0.90), maintaining the same equity investment and avoiding tax credit adjusters. Merritt was able to delay a large equity payment by a few years to help fund the Capitalized Operating Subsidy Reserve (COSR), thereby deferring their investment and maintaining their Internal Rate of Return (IRR). Merritt and the team are evaluating if the additional MOHCD funding and current ground lease AMI restrictions will create a True Debt Test issue. To meet the True Debt Test, it may be necessary to provide the new MOHCD funds as a separate new loan at 0% interest, and to adjust the long-term ground lease AMI restrictions to allow for an increase in the future if needed for financial viability. Please see the proposed loan condition that these final loan terms will need to be approved by the Director of MOHCD once the analysis is complete.

Developer Fee - MOHCD will draft an amendment to the developer fee agreement to reflect the contribution of \$1,100,000 at-risk developer fee to the Project as a source as GP Equity (see Section 4c. Developer Fee below), with the option for some at-risk fee to be earned at the end of the Project if more capital or subsidies are raised, resulting in excess sources, to be determined by the Director of MOHCD.

b. Proposed Uses

Proposed project costs reflect increased hard costs, soft costs and reserves.

| Permanent Uses | Original Gap | Current Request | Variance | % change |
|-----------------------|---------------------|------------------------|-------------------|-----------------|
| Acquisition | 37,438 | 37,438 | - | 0% |
| Hard Costs | 35,861,807 | 42,615,277 | 6,753,470 | 19% |
| Soft Costs | 11,104,603 | 13,952,686 | 2,848,083 | 26% |
| Reserves | 5,244,555 | 6,195,526 | 950,971 | 18% |
| Developer Fee | 2,200,000 | 2,200,000 | - | 0% |
| Total | 54,448,403 | 65,000,927 | 10,552,524 | 19% |

The increased cost is comprised of four main components:

1. Increase in Hard Costs in amount of \$6.7 million:

- a. Church Repairs: Current estimate for the structural work needed to repair the Church building is \$1.74MM, of which around \$1.3MM is associated with the adjacent wall and foundation rebuild, and nearly \$500K is associated with other required structural repairs.
- b. Escalation in construction costs as well as added general conditions: Due to the long pause in construction activities, the GMP construction contract must be updated. A GMP cost increase of \$3.26 MM has been negotiated with the GC which includes escalation from all subcontractors and additional general conditions that cover the entire duration of the project.
- c. Other hard costs: The project has several anticipated and approved change orders that are necessary for the project to get built. The cost of these change orders is \$1.7MM and includes added cost to the project due to SFMTA site logistics plan changes, PGE changes, and changes made to address plan check comments. The original hard cost contingency is mostly depleted and needs to be replenished.

The total increase in hard costs on the project are about **\$6.7MM**

2. **Increase in Construction Loan Interest:** The project construction rate lock is effective until July 2024 at 3.63%. After that, the rate is variable monthly with an effective ceiling of 7.5%. The anticipated add to the project budget is **\$1.04MM**.
3. **Increase in Reserves:** An updated operating budget reflecting current salaries for staff and updated insurance pricing led to an increased size of the COSR by about **\$836k** (original size: \$4.36MM, new size: \$5.20 MM) and the operating reserve by **\$114k**.
4. **Increase in soft costs:** The extended time on the project increased soft costs such as architect's construction admin, owner's rep, design consultants fee, loan extension fees, geotechnical inspections, legal, and insurance, among others totaling about **\$900k**. This increase in soft costs also includes structural engineer, design and legal costs associated with the work at MTBC.
5. **Other budget updates:** As outlined on the permanent sources and uses budget under the MOHCD Additional Request column, TNDC adjusted development expenses where possible to reduce other line items and utilized projected savings totaling \$387K, including: Phase I & II reports, other environmental consultants, perm lender counsel, property taxes, entitlement and permit fee, and marketing and rent up, among others.

c. Developer fee

TNDC has agreed to invest \$1.1 million in the Project's At-Risk Developer Fee as GP equity to reduce the MOHCD gap, which will be reflected in a new amendment to the Developer Fee Agreement. TNDC will pursue other capital and rental subsidy sources, including grants and

rental subsidies such as CoC, PBV and / or VASH, concurrent with making a sustained effort to complete the Project under budget. If CoC is awarded to the Project, the increased cashflow will go to reduce the required COSR, which will reduce the MOHCD gap. If additional capital sources, VASH or PBVs are awarded, the new funding may facilitate the leveraging of debt or provide capital that could reduce the MOHCD gap, pay for increased costs if there are any, and / or allow TNDC to take some of their at-risk developer fee, subject to MOHCD Director approval.

Revised Developer Fee Chart

| SUMMARY | Original | Revised | Variance |
|---|--------------------------|--------------------|----------------------|
| Total Developer Fee: | \$2,200,000 | \$1,100,000 | (\$1,100,000) |
| Project Management Fee: | \$1,100,000 | \$1,100,000 | |
| Project Management Fee Paid to Date: | \$605,000 | \$605,000 | \$0 |
| Amount of Remaining Project Management Fee: | \$495,000 | \$495,000 | \$0 |
| Amount of Fee at Risk (the "At Risk Fee"): | \$1,100,000 | \$0 | (\$1,100,000) |
| Amount of Commercial Space Developer Fee (the "Commercial Fee"): | \$0 | \$0 | \$0 |
| Amount of Fee Deferred (the "Deferred Fee"): | \$0 | \$0 | \$0 |
| Amount of General Partner Equity Contribution (the "GP Equity"): | \$100 | \$1,100,000 | \$1,099,900 |
| PROJECT MANAGEMENT FEE - Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management | Amount Paid at Milestone | | |
| Project Management: at closing of preconstruction financing – FUNDED | \$165,000 | \$165,000 | \$0 |
| Project Management: at end of predevelopment | \$385,000 | \$120,000 | (\$265,000) |
| Construction close | \$220,000 | \$220,000 | \$0 |
| 50% Completion | \$130,000 | \$395,000 | \$265,000 |
| At Project Completion (CFO) | \$200,000 | \$200,000 | \$0 |
| <i>Total Project Management Fee</i> | <i>\$1,100,000</i> | <i>\$1,100,000</i> | <i>\$0</i> |
| AT RISK FEE - Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee | | | |
| 100% lease up and draft cost certification | \$220,000 | \$0 | (\$220,000) |
| Permanent conversion | \$550,000 | \$0 | (\$550,000) |
| Project close-out | \$330,000 | \$0 | (\$330,000) |
| <i>Total At Risk Fee</i> | <i>\$1,100,000</i> | <i>\$0</i> | <i>(\$1,100,000)</i> |

6. Construction Specialist's Evaluation

a. Design and permitting of 68 Haight

TNDC and MTBC have made significant progress in the last few months to design and permit the structural repairs to MTBC's building with SFDBI, and to update the GMP for the restart of the residential Project at 78 Haight.

1. Temporary Shoring Permit Drawings and Calculations for the Church have been approved and issued by SFDBI.

SFDBI has agreed to a two-phase approval of the HCG Associates Structural Permit Drawings. First phase would be the Church's west property line wall and since SFDBI is plan-checking the entire Structural Repairs Drawings, the SFDBI permit for the first phase would allow construction of the remaining structural work to continue while the second phase permit for the Church's Accessibility Improvements Permit is worked out.

The milestone for 78 Haight's restart to begin is the completion of the Church's west wall framing and foundation, which is memorialized in the shoring engineer, Tuan-Robinson's Memorandum dated 11/29/23. HCG Associates has not formally accepted the Tuan-Robinson Memorandum yet, but this will be pursued after structural permits are obtained.

b. Potential Issues and Risks

Restart Milestone and Related Tasks: Achieving the restart milestone is dependent on resolving the following issues associated with the submitted 68 Haight Structural Repairs Permit:

1. HCG Associates needs to agree with the two phases of work and submit a drawing to SFDBI showing this direction.
2. Paulett Taggart will provide the accessibility checklist and improvements permit. MTBC needs to concur with the accessibility improvements developed on the Checklist.
3. SFDBI has issued plan-check comments on the Structural Repairs Permit Application, and HCG Associates needs to provide prompt responses.

If the above items do not occur or are not resolved in a timely manner, the restart of 78 Haight may be further delayed and jeopardize compliance with the Place-In-Service (PIS) deadline of December 31, 2025. Depending on the General Contractors' (Guzman-Suffolk JV) concurrence, this delay may be remedied by additional construction funds to accelerate construction activities with overtime

payment should sufficient time remain to meet the December 2025 deadline. Another option is to reach TCO of one unit to meet the PIS deadline. However, if the restart is even further delayed, the GC may indicate that recovery of the construction schedule to meet the PIS deadline may not be achievable.

c. Additional Construction Costs

1. In most renovations, unforeseen and hidden / dryrot conditions are encountered, and the Owner's hard cost construction contingency for the MTBC's structural repairs needs to be sufficient. If insufficient, the GC has included significant allowances for repair of interior/exterior finishes, whereby the MTBC would need to complete.
2. The HCG Associates' Structural Repairs Permit will result in additional soft costs for TNDC's Owner's Representative fees and need to be accounted for.
3. Additional SFDBI/SFFD/Planning permit fees will be incurred. MTBC will Need to confirm that these SFDBI permit fees will not be subject to Development or School Impact Fees, which have been typically substantial.

d. Ground Floor Uses

There is a commercial space on the ground floor which was earmarked for Wu Yee Childcare Services. However, it has recently become known that the space does not meet the requirements of a childcare center due to lack of proximity to an outdoor play space. There are three options that the developer is considering: a) addition of one to two units on the ground floor, or b) repurposing the ground floor space as another commercial use.

The change-in-use will require review and approval by Planning and SFDBI. Change-in-use has often been the catalyst for SFDBI and SFFD to require additional Code requirements. The Project Team needs to determine if this change-in-use will result in the following:

1. No significant delays associated with plan-check review and approval.
 - Need to confirm if this change-in-use will not trigger the more stringent structural requirements in the current 2022 San Francisco Building Code.
2. No change for the building height measurement: The approved permit plans included Administrative Bulletin AB No. 05, which allowed the building height to be measured from Octavia Street and not at the lower grades of Rose Street. If SFDBI or SFFD indicates the change-in-use will necessitate the building height measurement to be from Rose Street, then 78 Haight will be classified as a high-rise building and will need to

incorporate additional life-safety measures (Fire Command Center at the Ground Floor and each Stair Enclosure will need to have a Vestibule), which could significantly alter the upper floor plans and possibly, reduce unit count.

- No change at Ground Floor exits: The Preapplication Meeting with SFDBI and SFFD allowed shared exit paths. Confirmation with SFDBI and SFFD will be needed for the change-in-use occupancy.

7. Operating Budget and Cashflow and Variance Analysis from Gap Loan Budget

TNDC is proposing an increased operating budget to reflect increased insurance costs based on the current insurance market and increased staffing costs, given wage increases and the later completion and lease up date. At construction loan closing, the total operating costs were projected at \$1,169,761, or \$18,568 PUPA, and relied on a capitalized COSR to meet the operating expenses of the non-PSH units. The 9% tax credit financing structure required deeper affordability of the non-PSH units which necessitated the original COSR as the small Project with half supportive housing units did not cashflow without it.

The updated operating budget totals \$1,398,869, or \$22,205 PUPA, requiring an increase in the COSR in the amount of \$836K, and has positive cashflow through Year 17.

A Continuum of Care (CoC) award occurred after construction loan closing, and is no longer available to the Project because of the delay. TNDC will reapply for this subsidy, and if awarded, the richer subsidy should be able to lower the COSR amount needed, and reduce the MOHCD gap amount accordingly. TNDC will reapply for 22 CoC units, and would request to utilize LOSP funding on the remaining 10 TAY units. With both CoC and LOSP, TNDC anticipates a reduction in COSR of approximately \$2 million, and would still need around \$3 million in the COSR reserve.

| Year 1 Operating Budget | Construction Loan Closing 2022 | Current Request | Variance | % change |
|--------------------------------|---------------------------------------|------------------------|-----------------|-----------------|
| INCOME | | | | |
| Tenant Rents | 614,952 | 652,932 | 37,980 | 6% |
| LOSP Assistance Payments | 644,706 | 667,718 | 23,012 | 4% |
| Misc. Income | 8,694 | 8,681 | (13) | -0.15% |
| Withdrawal from COSR | 138,738 | 248,072 | 109,334 | 79% |
| Vacancy Loss | (30,748) | (32,647) | (1,899) | 6% |
| <i>Effective Gross Income</i> | <i>1,376,342</i> | <i>1,544,756</i> | <i>168,414</i> | <i>12%</i> |
| OPERATING EXPENSES | Construction Loan Closing 2022 | Current Request | Variance | % change |
| Management | 72,600 | 72,600 | - | 0% |
| Salaries / Benefits | 353,399 | 416,843 | 63,444 | 18% |

| | | | | |
|---|------------------|------------------|-----------------|-------------|
| Administration | 84,658 | 88,628 | 3,970 | 5% |
| Utilities | 115,724 | 115,724 | - | 0% |
| Taxes and Licenses | 5,645 | 46,142 | 40,497 | 88% |
| Insurance | 159,279 | 264,230 | 104,951 | 66% |
| Maintenance & Repair | 320,884 | 327,843 | 6,959 | 2% |
| Supportive Services | 56,863 | 66,886 | 10,023 | 18% |
| Commercial Expenses | 710 | 0 | (710) | -100% |
| Total Operating Expenses | 1,169,762 | 1,398,896 | 229,134 | 20% |
| Reserves / Ground Lease Base Rent | 15,000 | 15,000 | - | 0% |
| Replacement Reserve Deposit | 31,500 | 31,500 | - | 0% |
| Total Operating Expenses with GL | 1,216,262 | 1,445,396 | 229,134 | 19% |
| | | | - | |
| Net Operating Income | 160,080 | 99,360 | (60,720) | -38% |
| Debt Service Payments | 0 | 0 | - | 0% |
| | | | - | |
| Cashflow | 160,080 | 99,360 | (60,720) | -38% |
| Partnership Management Fee | 19,750 | 24,280 | 4,530 | 23% |
| Investor Services Fee | 5,000 | 5,000 | - | 0% |
| Residual Receipts | 135,330 | 70,080 | (65,250) | -48% |

- The staffing plan has not changed and is lean and reasonable for a project of this size. Wages have increased to reflect TNDC's current wage structure.
 - 1 FTE general manager
 - 1 FTE janitor
 - 1.5 FTE maintenance staff
 - 4.3 full time front desk staff
 - .16FTE – share of 2022 allocation for 6 compliance specialists.

The project's relatively small size of 63 units and 24-hour desk clerk coverage result in fewer economies of scale than a larger project. Given the small size of the project and difficulty for the non-TAY units to cashflow with deeper affordability than earlier planned, MOHCD staff recommends continued approval for the TAY PSH units (51% of total) to fund 75% of desk clerk coverage cost, as approved at original gap.

- Increase in property insurance from \$160K to \$250K is based on TNDC comparison projects, and reflects the increase in the insurance market.

8. Community Outreach

TNDC has been intensively engaged in outreach and negotiations with MTBC. They have also provided neighborhood updates on the status of the Project to surrounding neighbors to explain the pause in construction and oversight of the vacant site. As a result of the site being

vacant and inactive for almost 18 months, the site had trespasser activity from people experiencing homelessness. The project team received repeated requests from neighbors to address the activity, and TNDC hired a part-time security guard to patrol the site at nighttime paid out of hard cost contingency. This strategy has been effective at reducing trespassing and at maintaining a clean vacant site.

9. Status of Perm Loan Conditions

Below are the Loan Conditions from the construction loan closing and their status:

1. Sponsor will repay the MOHCD loan with the amount of the COSR 2 unless it is needed for another purpose, which will require MOHCD review and approval. Status: **COSR 1 and 2 have been merged and this loan condition is continued.**
2. Sponsor must provide additional information on the commercial space Tenant Improvement budget prior to construction loan closing, alongside warm shell assumptions for MOHCD staff to verify that it meets the Commercial Space Underwriting Guidelines. **Status: Extended due to redesign of ground floor space.**
3. Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update until start of construction, including on: **Complete.**
 1. Status of neighbor negotiations
 2. Outcomes achieved related to racial equity goals, and
 3. Commercial-use space development
4. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans. Status: **To be submitted in September 2024.**
5. Sponsor must provide quarterly updated response to any letters requesting corrective action. Status: **In progress.**
6. Sponsor must submit an updated 1st year operating budget and 20-year cash flow – if any changes have occurred – by November 1st before the fiscal year the project will achieve TCO so that MOHCD may request the LOSP subsidy (anticipated to be needed by November 2022). Status: **Extended due to Project delay, to be submitted in November 2024.**
7. Sponsor to work with MOHCD and HSH to plan the lease up process for the referrals from Coordinated Entry. **Extended due to Project delay.**

10. Proposed New Loan Conditions

1. TNDC to provide monthly updates on progress of re-planning ground floor use space and impacts on budget, and will request MOHCD approval prior to finalizing the revised ground floor plan.
2. TNDC will reapply for CoC funding, which will reduce the COSR and MOHCD gap if awarded. Any awarded CoC funding will not contribute to at-risk developer fee.
3. TNDC will apply for additional capital funds and rental subsidies in addition to CoC that might allow TNDC to leverage perm debt against the property as well as to increase Project sources. TNDC will seek an allocation of Project Based Vouchers in partnership with MOHCD and SFHA, and/or VASH on the non-PSH units to offset this additional gap request and potentially to fund a portion of at-risk developer fee. At Project conversion, the Director of MOHCD has the ability to decide if At Risk fee could be funded and how much should be paid out through excess proceeds.
4. The Director of MOHCD will set the final interest rate and loan structure to meet the Project's True Debt Test once the analysis is complete, including a potential amendment to the long-term AMI restrictions in the ground lease.

11. 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

REQUEST FOR ADDITIONAL GAP FUNDS FOR 78 HAIGHT STREET

Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Tue 1/9/2024 1:59 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

REQUEST FOR ADDITIONAL GAP FUNDS FOR 78 HAIGHT STREET - **APPROVE**

Thank you

[Vanessa Amaya](#)

[Assistant Housing Loan Administrator](#)

[San Francisco Mayor's Office of Housing and Community Development](#)

[1 South Van Ness Ave, 5th Floor, San Francisco, CA 94103](#)

[\(628\) 652-5967](#)

78 Haight

Menjivar, Salvador (HOM) <salvador.menjivar1@sfgov.org>

Tue 1/16/2024 3:06 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I support Tenderloin Neighborhood Development Corporation (TNDC) request of additional gap financing in the amount of up to \$8,559,766 to support the restart of 78 Haight which has been on hold since May 2022.

Best,

salvador



Salvador Menjivar
Director of Housing
Pronouns: He/Him

San Francisco Department of Homelessness and Supportive Housing
salvador.menjivar1@sfgov.org | 415-308-2843

Learn: [dhsh.sfgov.org]hsh.sfgov.org | Follow: [@SF_HSH](https://twitter.com/SF_HSH) | Like: [@SanFranciscoHSH](https://twitter.com/SanFranciscoHSH)

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Request for Additional Gap Funds for 78 Haight Street

Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>

Fri 1/5/2024 11:55 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>; Shaw, Eric (MYR) <eric.shaw@sfgov.org>; Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks

Marc



Marc Slutzkin
Deputy Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

🏠 www.sfocii.org

RE: REQUEST FOR ADDITIONAL GAP FUNDS FOR 78 HAIGHT STREET

Trivedi, Vishal (CON) <vishal.trivedi@sfgov.org>

Fri 1/5/2024 11:48 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

I vote yes on this request. Thanks!

Vishal Trivedi | Financial Analyst
Office of Public Finance | City & County of San Francisco
Email | vishal.trivedi@sfgov.org

Attachments:

- A. Project Milestones/Schedule
- B. Updated Sources and Uses
- C. Updated 1st Year Operating Budget
- D. Updated 20-year Operating Pro Forma

Attachment A: REVISED Project Milestones and Schedule

| No. | | Performance Milestone | Construction Loan Closing Estimated Date | Revised Date |
|------------|----|--|---|---------------------|
| A. | | Prop I Noticing (if applicable) | 9/9/2019 | |
| 1 | | Acquisition/Predev Financing Commitment | 9/6/2019 | |
| 2 | | Site Acquisition | N/A | |
| 3 | | Development Team Selection | | |
| | a. | Architect | June, 2017 | |
| | b. | General Contractor | Oct, 2019 | |
| | c. | Owner's Representative | August, 2018 | |
| | d. | Property Manager | N/A | |
| | e. | Service Provider | N/A | |
| 4 | | Design | | |
| | a. | Submittal of Schematic Design & Cost Estimate | Dec, 2019 | |
| | b. | Submittal of Design Development & Cost Estimate | Mar, 2020 | |
| | c. | Submittal of 50% CD Set & Cost Estimate | July, 2020 | |
| | d. | Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs) | July, 2021 (90% CD's) | |
| 5 | | Commercial Space | | |
| | a. | Commercial Space Plan Submission | 7/7/2020 (subdivision) | |
| | b. | LOI/s Executed | 7/3/2020 | |
| 6 | | Environ Review/Land-Use Entitlements | | |
| | a. | SB 35 Application Submission | 1/7/2020 | |

| | | | | |
|----|-----------|--|--------------------------|-------------------|
| | b. | CEQA Environ Review Submission | N/A | |
| | c. | NEPA Environ Review Submission | N/A | |
| | d. | CUP/PUD/Variances Submission | N/A | |
| 7 | | PUC/PG&E | | |
| | a. | Temp Power Application Submission | 12/1/2020 | |
| | b. | Perm Power Application Submission | 6/15/2020 | |
| 8 | | Permits | | |
| | a. | Building / Site Permit Application Submitted | 11/14/2019 | |
| | b. | Addendum #1 Submitted | 9/12/2020 | |
| | c. | Addendum #2 Submitted | 4/13/2021 | |
| 9 | | Request for Bids Issued | 9/1/2020 | |
| 10 | | Service Plan Submission | N/A | |
| | a. | Preliminary | October, 2019 | |
| | b. | Final | Spring 2021 | |
| 11 | | City Financing | | |
| | a. | Preliminary Gap Financing Application | 1/29/2021 | |
| | b. | Gap Financing Application | 12/17/2021 | |
| | c. | Additional Gap Financing Request | | 1/5/2024 |
| | g. | LOSP Funding Request | 12/17/2021 | 11/30/2024 |
| 12 | | Other Financing | | |
| | a. | HCD Application | Sept, 2020/February 2021 | |
| | b. | Construction Financing RFP | Oct, 2021 | |
| | c. | AHP Application | March 2022 | March 2024 |

| | | | | |
|-----------|-----------|--|------------|---|
| | d. | CDLAC Application | N/A | |
| | e. | TCAC Application | July, 2021 | |
| 13 | | Closing | | |
| | a. | Construction Loan Closing | 4/1/2022 | |
| | b. | Construction Restart Closing | | 2/22/2024 |
| | b. | Conversion of Construction Loan to Permanent Financing | 12/1/2023 | 7/15/2026 |
| 14 | | Construction | | |
| | a. | Notice to Proceed | 4/1/2022 | 12/28/2023 for shoring & underpinning |
| | b. | Construction Restart | | 2/29/2024 |
| | b. | Temporary Certificate of Occupancy/Cert of Substantial Completion | 8/1/2023 | 9/16/2025 |
| 15 | | Marketing/Rent-up | | |
| | a. | Marketing Plan Submission | 10/1/2023 | 9/15/2024 |
| | b. | Commence Marketing | 11/1/2023 | 8/15/2025 |
| | c. | 95% Occupancy | 12/1/2023 | 3/15/2026 |
| 16 | | Cost Certification/8609 | 6/1/2024 | 9/15/2027 |
| 17 | | Close Out MOHCD | 7/1/2024 | 9/15/2027 |

B. Updated Sources and Uses

Application Date: 11/1/2023
 Project Name: Octavia Parcel U
 Project Address: 78 Haight Street
 Project Sponsor: Tenderloin Neighborhood Development Corporation

Units: 63
 # Bedrooms: 63
 # Beds:

| SOURCES | Total Sources | | | | | | | | Comments | |
|------------------|---------------|-----------------|--------------|------------------|--------------------|---------|------------|------------------|----------|------------|
| | 21,021,228 | 8,559,766 | 4,780,239 | 24,624,975 | 2,423,019 | 945,000 | 1,100,000 | 1,546,700 | | 65,000,927 |
| Name of Sources: | MOHCD/OCIL | MOHCD add'l Gap | NPLH (MOHCD) | Fed LIHTC Equity | State LIHTC Equity | AHP | GP Capital | Accrued Interest | | |

USES

ACQUISITION

| | | | | | | | | | | |
|--------------------------------------|---------------|----------|----------|----------|----------|----------|----------|----------|---------------|------------|
| Acquisition cost or value | 0 | | | | | | | | 0 | 1256907 |
| Legal / Closing costs / Broker's Fee | 5,000 | | | | | | | | 5,000 | 480555.89 |
| Holding Costs | 0 | | | | | | | | 0 | 1737282.89 |
| Transfer Tax | 32,438 | | | | | | | | 32,438 | |
| TOTAL ACQUISITION | 37,438 | 0 | 37,438 | |

CONSTRUCTION (HARD COSTS)

| | | | | | | | | | | |
|---|-------------------|------------------|------------------|-------------------|------------------|----------------|----------|----------|-------------------|---|
| * Unit Construction/Rehab | 2,133,064 | 2,308,316 | 4,780,239 | 14,983,115 | 2,423,019 | 945,000 | | | 27,572,753 | Includes escalation estimates and change orders incurred to date; church off sites are listed in offsite improvements |
| * Commercial Shell Construction | 881,926 | | | 1,171,612 | | | | | 2,053,538 | |
| * Demolition | 0 | | | | | | | | 0 | |
| Environmental Remediation | 0 | 100,000 | | | | | | | 100,000 | Soil offhaul |
| * Onsite improvements/Landscaping | 1,271,135 | | | | | | | | 1,271,135 | |
| * Offsite Improvements | 730,885 | 1,306,607 | | 480,656 | | | | | 2,518,148 | \$1.3 MM includes Church Repairs directly related to housing in project scope |
| * Infrastructure Improvements | | | | | | | | | 0 | |
| Parking | | | | | | | | | 0 | |
| GC Bond Premium/GC Insurance/GC Taxes | 1,020,527 | 590,789 | | | | | | | 1,611,316 | Additional cost due to extension |
| GC Overhead & Profit | 1,154,970 | 0 | | | | | | | 1,154,970 | |
| GC General Conditions | 2,177,954 | 2,133,307 | | | | | | | 4,311,261 | Additional GCs for time extension |
| Sub-total Construction Costs | 9,370,461 | 6,439,019 | 4,780,239 | 16,635,383 | 2,423,019 | 945,000 | | | 40,593,121 | |
| 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 | 1,707,705 | 314,451 | | | | | | | 2,022,156 | Recapitalization of hard cost contingency |
| Sub-total Construction Contingencies | 1,707,705 | 314,451 | 0 | 0 | 0 | 0 | | | 2,022,156 | |
| TOTAL CONSTRUCTION COSTS | 11,078,166 | 6,753,470 | 4,780,239 | 16,635,383 | 2,423,019 | 945,000 | 0 | 0 | 42,615,277 | |

Construction line item costs as a % of hard costs
 4.0%
 2.8%
 10.6%
 0.0%
 0.0%
 5.0%

SOFT COSTS

Architecture & Design

| | | | | | | | | | | |
|--|------------------|------------------|----------|----------|----------|----------|----------|----------|------------------|--|
| Architect design fees | 991,392 | 355,000 | | | | | | | 1,346,392 | Increased to reflect actuals |
| Design Subconsultants to the Architect (incl. Fees) | 735,488 | 30,000 | | | | | | | 765,488 | Includes structural engineer costs |
| Architect Construction Admin | 558,110 | 305,305 | | | | | | | 863,415 | Addition of CA due to time extension |
| Reimbursables | 0 | 42,788 | | | | | | | 42,788 | |
| Additional Services | 0 | 125,743 | | | | | | | 125,743 | Reflects costs incurred till date + potential added services |
| Sub-total Architect Contract | 2,284,990 | 858,817 | 0 | 0 | 0 | 0 | 0 | 0 | 3,143,807 | |
| Other Third Party design consultants (not included under Architect contract) | 152,725 | 276,961 | | | | | | | 429,686 | Permit Expediter, Dry Utilities Consultant and Geotech Costs |
| Total Architecture & Design | 2,437,715 | 1,135,778 | 0 | 0 | 0 | 0 | 0 | 0 | 3,573,493 | |

Engineering & Environmental Studies

| | | | | | | | | | | |
|--|----------------|----------------|----------|----------|----------|----------|----------|----------|----------------|---------------------------------------|
| Survey | 25,000 | 30,000 | | | | | | | 55,000 | Additional scope from work at Church |
| Geotechnical studies | 122,000 | 65,000 | | | | | | | 187,000 | Added scope due to work at Church |
| Phase I & II Reports | 100,000 | -74,399 | | | | | | | 25,601 | Savings since line item is underspent |
| CEQA / Environmental Review consultants | 0 | | | | | | | | 0 | |
| NEPA / 106 Review | 0 | | | | | | | | 0 | |
| CNA/PNA (rehab only) | 0 | | | | | | | | 0 | |
| Other environmental consultants | 250,000 | -98,695 | | | | | | | 151,305 | Savings since line item is underspent |
| Total Engineering & Environmental Studies | 497,000 | -78,094 | 0 | 0 | 0 | 0 | 0 | 0 | 418,906 | |

Financing Costs

| | | | | | | | | | | |
|-------------------------------------|----------------|------------------|----------|----------------|----------|----------|------------------|----------------|------------------|---|
| Construction Financing Costs | | | | | | | | | | |
| Construction Loan Origination Fee | | 40,000 | | | | | | | 40,000 | Extension fees for construction loan |
| Construction Loan Interest | 681,450 | 1,040,977 | | 448,159 | | | 1,100,000 | 446,700 | 3,717,286 | Addition of loan interest at higher rate, plus accrued interest |
| Title & Recording | 70,000 | | | | | | | | 70,000 | |
| CDLAC & CDIAC fees | | | | | | | | | 0 | |
| Bond Issuer Fees | 238,435 | -89,687 | | | | | | | 148,748 | Overbudgeted line item previously |
| Other Bond Cost of Issuance | | 48,000 | | | | | | | 48,000 | Lender inspections budget \$1000/mo |
| Other Lender Costs - inspections | | 48,000 | | | | | | | 48,000 | |
| Sub-total Const. Financing Costs | 969,885 | 1,039,290 | 0 | 448,159 | 0 | 0 | 1,100,000 | 446,700 | 4,024,034 | |
| 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 | 0 | 0 | 10,000 | |
| Total Financing Costs | 999,885 | 1,039,290 | 0 | 448,159 | 0 | 0 | 1,100,000 | 446,700 | 4,034,034 | |

Legal Costs

| | | | | | | | | | | |
|-------------------------------|---------------|----------------|----------|----------------|----------|----------|----------|----------|----------------|---|
| Borrower Legal fees | | 44,607 | | 85,000 | | | | | 129,607 | Increased legal fees due to church negotiations |
| Land Use / CEQA Attorney fees | | | | | | | | | 0 | Increased budget for legal fees in anticipation of mini closing |
| Tax Credit Counsel | | 71,600 | | 140,000 | | | | | 211,600 | |
| Bond Counsel | | | | | | | | | 0 | |
| Construction Lender Counsel | 0 | 100,000 | | | | | | | 100,000 | Adding budget for legal fees in anticipation of mini closing |
| Permanent Lender Counsel | 10,000 | -10,000 | | | | | | | 0 | |
| Total Legal Costs | 10,000 | 206,207 | 0 | 225,000 | 0 | 0 | 0 | 0 | 441,207 | |

Other Development Costs

| | | | | | | | | | | |
|--|------------------|-----------------|----------|------------------|----------|----------|----------|----------|------------------|---|
| Appraisal | 15,000 | -10,000 | | | | | | | 5,000 | Overbudgeted line item previously |
| Market Study | 15,000 | 6,450 | | | | | | | 21,450 | Underbudgeted line item previously |
| Insurance | | 317,389 | | 688,247 | | | | | 1,005,636 | Increased insurance costs due to time extension |
| Property Taxes | 173,000 | -172,960 | | | | | | | 40 | |
| Accounting / Audit | 40,726 | | | 39,274 | | | | | 80,000 | |
| Organizational Costs | 10,000 | | | | | | | | 10,000 | |
| Entitlement / Permit Fees | 608,188 | -768,890 | | 691,812 | | | | | 531,110 | Overbudgeted line item previously |
| Marketing / Rent-up | 110,000 | -25,000 | | | | | | | 85,000 | Cost cutting |
| Furnishings | 434,300 | | | | | | | | 434,300 | \$2,000/unit. See MOHCD U/W Guidelines on: http://mohcd.org/documents-reports-and-forms |
| PGE / Utility Fees | | 350,000 | | 675,000 | | | | | 1,025,000 | Underbudgeted line item previously |
| TCAC App / Alloc / Monitor Fees | | 6,700 | | 127,830 | | | | | 136,530 | |
| Financial Consultant fees | 65,000 | 12,500 | | | | | | | 77,500 | Underbudgeted line item previously |
| Construction Management fees / Owner's Rep | | 94,750 | | 118,388 | | | | | 213,138 | Increased fee for time extension |
| Security during Construction | 240,000 | -240,000 | | | | | | | 0 | Included in hard cost increases |
| Relocation | | 25,000 | | | | | | | 25,000 | Added scope due to work at Church |
| Community Outreach | | 15,000 | | | | | | | 15,000 | Added scope for communication with other neighbors |
| Public Art | 121,467 | | | | | | | | 121,467 | Includes art consultant fee, artwork design fee, and installation coordination fee |
| Construction Costs NIC | 827,984 | | | | | | | | 827,984 | Street space fees, neighbor agreement, storm water prevention, facade testing, solar pv, covid delays, fire pump, etc. and other scopes that aren't included in both PTA and G/S. |
| Total Other Development Costs | 2,660,665 | -387,061 | 0 | 2,340,551 | 0 | 0 | 0 | 0 | 4,614,155 | |

Total Soft Cost Contingency as % of Total Soft Costs
 6.7%

Soft Cost Contingency

| | | | | | | | | | | |
|---|------------------|------------------|----------|------------------|----------|----------|------------------|----------------|-------------------|---|
| Contingency (Arch, Eng, Fin, Legal & Other Dev) | 831,686 | 39,205 | 0 | 0 | 0 | 0 | 0 | 0 | 870,891 | Should be either 10% or 5% of total soft costs. |
| TOTAL SOFT COSTS | 7,436,951 | 1,955,325 | 0 | 3,013,710 | 0 | 0 | 1,100,000 | 446,700 | 13,952,686 | |

RESERVES

| | | | | | | | | | | |
|------------------------------|----------------|----------------|----------|------------------|----------|----------|----------|----------|------------------|---|
| * Operating Reserves | | 114,922 | | 608,131 | | | | | 723,053 | Per updated operating budget |
| Replacement Reserves | | | | | | | | | 0 | |
| Tenant Improvements Reserves | | | | | | | | | 0 | |
| * COSR 1 | | 1,314,599 | | 3,889,201 | | | | | 5,203,800 | Realized per updated operating budget due to insurance cost increases |
| * Lease Up Reserves | 268,673 | | | | | | | | 268,673 | |
| * COSR 2 | | -478,550 | | 478,550 | | | | | 0 | Combined into one COSR now |
| TOTAL RESERVES | 268,673 | 950,971 | 0 | 4,975,882 | 0 | 0 | 0 | 0 | 6,195,526 | |

DEVELOPER COSTS

| | | | | | | | | | | |
|---|------------------|-------------------|----------|----------|----------|----------|----------|------------------|------------------|--|
| Developer Fee - Cash-out Paid at Milestones | 2,200,000 | -1,100,000 | | | | | | | 1,100,000 | |
| Developer Fee - Cash-out At Risk | | | | | | | | | 0 | |
| Commercial Developer Fee | | | | | | | | | 0 | |
| Developer Fee - GP Equity (also show as source) | | | | | | | | 1,100,000 | 1,100,000 | |
| 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 | 2,200,000 | -1,100,000 | 0 | 0 | 0 | 0 | 0 | 1,100,000 | 2,200,000 | |

TOTAL DEVELOPMENT COST

| | | | | | | | | | | |
|---|---------|---------|--------|---------|--------|--------|--------|--------|-----------|--|
| Development Cost/Unit by Source | 333,670 | 135,869 | 75,877 | 390,873 | 38,461 | 15,000 | 17,460 | 24,551 | 1,031,761 | |
| Development Cost/Unit as % of TDC by Source | 32.3% | 13.2% | 7.4% | 37.9% | 3.7% | 1.5% | 1.7% | 2.4% | 100.0% | |

Acquisition Cost/Unit by Source

| | | | | | | | | | | |
|---------------------------------|---|---|---|---|---|---|---|---|---|--|
| Acquisition Cost/Unit by Source | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
|---------------------------------|---|---|---|---|---|---|---|---|---|--|

Construction Cost (inc Const Contingency)/Unit By Source

| | | | | | | | | | | |
|--|---------|---------|--------|---------|--------|--------|---|---|---------|--|
| Construction Cost (inc Const Contingency)/Unit By Source | 175,844 | 107,198 | 75,877 | 264,054 | 38,461 | 15,000 | 0 | 0 | 676,433 | |
|--|---------|---------|--------|---------|--------|--------|---|---|---------|--|

| | | | | | | | | | | |
|--|--------|--------|--------|--------|-------|-------|------|------|--------|--|
| Construction Cost (inc Const Contingency)/SF | 232.36 | 141.65 | 100.27 | 348.93 | 50.82 | 19.82 | 0.00 | 0.00 | 893.85 | |
|--|--------|--------|--------|--------|-------|-------|------|------|--------|--|

*Possible non-eligible GO Bond/COP Amount:

| | | | | | | | | | | |
|-------------------|-----------|--|--|--|--|--|--|--|--|--|
| City Subsidy/Unit | 6,077,983 | | | | | | | | | |
|-------------------|-----------|--|--|--|--|--|--|--|--|--|

C. Updated 1st Year Operating Budget

Application Date: 11/1/2023
 Total # Units: 63
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2025

| Non-LOSP Units | |
|----------------|----------------|
| LOSP Units | Non-LOSP Units |
| 32 | 31 |

Project Name: Octavia Parcel U
 Project Address: 78 Haight Street
 Tenderloin Neighborhood Development
 Project Sponsor: Corporation
TCAC Income Limits In Use!

| INCOME | LOSP/non-LOSP Allocation | | Total | Comments |
|--|--------------------------|----------------|------------------|--|
| | 51% | 49% | | |
| Residential - Tenant Rents | 99,000 | 553,932 | 652,932 | Links from 'New Proj - Rent & Unit Mix' Worksheet |
| Residential - Tenant Assistance Payments (Non-LOSP) | 0 | 0 | 0 | Links from 'New Proj - Rent & Unit Mix' Worksheet |
| Residential - LOSP Tenant Assistance Payments | 667,718 | 0 | 667,718 | Links from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| Commercial Spaces | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet |
| Residential Parking | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet |
| Miscellaneous Rent Income | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet |
| Supportive Services Income | 0 | 0 | 0 | Supportive Services Income |
| Interest Income - Project Operations | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet |
| Laundry and Vending | 4,428 | 4,254 | 8,681 | Links from 'Utilities & Other Income' Worksheet |
| Tenant Charges | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet |
| Miscellaneous Residential Income | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet |
| Other Commercial Income | 0 | 0 | 0 | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| Withdrawal from Capitalized Reserve (deposit to operating account) | 0 | 248,072 | 248,072 | Withdrawal from Capitalized Reserve (deposit) |
| Gross Potential Income | 771,146 | 806,258 | 1,577,404 | |
| Vacancy Loss - Residential - Tenant Rents | (4,950) | (27,697) | (32,647) | 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 | 766,196 | 778,561 | 1,544,757 | PUPA: 24,520 |

| OPERATING EXPENSES | | | | |
|--------------------------------------|----------------|----------------|----------------|---|
| Management | | | | |
| Management Fee | 25,061 | 24,079 | 49,140 | 1st Year to be set according to HUD schedule. |
| Asset Management Fee | 11,965 | 11,495 | 23,460 | Asset Management Fee |
| Sub-total Management Expenses | 37,026 | 35,574 | 72,600 | PUPA: 1,152 |
| Salaries/Benefits | | | | |
| Office Salaries | 11,531 | 11,078 | 22,609 | Office Salaries |
| Manager's Salary | 44,370 | 42,630 | 87,000 | Manager's Salary |
| Health Insurance and Other Benefits | 54,216 | 52,090 | 106,306 | Health Insurance and Other Benefits |
| Other Salaries/Benefits | 150,696 | 50,232 | 200,928 | 100% of desk clerk salaries - \$200,928 allocated to LOSP |
| Administrative Rent-Free Unit | 0 | 0 | 0 | Administrative Rent-Free Unit |
| Sub-total Salaries/Benefits | 260,813 | 156,030 | 416,843 | PUPA: 6,617 |

| | | | | |
|--|---------------|---------------|----------------|--------------------------|
| Administration | | | | |
| Advertising and Marketing | 331 | 318 | 649 | |
| Office Expenses | 11,773 | 11,312 | 23,085 | |
| Office Rent | 0 | 0 | 0 | Projected LOSP Split |
| Legal Expense - Property | 5,100 | 4,900 | 10,000 | Legal Expense - Property |
| Audit Expense | 6,630 | 6,370 | 13,000 | |
| Bookkeeping/Accounting Services | 6,940 | 6,668 | 13,608 | Projected LOSP Split |
| Bad Debts | 9,180 | 8,820 | 18,000 | Bad Debts |
| Miscellaneous | 5,246 | 5,040 | 10,286 | Tech Support, Training |
| Sub-total Administration Expenses | 45,200 | 43,428 | 88,628 | PUPA: 1,407 |
| Utilities | | | | |
| Electricity | 19,537 | 18,770 | 38,307 | Electricity |
| Water | 39,483 | 37,934 | 77,417 | |
| Gas | 0 | 0 | 0 | |
| Sewer | 0 | 0 | 0 | |
| Sub-total Utilities | 59,019 | 56,705 | 115,724 | PUPA: 1,837 |

| | | | | |
|---|---------------|---------------|---------------|-------------------|
| Taxes and Licenses | | | | |
| Real Estate Taxes | 2,396 | 2,303 | 4,699 | Real Estate Taxes |
| Payroll Taxes | 20,653 | 19,844 | 40,497 | Payroll Taxes |
| Miscellaneous Taxes, Licenses and Permits | 482 | 464 | 946 | |
| Sub-total Taxes and Licenses | 23,532 | 22,610 | 46,142 | PUPA: 732 |

| | | | | |
|--|----------------|----------------|----------------|------------------------|
| Insurance | | | | |
| Property and Liability Insurance | 121,849 | 117,070 | 238,919 | |
| Fidelity Bond Insurance | 0 | 0 | 0 | Alternative LOSP Split |
| Worker's Compensation | 12,909 | 12,402 | 25,311 | Worker's Compensation |
| Director's & Officers' Liability Insurance | 0 | 0 | 0 | |
| Sub-total Insurance | 134,757 | 129,473 | 264,230 | PUPA: 4,194 |

| | | | | |
|---|----------------|----------------|----------------|---------------------------|
| Maintenance & Repair | | | | |
| Payroll | 99,796 | 95,883 | 195,679 | Payroll |
| Supplies | 7,790 | 7,485 | 15,275 | Supplies |
| Contracts | 33,474 | 32,162 | 65,636 | Contracts |
| Garbage and Trash Removal | 24,005 | 23,064 | 47,069 | Alternative LOSP Split |
| Security Payroll/Contract | 0 | 0 | 0 | Security Payroll/Contract |
| HVAC Repairs and Maintenance | 2,090 | 2,008 | 4,098 | |
| Vehicle and Maintenance Equipment Operation and Repairs | 44 | 42 | 86 | |
| Miscellaneous Operating and Maintenance Expenses | 0 | 0 | 0 | |
| Sub-total Maintenance & Repair Expenses | 167,200 | 160,643 | 327,843 | PUPA: 5,204 |

| | | | | |
|---------------------------------|----------------|----------------|------------------|--|
| Supportive Services | | | | |
| Commercial Expenses | 0 | 66,886 | 66,886 | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| TOTAL OPERATING EXPENSES | 727,548 | 671,348 | 1,398,896 | PUPA: 22,205 |

| | | | | |
|--|---------------|---------------|---------------|--|
| Reserves/Ground Lease Base Rent/Bond Fees | | | | |
| Ground Lease Base Rent | 7,650 | 7,350 | 15,000 | Ground lease with MOHCD Provide additional comments here, if needed. |
| Bond Monitoring Fee | 0 | 0 | 0 | |
| Replacement Reserve Deposit | 16,065 | 15,435 | 31,500 | 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 | 23,715 | 22,785 | 46,500 | PUPA: 738 |

| | | | | |
|---|----------------|----------------|------------------|---------------------|
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | 751,263 | 694,133 | 1,445,396 | PUPA: 22,943 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | 14,933 | 84,428 | 99,361 | PUPA: 1,577 |

| | | | | |
|--|----------|----------|----------|--|
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | |
| Hard Debt - First Lender | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len) | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Hard Debt - Fourth Lender | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Commercial Hard Debt Service | 0 | 0 | 0 | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| TOTAL HARD DEBT SERVICE | 0 | 0 | 0 | PUPA: 0 |

| | | | | |
|---|---------------|---------------|---------------|---|
| CASH FLOW (NOI minus DEBT SERVICE) | 14,933 | 84,428 | 99,361 | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | 0 | 0 | 0 | Allocation of Commercial Surplus to LOSP/non- |
| AVAILABLE CASH FLOW | 14,933 | 84,428 | 99,361 | |

| | | | | |
|---|---------------|---------------|---------------|--|
| 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) | 12,383 | 11,897 | 24,280 | 1st |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | 2,550 | 2,450 | 5,000 | 2nd |
| Other Payments | 0 | 0 | 0 | Alternative LOSP Split |
| Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field) | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field) | 0 | 0 | 0 | Provide additional comments here, if needed. |
| Deferred Developer Fee (Enter amt <= Max Fee from cell I130) | 0 | 0 | 0 | Def. Develop. Fee split: 0% Provide additional comments here, if needed. |
| TOTAL PAYMENTS PRECEDING MOHCD | 14,933 | 14,347 | 29,280 | PUPA: 465 |

| | | | | |
|---|----------|---------------------------------|---------------|--|
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | 0 | 70,081 | 70,081 | |
| Residual Receipts Calculation | | | | |
| Does Project have a MOHCD Residual Receipt Obligation? | Yes | Project has MOHCD ground lease? | Yes | |
| Will Project Defer Developer Fee? | No | | | |
| Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: | 33% | | | Sum of DD F from LOSP and non-LOSP: |
| % of Residual Receipts available for distribution to soft debt lenders in | 67% | | | Ratio of Sum of DD F and calculated 50%: |

| Soft Debt Lenders with Residual Receipts Obligations | (Select lender name/program from drop down) | Total Principal Amt | Distrib. of Soft Debt Loans |
|--|---|---------------------|-----------------------------|
| MOHCD/OCII - Soft Debt Loans | All MOHCD/OCII Loans payable from res. recs | \$30,525,894 | 99.51% |
| MOHCD/OCII - Ground Lease Value or Land Acq Cost | Ground Lease Value | \$150,000 | 0.49% |
| 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 | 46,721 | 46,721 | 67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | 46,721 | 46,721 | 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 repaymt. | |
| Proposed MOHCD Residual Receipts Amount to Replacement Reserve | 0 | 0 | MOHCD res recs to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt | |

| | | | | |
|---|----------|---------------|---------------|--|
| REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE | 0 | 23,360 | 23,360 | |
|---|----------|---------------|---------------|--|

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

| | | | | |
|--|----------|----------|--|--|
| REMAINDER (Should be zero unless there are distributions below) | | | | |
| Owner Distributions/Incentive Management Fee | 23,360 | 23,360 | 100% of Borrower share of 33% of residual receipts | |
| Other Distributions/Uses | 0 | 0 | 0 | |
| Final Balance (should be zero) | 0 | 0 | 0 | |

Application Date: 11/1/2023
 Total # Units: 63
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2025

| INCOME | | | |
|--|----------|----------|---|
| Residential - Tenant Rents | | non-LOSP | Approved By (reqd) |
| Residential - Tenant Assistance Payments (Non-LOSP) | non-LOSP | | |
| Residential - LOSP Tenant Assistance Payments | | | |
| Commercial Spaces | | | |
| Residential Parking | | | |
| Miscellaneous Rent Income | LOSP | non-LOSP | Approved By (reqd) |
| Supportive Services Income | | | |
| Interest Income - Project Operations | | | |
| Laundry and Vending | LOSP | non-LOSP | (only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system) |
| Tenant Charges | | | |
| Miscellaneous Residential Income | | | |
| Other Commercial Income | LOSP | non-LOSP | Approved By (reqd) |
| Withdrawal from Capitalized Reserve (deposit to operating account) | 0.00% | 100.00% | |
| 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 | 51.00% | 49.00% | |
| 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 | 51.00% | 49.00% | |
| 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 | 51.00% | 49.00% | |
| 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 | 51.00% | 49.00% | (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 | | |
| 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 DEBT SERVICE) | | | |
| 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) | 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: | | 0 | |
| % of Residual Receipts available for distribution to soft debt lenders in | #VALUE! | | |
| 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 | | | |
| Proposed MOHCD Residual Receipts Amount to Replacement Reserve | | | |
| 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) | | | |

D. Updated 20-year Operating Pro Forma

Total # Units: LOSP Non-LOSP
 Units Units
 32 31

| INCOME | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | Year 1 2025 | | | Year 2 2026 | | | Year 3 2027 | | |
|---|-----------------|-------------------|--|-------------|----------|-------|-------------|----------|-------|-------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | | | | | | | | | | | | |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | | | | | |
| Other Reserve 2 Deposits | | | | | | | | | | | | |
| Other Reserve 2 Withdrawals | | | | | | | | | | | | |
| Other Reserve 2 Interest | | | | | | | | | | | | |
| Other Required Reserve 2 Running Balance | | | | | | | | | | | | |

Octavia Parcel U

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 4 2028 | | | Year 5 2029 | | | Year 6 2030 | | |
|--|------------|--------|----------------|--|-----------------|-------------------|--|----------------|----------------|------------------|----------------|----------------|------------------|
| | 63 | 32 | 31 | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 51.00% | 49.00% | | | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| INCOME | | | | | | | | | | | | | |
| Residential - Tenant Rents | | 1.0% | 2.5% | | 102,000 | 596,524 | 698,524 | 103,020 | 611,437 | 714,457 | 104,050 | 626,723 | 730,773 |
| Residential - Tenant Assistance Payments (Non-LOSP) | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | | n/a | n/a | | 744,972 | - | 744,972 | 772,597 | - | 772,597 | 801,214 | - | 801,214 |
| 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% | | 4,768 | 4,581 | 9,349 | 4,887 | 4,695 | 9,583 | 5,009 | 4,813 | 9,822 |
| 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 | | - | 250,273 | 250,273 | - | 262,635 | 262,635 | - | 275,477 | 275,477 |
| Gross Potential Income | | | | | 851,739 | 851,378 | 1,703,118 | 880,503 | 878,768 | 1,759,271 | 910,273 | 907,013 | 1,817,286 |
| Vacancy Loss - Residential - Tenant Rents | | n/a | n/a | | (5,100) | (29,826) | (34,926) | (5,151) | (30,572) | (35,723) | (5,202) | (31,336) | (36,539) |
| Vacancy Loss - Residential - Tenant Assistance Payments | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | 846,639 | 821,552 | 1,668,191 | 875,352 | 848,196 | 1,723,548 | 905,070 | 875,677 | 1,780,747 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | |
| Management Fee | | 3.5% | 3.5% | 1st Year to be set according to HUD schedule | 27,796 | 26,696 | 54,492 | 28,759 | 27,631 | 56,390 | 29,765 | 28,598 | 58,363 |
| Asset Management Fee | | 3.5% | 3.5% | per MOHCD policy | 13,265 | 12,745 | 26,011 | 13,730 | 13,191 | 26,921 | 14,210 | 13,653 | 27,863 |
| Sub-total Management Expenses | | | | | 41,061 | 39,442 | 80,493 | 42,488 | 40,822 | 83,310 | 43,975 | 42,251 | 86,226 |
| Salaries/Benefits | | | | | | | | | | | | | |
| Office Salaries | | 3.5% | 3.5% | | 12,784 | 12,283 | 25,067 | 13,232 | 12,713 | 25,944 | 13,695 | 13,158 | 26,852 |
| Manager's Salary | | 3.5% | 3.5% | | 49,194 | 47,265 | 96,458 | 50,916 | 48,919 | 99,835 | 52,698 | 50,631 | 103,329 |
| Health Insurance and Other Benefits | | 3.5% | 3.5% | | 60,110 | 57,753 | 117,863 | 62,214 | 59,774 | 122,088 | 64,392 | 61,867 | 126,258 |
| Other Salaries/Benefits | | 3.5% | 3.5% | | 167,079 | 155,693 | 322,772 | 172,927 | 167,442 | 340,369 | 178,980 | 169,660 | 348,640 |
| Administrative Rent-Free Unit | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | 289,168 | 275,994 | 564,117 | 299,089 | 298,166 | 597,148 | 305,763 | 294,676 | 603,977 |
| Administration | | | | | | | | | | | | | |
| Advertising and Marketing | | 3.5% | 3.5% | | 367 | 353 | 720 | 380 | 365 | 745 | 393 | 378 | 771 |
| Office Expenses | | 3.5% | 3.5% | | 13,053 | 12,641 | 25,694 | 13,510 | 12,980 | 26,491 | 13,983 | 13,435 | 27,418 |
| Office Rent | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | | 3.5% | 3.5% | | 5,654 | 5,433 | 11,087 | 5,852 | 5,623 | 11,475 | 6,057 | 5,820 | 11,877 |
| Audit Expense | | 3.5% | 3.5% | | 7,351 | 7,063 | 14,413 | 7,608 | 7,310 | 14,918 | 7,874 | 7,566 | 15,440 |
| Bookkeeping/Accounting Services | | 3.5% | 3.5% | | 7,695 | 7,393 | 15,087 | 7,964 | 7,652 | 15,615 | 8,243 | 7,919 | 16,162 |
| Bad Debts | | 3.5% | 3.5% | | 10,178 | 9,779 | 19,957 | 10,534 | 10,121 | 20,655 | 10,903 | 10,475 | 21,378 |
| Miscellaneous | | 3.5% | 3.5% | | 5,816 | 5,586 | 11,404 | 6,020 | 5,784 | 11,803 | 6,230 | 5,986 | 12,217 |
| Sub-total Administration Expenses | | | | | 50,114 | 48,149 | 98,263 | 51,868 | 49,834 | 101,703 | 53,684 | 51,579 | 105,262 |
| Utilities | | | | | | | | | | | | | |
| Electricity | | 3.5% | 3.5% | | 21,661 | 20,811 | 42,472 | 22,419 | 21,540 | 43,958 | 23,203 | 22,293 | 45,497 |
| Water | | 3.5% | 3.5% | | 43,775 | 42,056 | 85,834 | 45,307 | 43,531 | 88,838 | 46,893 | 45,054 | 91,947 |
| Gas | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sewer | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Utilities | | | | | 65,436 | 62,870 | 128,305 | 67,726 | 65,070 | 132,796 | 70,096 | 67,347 | 137,444 |
| Taxes and Licenses | | | | | | | | | | | | | |
| Real Estate Taxes | | 3.5% | 3.5% | | 2,657 | 2,553 | 5,210 | 2,750 | 2,642 | 5,392 | 2,846 | 2,735 | 5,581 |
| Payroll Taxes | | 3.5% | 3.5% | | 22,899 | 22,001 | 44,900 | 23,700 | 22,771 | 46,471 | 24,530 | 23,568 | 48,098 |
| Miscellaneous Taxes, Licenses and Permits | | 3.5% | 3.5% | | 535 | 514 | 1,049 | 554 | 532 | 1,086 | 573 | 551 | 1,124 |
| Sub-total Taxes and Licenses | | | | | 26,091 | 25,068 | 51,158 | 27,004 | 25,945 | 52,949 | 27,949 | 26,853 | 54,802 |
| Insurance | | | | | | | | | | | | | |
| Property and Liability Insurance | | 3.5% | 3.5% | | 135,096 | 129,798 | 264,894 | 139,824 | 134,341 | 274,165 | 144,718 | 139,043 | 283,761 |
| Fidelity Bond Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | | 3.5% | 3.5% | | 14,312 | 13,751 | 28,063 | 14,813 | 14,232 | 29,045 | 15,331 | 14,730 | 30,062 |
| Director's & Officers' Liability Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | 149,408 | 143,549 | 292,957 | 154,637 | 148,573 | 303,210 | 160,049 | 153,773 | 313,822 |
| Maintenance & Repair | | | | | | | | | | | | | |
| Payroll | | 3.5% | 3.5% | | 110,646 | 106,307 | 216,953 | 114,519 | 110,028 | 224,546 | 118,527 | 113,879 | 232,405 |
| Supplies | | 3.5% | 3.5% | | 8,637 | 8,298 | 16,936 | 8,939 | 8,589 | 17,528 | 9,252 | 8,890 | 18,142 |
| Contracts | | 3.5% | 3.5% | | 37,114 | 35,658 | 72,772 | 38,413 | 36,906 | 75,319 | 38,757 | 36,198 | 74,955 |
| Garbage and Trash Removal | | 3.5% | 3.5% | | 26,615 | 25,571 | 52,186 | 27,547 | 26,466 | 54,013 | 28,511 | 27,393 | 55,903 |
| Security Payroll/Contract | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| HVAC Repairs and Maintenance | | 3.5% | 3.5% | | 2,317 | 2,226 | 4,544 | 2,398 | 2,304 | 4,703 | 2,482 | 2,385 | 4,867 |
| Vehicle and Maintenance Equipment Operation and Repairs | | 3.5% | 3.5% | | 49 | 47 | 95 | 50 | 48 | 99 | 52 | 50 | 102 |
| Miscellaneous Operating and Maintenance Expenses | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Maintenance & Repair Expenses | | | | | 185,378 | 178,108 | 363,485 | 191,866 | 184,342 | 376,207 | 198,581 | 190,794 | 389,375 |
| Supportive Services | | | | | | | | | | | | | |
| Commercial Expenses | | 3.5% | 3.5% | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% | - | 74,158 | 74,158 | - | 76,753 | 76,753 | - | 79,440 | 79,440 |
| TOTAL OPERATING EXPENSES | | | | | 806,645 | 744,336 | 1,550,981 | 834,878 | 770,387 | 1,605,265 | 864,099 | 797,351 | 1,661,450 |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | |
| <i>delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i> | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 |
| Bond Monitoring Fee | | | | | - | - | - | - | - | - | - | - | - |
| Replacement Reserve Deposit | | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 |
| 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 | | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | | 830,360 | 767,121 | 1,597,481 | 858,593 | 793,172 | 1,651,765 | 887,814 | 820,136 | 1,707,950 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | | | | | | | |
| | | | | | 16,279 | 54,431 | 70,710 | 16,760 | 55,023 | 71,783 | 17,257 | 55,541 | 72,798 |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | |
| <i>delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i> | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | | | | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | | | | - | - | - | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | 16,279 | 54,431 | 70,710 | 16,760 | 55,023 | 71,783 | 17,257 | 55,541 | 72,798 |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | | | | | | | | | |
| AVAILABLE CASH FLOW | | | | | 16,279 | 54,431 | 70,710 | 16,760 | 55,023 | 71,783 | 17,257 | 55,541 | 72,798 |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | | |
| <i>delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i> | | | | | | | | | | | | | |
| Below-the-line Asset Mgt fee (uncommon in new projects, see policy) | | 3.5% | 3.5% | per MOHCD policy | - | - | - | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | | 3.5% | 3.5% | per MOHCD policy | 13,729 | 13,191 | 26,920 | 14,210 | 13,692 | 27,862 | 14,707 | 14,130 | 28,837 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 |
| Other Payments | | | | | - | - | - | - | | | | | |

Total # Units:
 63 LOSP Units: 32 Non-LOSP Units: 31

| INCOME | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | Year 4 2028 | | | Year 5 2029 | | | Year 6 2030 | | |
|---|-----------------|-------------------|--|--|----------|-------|-------------|----------|-------|-------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | | | | OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | | | | | |
| Other Reserve 2 Deposits | | | | | | | | | | | | |
| Other Reserve 2 Withdrawals | | | | | | | | | | | | |
| Other Reserve 2 Interest | | | | | | | | | | | | |
| Other Required Reserve 2 Running Balance | | | | | | | | | | | | |

Octavia Parcel U

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 7 2031 | | | Year 8 2032 | | | Year 9 2033 | | |
|--|------------|--------|----------------|--|-----------------|-------------------|--|----------------|----------------|------------------|------------------|----------------|------------------|
| | 63 | 32 | 31 | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 51.00% | 49.00% | | | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| INCOME | | | | | | | | | | | | | |
| Residential - Tenant Rents | | 1.0% | 2.5% | | 105,090 | 642,391 | 747,482 | 106,141 | 658,451 | 764,592 | 107,203 | 674,912 | 782,115 |
| Residential - Tenant Assistance Payments (Non-LOSP) | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | | n/a | n/a | | 830,858 | - | 830,858 | 861,566 | - | 861,566 | 893,375 | - | 893,375 |
| 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% | | 5,135 | 4,933 | 10,068 | 5,263 | 5,057 | 10,319 | 5,394 | 5,183 | 10,577 |
| 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 | | - | 288,816 | 288,816 | - | 302,670 | 302,670 | - | 317,056 | 317,056 |
| Gross Potential Income | | | | | 941,083 | 936,140 | 1,877,224 | 972,970 | 966,178 | 1,939,148 | 1,005,972 | 997,151 | 2,003,124 |
| Vacancy Loss - Residential - Tenant Rents | | n/a | n/a | | (5,255) | (32,120) | (37,374) | (5,307) | (32,923) | (38,230) | (5,360) | (33,746) | (39,106) |
| Vacancy Loss - Residential - Tenant Assistance Payments | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | 935,828 | 904,021 | 1,839,849 | 967,663 | 933,255 | 1,900,918 | 1,000,612 | 963,406 | 1,964,018 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | |
| Management Fee | | 3.5% | 3.5% | 1st Year to be set according to HUD schedule | 30,807 | 29,599 | 60,406 | 31,885 | 30,635 | 62,520 | 33,001 | 31,707 | 64,708 |
| Asset Management Fee | | 3.5% | 3.5% | per MOHCD policy | 14,708 | 14,131 | 28,838 | 15,222 | 14,625 | 29,848 | 15,755 | 15,137 | 30,892 |
| Sub-total Management Expenses | | | | | 45,514 | 43,730 | 89,244 | 47,107 | 45,260 | 92,368 | 48,756 | 46,844 | 95,600 |
| Salaries/Benefits | | | | | | | | | | | | | |
| Office Salaries | | 3.5% | 3.5% | | 14,174 | 13,618 | 27,792 | 14,670 | 14,095 | 28,765 | 15,184 | 14,588 | 29,772 |
| Manager's Salary | | 3.5% | 3.5% | | 54,542 | 52,403 | 106,945 | 56,451 | 54,237 | 110,688 | 58,427 | 56,136 | 114,562 |
| Health Insurance and Other Benefits | | 3.5% | 3.5% | | 66,645 | 64,032 | 130,677 | 68,978 | 66,273 | 135,251 | 71,392 | 68,593 | 139,985 |
| Other Salaries/Benefits | | 3.5% | 3.5% | | 185,244 | 178,748 | 363,992 | 191,727 | 185,009 | 376,737 | 196,438 | 189,146 | 385,584 |
| Administrative Rent-Free Unit | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | 320,605 | 310,801 | 616,406 | 332,827 | 329,411 | 662,241 | 347,045 | 338,873 | 686,903 |
| Administration | | | | | | | | | | | | | |
| Advertising and Marketing | | 3.5% | 3.5% | | 407 | 391 | 798 | 421 | 405 | 826 | 436 | 419 | 855 |
| Office Expenses | | 3.5% | 3.5% | | 14,472 | 13,905 | 28,377 | 14,979 | 14,392 | 29,371 | 15,503 | 14,895 | 30,399 |
| Office Rent | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | | 3.5% | 3.5% | | 6,289 | 6,023 | 12,312 | 6,489 | 6,234 | 12,723 | 6,716 | 6,452 | 13,168 |
| Audit Expense | | 3.5% | 3.5% | | 8,150 | 7,830 | 15,980 | 8,435 | 8,104 | 16,540 | 8,730 | 8,388 | 17,119 |
| Bookkeeping/Accounting Services | | 3.5% | 3.5% | | 8,531 | 8,197 | 16,728 | 8,830 | 8,483 | 17,313 | 9,139 | 8,780 | 17,919 |
| Bad Debts | | 3.5% | 3.5% | | 11,285 | 10,842 | 22,127 | 11,680 | 11,222 | 22,901 | 12,088 | 11,614 | 23,703 |
| Miscellaneous | | 3.5% | 3.5% | | 6,449 | 6,196 | 12,644 | 6,674 | 6,412 | 13,087 | 6,908 | 6,637 | 13,545 |
| Sub-total Administration Expenses | | | | | 55,563 | 53,384 | 108,946 | 57,507 | 55,252 | 112,760 | 59,520 | 57,186 | 116,706 |
| Utilities | | | | | | | | | | | | | |
| Electricity | | 3.5% | 3.5% | | 24,015 | 23,074 | 47,089 | 24,856 | 23,881 | 48,737 | 25,726 | 24,717 | 50,443 |
| Water | | 3.5% | 3.5% | | 49,534 | 46,631 | 96,165 | 50,233 | 48,263 | 98,496 | 51,991 | 49,952 | 101,943 |
| Gas | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sewer | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Utilities | | | | | 72,550 | 69,705 | 143,254 | 75,089 | 72,144 | 147,233 | 77,717 | 74,669 | 152,386 |
| Taxes and Licenses | | | | | | | | | | | | | |
| Real Estate Taxes | | 3.5% | 3.5% | | 2,946 | 2,830 | 5,776 | 3,049 | 2,929 | 5,978 | 3,156 | 3,032 | 6,188 |
| Payroll Taxes | | 3.5% | 3.5% | | 25,388 | 24,351 | 49,739 | 26,277 | 25,247 | 51,523 | 27,197 | 26,130 | 53,327 |
| Miscellaneous Taxes, Licenses and Permits | | 3.5% | 3.5% | | 593 | 570 | 1,163 | 614 | 590 | 1,204 | 635 | 610 | 1,246 |
| Sub-total Taxes and Licenses | | | | | 28,927 | 27,751 | 56,720 | 29,940 | 28,766 | 58,705 | 30,988 | 29,772 | 60,760 |
| Insurance | | | | | | | | | | | | | |
| Property and Liability Insurance | | 3.5% | 3.5% | | 149,783 | 143,909 | 293,692 | 155,026 | 148,946 | 303,972 | 160,451 | 154,159 | 314,611 |
| Fidelity Bond Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | | 3.5% | 3.5% | | 15,868 | 15,245 | 31,114 | 16,423 | 15,779 | 32,203 | 16,998 | 16,332 | 33,330 |
| Director's & Officers' Liability Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | 165,651 | 159,155 | 324,806 | 171,449 | 164,725 | 336,174 | 177,450 | 170,491 | 347,940 |
| Maintenance & Repair | | | | | | | | | | | | | |
| Payroll | | 3.5% | 3.5% | | 122,675 | 117,864 | 240,539 | 126,969 | 121,990 | 248,958 | 131,413 | 126,259 | 257,672 |
| Supplies | | 3.5% | 3.5% | | 9,576 | 9,201 | 18,777 | 9,917 | 9,523 | 19,434 | 10,258 | 9,856 | 20,114 |
| Contracts | | 3.5% | 3.5% | | 41,149 | 39,535 | 80,683 | 42,589 | 40,919 | 83,507 | 44,079 | 42,351 | 86,430 |
| Garbage and Trash Removal | | 3.5% | 3.5% | | 29,509 | 28,351 | 57,860 | 30,541 | 29,344 | 59,885 | 31,610 | 30,371 | 61,981 |
| Security Payroll/Contract | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| HVAC Repairs and Maintenance | | 3.5% | 3.5% | | 2,569 | 2,468 | 5,037 | 2,659 | 2,555 | 5,214 | 2,752 | 2,644 | 5,396 |
| Vehicle and Maintenance Equipment Operation and Repairs | | 3.5% | 3.5% | | 54 | 52 | 106 | 56 | 54 | 109 | 58 | 55 | 113 |
| Miscellaneous Operating and Maintenance Expenses | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Maintenance & Repair Expenses | | | | | 205,531 | 197,471 | 403,003 | 212,725 | 204,383 | 417,108 | 220,170 | 211,536 | 431,707 |
| Supportive Services | | | | | | | | | | | | | |
| Commercial Expenses | | 3.5% | 3.5% | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% | - | 82,220 | 82,220 | - | 85,098 | 85,098 | - | 88,076 | 88,076 |
| TOTAL OPERATING EXPENSES | | | | | 894,342 | 825,258 | 1,719,600 | 925,644 | 854,142 | 1,779,786 | 958,042 | 884,037 | 1,842,079 |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 |
| Bond Monitoring Fee | | | | | - | - | - | - | - | - | - | - | - |
| Replacement Reserve Deposit | | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 |
| 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 | | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | | 918,057 | 848,043 | 1,766,100 | 949,359 | 876,927 | 1,826,286 | 981,757 | 906,822 | 1,888,579 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | | | | | | | |
| | | | | | 17,771 | 55,978 | 73,749 | 18,304 | 56,328 | 74,632 | 18,856 | 56,583 | 75,439 |
| 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) | | | | | - | - | - | - | - | - | - | - | - |
| 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) | | | | | 17,771 | 55,978 | 73,749 | 18,304 | 56,328 | 74,632 | 18,856 | 56,583 | 75,439 |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | | | | | | | | | |
| AVAILABLE CASH FLOW | | | | | 17,771 | 55,978 | 73,749 | 18,304 | 56,328 | 74,632 | 18,856 | 56,583 | 75,439 |
| USES OF CASH FLOW BELOW (This row also shows DSCR). DSCR: | | | | | | | | | | | | | |
| 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 | 15,221 | 14,625 | 29,846 | 15,754 | 15,137 | 30,891 | 16,306 | 15,666 | 31,972 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 | 2,550 | 2,450 | 5,000 |
| Other Payments | | | | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 1 | | | | | - | - | | | | | | | |

Total # Units: LOSP Non-LOSP
 Units Units
 32 31

| INCOME | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | Year 7 2031 | | | Year 8 2032 | | | Year 9 2033 | | |
|---|-----------------|-------------------|---|--|----------|-------|----------------|----------|-------|----------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | | | | OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | | | | | |
| Other Reserve 2 Deposits | | | | | | | | | | | | |
| Other Reserve 2 Withdrawals | | | | | | | | | | | | |
| Other Reserve 2 Interest | | | | | | | | | | | | |
| Other Required Reserve 2 Running Balance | | | | | | | | | | | | |

Total # Units: LOSP Non-LOSP
 Units Units
 32 31

| INCOME | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | Year 10 2034 | | | Year 11 2035 | | | Year 12 2036 | | |
|---|-----------------|-------------------|--|--|----------|-------|--------------|----------|-------|--------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | | | | OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | - | | - | | | - | |
| Other Reserve 2 Deposits | | | | | | - | | - | | | - | |
| Other Reserve 2 Withdrawals | | | | | | | | | | | | |
| Other Reserve 2 Interest | | | | | | | | | | | | |
| Other Required Reserve 2 Running Balance | | | | | | - | | - | | | - | |

Octavia Parcel U

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 13 2037 | | | Year 14 2038 | | | Year 15 2039 | | |
|--|------------|------------------------|--------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 63 | 32 | 31 | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 51.00% | 49.00% | | | | | | | | | | | |
| INCOME | | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | | | | | | | | | |
| Residential - Tenant Rents | | 1.0% | 2.5% | | 111,556 | 744,977 | 856,533 | 112,671 | 763,601 | 876,273 | 113,796 | 762,691 | 876,487 |
| Residential - Tenant Assistance Payments (Non-LOSP) | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | | n/a | n/a | | 1,032,419 | - | 1,032,419 | 1,070,251 | - | 1,070,251 | 1,109,528 | - | 1,109,528 |
| 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% | | 5,955 | 5,221 | 11,676 | 6,103 | 5,864 | 11,967 | 6,256 | 6,011 | 12,267 |
| 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 | - | 380,290 | 380,290 | - | 397,621 | 397,621 | - | 415,602 | 415,602 |
| Gross Potential Income | | | | | 1,149,929 | 1,130,988 | 2,280,917 | 1,189,026 | 1,167,066 | 2,356,112 | 1,229,582 | 1,204,304 | 2,433,886 |
| Vacancy Loss - Residential - Tenant Rents | | n/a | n/a | Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate | (5,578) | (37,249) | (42,827) | (5,634) | (38,180) | (43,814) | (5,690) | (39,135) | (44,824) |
| Vacancy Loss - Residential - Tenant Assistance Payments | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | 1,144,351 | 1,093,739 | 2,238,090 | 1,183,392 | 1,128,906 | 2,312,299 | 1,223,892 | 1,165,169 | 2,389,061 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | |
| Management Fee | | 3.5% | 3.5% | 1st Year to be set according to HUD schedule | 37,869 | 36,394 | 74,254 | 39,195 | 37,658 | 76,853 | 40,567 | 38,976 | 79,543 |
| Asset Management Fee | | 3.5% | 3.5% | per MOHCD policy | 18,079 | 17,370 | 35,450 | 18,712 | 17,978 | 36,690 | 19,367 | 18,608 | 37,975 |
| Sub-total Management Expenses | | | | | 55,949 | 53,765 | 109,704 | 57,907 | 55,636 | 113,543 | 59,934 | 57,583 | 117,517 |
| Salaries/Benefits | | | | | | | | | | | | | |
| Office Salaries | | 3.5% | 3.5% | | 17,424 | 16,740 | 34,164 | 18,033 | 17,326 | 35,359 | 18,665 | 17,933 | 36,597 |
| Manager's Salary | | 3.5% | 3.5% | | 67,046 | 64,417 | 131,463 | 69,393 | 66,671 | 136,064 | 71,821 | 69,005 | 140,826 |
| Health Insurance and Other Benefits | | 3.5% | 3.5% | | 81,924 | 78,711 | 160,636 | 84,792 | 81,466 | 166,258 | 87,759 | 84,318 | 172,077 |
| Other Salaries/Benefits | | 3.5% | 3.5% | | 227,712 | 219,904 | 447,616 | 235,682 | 228,511 | 464,193 | 243,931 | 236,251 | 480,182 |
| Administrative Rent-Free Unit | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | 394,106 | 379,772 | 773,883 | 407,908 | 393,974 | 801,814 | 412,176 | 398,507 | 800,682 |
| Administration | | | | | | | | | | | | | |
| Advertising and Marketing | | 3.5% | 3.5% | | 500 | 481 | 981 | 518 | 497 | 1,015 | 536 | 515 | 1,051 |
| Office Expenses | | 3.5% | 3.5% | | 17,790 | 17,093 | 34,883 | 18,413 | 17,691 | 36,104 | 19,057 | 18,310 | 37,368 |
| Office Rent | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | | 3.5% | 3.5% | | 7,706 | 7,404 | 15,111 | 7,976 | 7,663 | 15,640 | 8,255 | 7,932 | 16,187 |
| Audit Expense | | 3.5% | 3.5% | | 10,018 | 9,626 | 19,644 | 10,369 | 9,962 | 20,331 | 10,732 | 10,311 | 21,043 |
| Bookkeeping/Accounting Services | | 3.5% | 3.5% | | 10,487 | 10,076 | 20,563 | 10,854 | 10,428 | 21,282 | 11,234 | 10,793 | 22,027 |
| Bad Debts | | 3.5% | 3.5% | | 13,872 | 13,328 | 27,199 | 14,357 | 13,794 | 28,151 | 14,860 | 14,277 | 29,137 |
| Miscellaneous | | 3.5% | 3.5% | | 7,927 | 7,616 | 15,543 | 8,204 | 7,883 | 16,087 | 8,491 | 8,158 | 16,650 |
| Sub-total Administration Expenses | | | | | 68,301 | 65,622 | 133,923 | 70,691 | 67,919 | 138,610 | 73,165 | 70,296 | 143,462 |
| Utilities | | | | | | | | | | | | | |
| Electricity | | 3.5% | 3.5% | | 29,521 | 28,363 | 57,885 | 30,554 | 29,356 | 59,910 | 31,624 | 30,384 | 62,007 |
| Water | | 3.5% | 3.5% | | 59,661 | 57,321 | 116,982 | 61,749 | 59,328 | 121,077 | 63,910 | 61,404 | 125,314 |
| Gas | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sewer | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Utilities | | | | | 89,182 | 85,685 | 174,867 | 92,303 | 88,684 | 180,987 | 95,534 | 91,788 | 187,322 |
| Taxes and Licenses | | | | | | | | | | | | | |
| Real Estate Taxes | | 3.5% | 3.5% | | 3,621 | 3,479 | 7,101 | 3,748 | 3,601 | 7,349 | 3,879 | 3,727 | 7,606 |
| Payroll Taxes | | 3.5% | 3.5% | | 31,209 | 29,985 | 61,194 | 32,301 | 31,034 | 63,336 | 33,432 | 32,121 | 65,552 |
| Miscellaneous Taxes, Licenses and Permits | | 3.5% | 3.5% | | 729 | 700 | 1,429 | 755 | 725 | 1,480 | 781 | 750 | 1,531 |
| Sub-total Taxes and Licenses | | | | | 35,559 | 34,165 | 69,724 | 36,804 | 35,360 | 72,164 | 38,092 | 36,598 | 74,690 |
| Insurance | | | | | | | | | | | | | |
| Property and Liability Insurance | | 3.5% | 3.5% | | 184,122 | 176,901 | 361,023 | 190,566 | 183,093 | 373,659 | 197,236 | 189,501 | 386,737 |
| Fidelity Bond Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | | 3.5% | 3.5% | | 19,506 | 18,741 | 38,247 | 20,188 | 19,397 | 39,585 | 20,895 | 20,076 | 40,971 |
| Director's & Officers' Liability Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | 203,628 | 195,642 | 399,270 | 210,754 | 202,490 | 413,244 | 218,131 | 209,577 | 427,708 |
| Maintenance & Repair | | | | | | | | | | | | | |
| Payroll | | 3.5% | 3.5% | | 150,799 | 144,885 | 295,684 | 156,077 | 149,956 | 306,033 | 161,540 | 155,205 | 316,745 |
| Supplies | | 3.5% | 3.5% | | 11,772 | 11,310 | 23,082 | 12,184 | 11,706 | 23,889 | 12,610 | 12,116 | 24,726 |
| Contracts | | 3.5% | 3.5% | | 50,582 | 48,598 | 99,181 | 52,352 | 50,299 | 102,652 | 54,185 | 52,060 | 106,245 |
| Garbage and Trash Removal | | 3.5% | 3.5% | | 36,273 | 34,851 | 71,124 | 37,543 | 36,071 | 73,614 | 38,657 | 37,333 | 75,990 |
| Security Payroll/Contract | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| HVAC Repairs and Maintenance | | 3.5% | 3.5% | | 3,158 | 3,034 | 6,192 | 3,269 | 3,140 | 6,409 | 3,383 | 3,250 | 6,633 |
| Vehicle and Maintenance Equipment Operation and Repairs | | 3.5% | 3.5% | | 66 | 64 | 130 | 69 | 66 | 135 | 71 | 68 | 139 |
| Miscellaneous Operating and Maintenance Expenses | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Maintenance & Repair Expenses | | | | | 252,651 | 242,743 | 495,393 | 261,493 | 251,239 | 512,732 | 270,646 | 260,032 | 530,678 |
| Supportive Services | | 3.5% | 3.5% | | - | 101,069 | 101,069 | - | 104,607 | 104,607 | - | 108,268 | 108,268 |
| Commercial Expenses | | | | | | | | | | | | | |
| from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100% | | | | | | | | | | | | | |
| TOTAL OPERATING EXPENSES | | | | | 1,099,375 | 1,014,453 | 2,113,828 | 1,137,853 | 1,049,959 | 2,187,812 | 1,177,678 | 1,086,708 | 2,264,385 |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 |
| Bond Monitoring Fee | | | | | - | - | - | - | - | - | - | - | - |
| Replacement Reserve Deposit | | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 |
| Operating Reserve Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 1 Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 2 Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Required Reserve Deposits, Commercial | | | | | - | - | - | - | - | - | - | - | - |
| from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100% | | | | | | | | | | | | | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | | 1,123,090 | 1,037,238 | 2,160,328 | 1,161,568 | 1,072,744 | 2,234,312 | 1,201,393 | 1,109,493 | 2,310,885 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | 21,261 | 56,501 | 77,762 | 21,824 | 56,162 | 77,987 | 22,499 | 55,677 | 78,176 |
| 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) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | | | | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | | | | - | - | - | - | - | - | - | - | - |
| from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100% | | | | | | | | | | | | | |
| TOTAL HARD DEBT SERVICE | | </ | | | | | | | | | | | |

Total # Units:
 63 LOSP Units: 32 Non-LOSP Units: 31

| INCOME | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | Year 13 2037 | | | Year 14 2038 | | | Year 15 2039 | | |
|---|-----------------|-------------------|---|--|----------|-------|-----------------|----------|-------|-----------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | | | | OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | - | | | | | - | |
| Other Reserve 2 Deposits | | | | | | - | | | | | - | |
| Other Reserve 2 Withdrawals | | | | | | | | | | | | |
| Other Reserve 2 Interest | | | | | | | | | | | | |
| Other Required Reserve 2 Running Balance | | | | | | - | | | | | - | |

Octavia Parcel U

| INCOME | Total # Units: | | Year 16 2040 | | | Year 17 2041 | | | Year 18 2042 | | |
|---|----------------|--------|-----------------|----------|-------|-----------------|----------|-------|-----------------|----------|-------|
| | 51.00% | 49.00% | LOSP | Non-LOSP | Total | LOSP | Non-LOSP | Total | LOSP | Non-LOSP | Total |
| | | | Units | Units | | LOSP | Non-LOSP | | LOSP | Non-LOSP | |
| Residential - Tenant Rents | 63 | 32 | 31 | | | | | | | | |
| Residential - Tenant Assistance Payments (Non-LOSP) | | | | | | | | | | | |
| Residential - LOSP Tenant Assistance Payments | | | | | | | | | | | |
| Commercial Space | | | | | | | | | | | |
| Residential Parking | | | | | | | | | | | |
| Miscellaneous Rent Income | | | | | | | | | | | |
| Supportive Services Income | | | | | | | | | | | |
| Interest Income - Project Operations | | | | | | | | | | | |
| Laundry and Vending | | | | | | | | | | | |
| Tenant Charges | | | | | | | | | | | |
| Miscellaneous Residential Income | | | | | | | | | | | |
| Other Commercial Income | | | | | | | | | | | |
| Withdrawal from Capitalized Reserve (deposit to operating account) | | | | | | | | | | | |
| Gross Potential Income | | | | | | | | | | | |
| Vacancy Loss - Residential - Tenant Rents | | | | | | | | | | | |
| Vacancy Loss - Residential - Tenant Assistance Payments | | | | | | | | | | | |
| Vacancy Loss - Commercial | | | | | | | | | | | |
| EFFECTIVE GROSS INCOME | | | | | | | | | | | |
| OPERATING EXPENSES | | | | | | | | | | | |
| Management | | | | | | | | | | | |
| Management Fee | | | | | | | | | | | |
| Asset Management Fee | | | | | | | | | | | |
| Sub-total Management Expenses | | | | | | | | | | | |
| Salaries/Benefits | | | | | | | | | | | |
| Office Salaries | | | | | | | | | | | |
| 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 | | | | | | | | | | | |
| Legal Expense - Property | | | | | | | | | | | |
| Audit Expense | | | | | | | | | | | |
| Bookkeeping/Accounting Services | | | | | | | | | | | |
| Bad Debts | | | | | | | | | | | |
| Miscellaneous | | | | | | | | | | | |
| Sub-total Administration Expenses | | | | | | | | | | | |
| Utilities | | | | | | | | | | | |
| Electricity | | | | | | | | | | | |
| Water | | | | | | | | | | | |
| Gas | | | | | | | | | | | |
| Sewer | | | | | | | | | | | |
| Sub-total Utilities | | | | | | | | | | | |
| Taxes and Licenses | | | | | | | | | | | |
| Real Estate Taxes | | | | | | | | | | | |
| Payroll Taxes | | | | | | | | | | | |
| Miscellaneous Taxes, Licenses and Permits | | | | | | | | | | | |
| Sub-total Taxes and Licenses | | | | | | | | | | | |
| Insurance | | | | | | | | | | | |
| Property and Liability Insurance | | | | | | | | | | | |
| Fidelity Bond Insurance | | | | | | | | | | | |
| Worker's Compensation | | | | | | | | | | | |
| Director's & Officers' Liability Insurance | | | | | | | | | | | |
| Sub-total Insurance | | | | | | | | | | | |
| Maintenance & Repair | | | | | | | | | | | |
| Payroll | | | | | | | | | | | |
| Supplies | | | | | | | | | | | |
| Contracts | | | | | | | | | | | |
| Garbage and Trash Removal | | | | | | | | | | | |
| 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 | | | | | | | | | | | |
| Commercial Expenses | | | | | | | | | | | |
| TOTAL OPERATING EXPENSES | | | | | | | | | | | |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | | | | | | | |
| Bond Monitoring Fee | | | | | | | | | | | |
| Replacement Reserve Deposit | | | | | | | | | | | |
| 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 | | | | | | | | | | | |
| 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 | | | | | | | | | | | |
| 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) | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP/Non-LOSP (residual income) | | | | | | | | | | | |
| AVAILABLE CASH FLOW | | | | | | | | | | | |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | |
| 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) | | | | | | | | | | | |
| Other Payments | | | | | | | | | | | |
| Non-amortizing Loan Pmnt - Lender 1 | | | | | | | | | | | |
| Non-amortizing Loan Pmnt - Lender 2 | | | | | | | | | | | |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | | | | | | | | |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | | | | | | | |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | | | | | | | |
| Does Project have a MOHCD Residual Receipt Obligation? | Yes | | | | | | | | | | |
| Will Project Defer Developer Fee? | No | | | | | | | | | | |
| Residual Receipts split for all years. - Lender/Owner | 67% / 33% | | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Replacement Reserve | | | | | | | | | | | |
| 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) | | | | | | | | | | | |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | | | | | | |
| Replacement Reserve Deposits | | | | | | | | | | | |
| City Share Replacement Reserve Deposit (Small Sites Only) | | | | | | | | | | | |
| Replacement of City Loan from Cash Out (Small Sites Only) | | | | | | | | | | | |
| Replacement Reserve Deposits (Non-Operating Account) | | | | | | | | | | | |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | | | | | | |
| Replacement Reserve Interest | | | | | | | | | | | |
| RR Running Balance | | | | | | | | | | | |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | | | | | | |
| Operating Reserve Deposits | | | | | | | | | | | |
| Operating Reserve Withdrawals | | | | | | | | | | | |
| Operating Reserve Interest | | | | | | | | | | | |
| OR Running Balance | | | | | | | | | | | |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | | | | | | |
| Other Reserve 1 Deposits | | | | | | | | | | | |
| Other Reserve 1 Withdrawals | | | | | | | | | | | |
| Other Reserve 1 Interest | | | | | | | | | | | |
| Other Required Reserve 1 Running Balance | | | | | | | | | | | |

Total # Units: LOSP Non-LOSP
 Units Units
 63 32 31

| INCOME | annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | Year 16 2040 | | | Year 17 2041 | | | Year 18 2042 | | |
|---|-----------------|-------------------|--|--|----------|-------|--------------|----------|-------|--------------|----------|-------|
| | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | | | | OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | | | | | |
| Other Reserve 2 Deposits | | | | | | | | | | | | |
| Other Reserve 2 Withdrawals | | | | | | | | | | | | |
| Other Reserve 2 Interest | | | | | | | | | | | | |
| Other Required Reserve 2 Running Balance | | | | | | | | | | | | |

Octavia Parcel U

| INCOME | Total # Units: | | Comments (related to annual inc assumptions) | Year 19 2043 | | | Year 20 2044 | | |
|--|--------------------|----------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | LOSP Units | Non-LOSP Units | | LOSP | non- LOSP | Total | LOSP | non- LOSP | Total |
| | 63 | 32 | | 31 | | | | | |
| | 51.00% | 49.00% | | | | | | | |
| | annual inc LOSP | % annual increase | | | | | | | |
| Residential - Tenant Rents | 1.0% | 2.5% | | 116,419 | 863,945 | 980,363 | 119,603 | 885,543 | 1,005,146 |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | 1,255,724 | - | 1,255,724 | 1,301,726 | - | 1,301,726 |
| 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% | | 6,905 | 6,635 | 13,540 | 7,078 | 6,800 | 13,879 |
| 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 | | | | 1,381,048 | 870,579 | 2,251,628 | 1,428,407 | 892,344 | 2,320,751 |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate | (5,921) | (43,197) | (49,118) | (5,980) | (44,277) | (50,257) |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | - | - | - | - | - | - |
| Vacancy Loss - Commercial | n/a | n/a | | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | 1,375,127 | 827,382 | 2,202,509 | 1,422,427 | 848,067 | 2,270,493 |
| OPERATING EXPENSES | | | | | | | | | |
| Management | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | 1st Year to be set according to HUD schedule | 46,551 | 44,726 | 91,277 | 48,181 | 46,291 | 94,472 |
| Asset Management Fee | 3.5% | 3.5% | per MOHCD policy | 22,224 | 21,353 | 43,577 | 23,002 | 22,100 | 45,102 |
| Sub-total Management Expenses | | | | 68,775 | 66,079 | 134,854 | 71,183 | 68,391 | 139,574 |
| Salaries/Benefits | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | 21,418 | 20,578 | 41,996 | 22,168 | 21,298 | 43,466 |
| Manager's Salary | 3.5% | 3.5% | | 82,417 | 79,185 | 161,602 | 85,301 | 81,956 | 167,258 |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | 100,706 | 96,757 | 197,462 | 104,230 | 100,143 | 204,373 |
| Other Salaries/Benefits | 3.5% | 3.5% | | 279,916 | 93,305 | 373,222 | 289,713 | 96,571 | 386,284 |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | 484,457 | 289,825 | 774,281 | 501,413 | 299,969 | 801,381 |
| Administration | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | 615 | 591 | 1,206 | 636 | 611 | 1,248 |
| Office Expenses | 3.5% | 3.5% | | 21,869 | 21,011 | 42,880 | 22,634 | 21,747 | 44,381 |
| Office Rent | 3.5% | 3.5% | | - | - | - | - | - | - |
| Legal Expense - Property | 3.5% | 3.5% | | 9,473 | 9,102 | 18,575 | 9,805 | 9,420 | 19,225 |
| Audit Expense | 3.5% | 3.5% | | 12,315 | 11,832 | 24,147 | 12,746 | 12,246 | 24,993 |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | 12,891 | 12,386 | 25,277 | 13,342 | 12,819 | 26,161 |
| Bad Debts | 3.5% | 3.5% | | 17,052 | 16,383 | 33,435 | 17,649 | 16,956 | 34,605 |
| Miscellaneous | 3.5% | 3.5% | | 9,744 | 9,362 | 19,106 | 10,085 | 9,690 | 19,775 |
| Sub-total Administration Expenses | | | | 83,959 | 80,667 | 164,626 | 86,898 | 83,490 | 170,387 |
| Utilities | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | 36,289 | 34,866 | 71,155 | 37,559 | 36,086 | 73,645 |
| Water | 3.5% | 3.5% | | 73,339 | 70,463 | 143,801 | 75,905 | 72,929 | 148,834 |
| Gas | 3.5% | 3.5% | | - | - | - | - | - | - |
| Sewer | 3.5% | 3.5% | | - | - | - | - | - | - |
| Sub-total Utilities | | | | 109,628 | 105,328 | 214,956 | 113,465 | 109,015 | 222,480 |
| Taxes and Licenses | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | 4,451 | 4,277 | 8,728 | 4,607 | 4,427 | 9,034 |
| Payroll Taxes | 3.5% | 3.5% | | 38,364 | 36,859 | 75,223 | 39,705 | 38,149 | 77,856 |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | 896 | 861 | 1,757 | 928 | 891 | 1,819 |
| Sub-total Taxes and Licenses | | | | 43,711 | 41,997 | 85,708 | 45,241 | 43,467 | 88,708 |
| Insurance | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | 226,333 | 217,457 | 443,789 | 234,254 | 225,068 | 459,322 |
| Fidelity Bond Insurance | 3.5% | 3.5% | | - | - | - | - | - | - |
| Worker's Compensation | 3.5% | 3.5% | | 23,978 | 23,037 | 47,015 | 24,817 | 23,844 | 48,660 |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | - | - | - | - | - | - |
| Sub-total Insurance | | | | 250,310 | 240,494 | 490,804 | 259,071 | 248,911 | 507,983 |
| Maintenance & Repair | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | 185,371 | 178,101 | 363,472 | 191,858 | 184,335 | 376,193 |
| Supplies | 3.5% | 3.5% | | 14,470 | 13,903 | 28,373 | 14,977 | 14,389 | 29,366 |
| Contracts | 3.5% | 3.5% | | 82,178 | 80,740 | 162,918 | 84,355 | 81,831 | 166,185 |
| Garbage and Trash Removal | 3.5% | 3.5% | | 44,589 | 42,841 | 87,430 | 46,150 | 44,340 | 90,490 |
| Security Payroll/Contract | 3.5% | 3.5% | | - | - | - | - | - | - |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | 3,882 | 3,730 | 7,612 | 4,018 | 3,860 | 7,878 |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | 81 | 78 | 160 | 84 | 81 | 165 |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | - | - | - | - | - | - |
| Sub-total Maintenance & Repair Expenses | | | | 310,572 | 298,393 | 608,965 | 321,442 | 308,837 | 630,279 |
| Supportive Services | 3.5% | 3.5% | | - | 124,240 | 124,240 | - | 128,588 | 128,588 |
| Commercial Expenses | | | from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100% | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES | | | | 1,351,412 | 1,247,022 | 2,598,434 | 1,398,712 | 1,290,668 | 2,689,379 |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | |
| Ground Lease Base Rent | | | | 7,650 | 7,350 | 15,000 | 7,650 | 7,350 | 15,000 |
| Bond Monitoring Fee | | | | - | - | - | - | - | - |
| Replacement Reserve Deposit | | | | 16,065 | 15,435 | 31,500 | 16,065 | 15,435 | 31,500 |
| 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 | | | | 23,715 | 22,785 | 46,500 | 23,715 | 22,785 | 46,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | 1,375,127 | 1,269,807 | 2,644,934 | 1,422,427 | 1,313,453 | 2,735,879 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | | | |
| | | | | - | (442,425) | (442,425) | - | (465,386) | (465,386) |
| 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. | - | - | - | - | - | - |
| 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 | | | | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | - | (442,425) | (442,425) | - | (465,386) | (465,386) |
| AVAILABLE CASH FLOW | | | | | | | | | |
| Allocation of Commercial Surplus to LOPS/non-LOSP (residual income) | | | | - | - | - | - | - | - |
| AVAILABLE CASH FLOW | | | | - | (442,425) | (442,425) | - | (465,386) | (465,386) |
| 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) | | | | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | - | - | - | - | - | - |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | - | (442,425) | (442,425) | - | (465,386) | (465,386) |
| Does Project have a MOHCD Residual Receipt Obligation? | | | | | | | | | |
| Will Project Defer Developer Fee? | Yes | No | | | | | | | |
| Residual Receipts split for all years. - Lender/Owner | 67% | 33% | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | 100.00% | | Dist. Soft Debt Loans | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Replacement Reserve | | | | | | | | | |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | | No HCD Financing | | | | | | |
| Lender 4 Residual Receipts Due | 0.00% | | | | | | | | |
| Lender 5 Residual Receipts Due | 0.00% | | | | | | | | |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | | | | |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | | | | |
| Other Distributions/Uses | | | | | | | | | |
| Final Balance (should be zero) | | | | | | | | | |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | 567,000 | | 598,500 | |
| Replacement Reserve Deposits | | | | | | 31,500 | | 31,500 | |
| City Share Replacement Reserve Deposit (Small Sites Only) | | | | | | - | | - | |
| Repayment of City Loan from Cash Out (Small Sites Only) | | | | | | - | | - | |
| Replacement Reserve Deposits (Non-Operating Account) | | | | | | - | | - | |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | - | | - | |
| Replacement Reserve Interest | | | | | | - | | - | |
| RR Running Balance | | | | | | 598,500 | | 630,000 | |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | | | | |
| Operating Reserve Deposits | | | | | | | | | |
| Operating Reserve Withdrawals | | | | | | | | | |
| Operating Reserve Interest | | | | | | | | | |
| OR Running Balance | | | | | | | | | |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | | | | |
| Other Reserve 1 Deposits | | | | | | | | | |
| Other Reserve 1 Withdrawals | | | | | | | | | |
| Other Reserve 1 Interest | | | | | | | | | |
| Other Required Reserve 1 Running Balance | | | | | | | | | |

Total # Units: LOSP Non-LOSP
 Units Units
 32 31

| INCOME | 51.00% | | Comments (related to annual inc assumptions) | Year 19 2043 | | | Year 20 2044 | | |
|---|--|----------------------|---|-----------------|--------------|-------|-----------------|--------------|-------|
| | annual inc LOSP | % annual increase | | LOSP | non- LOSP | Total | LOSP | non- LOSP | Total |
| | OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | - | | - | |
| Other Reserve 2 Deposits | | | | | | - | | - | |
| 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 #: 240092

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 | 415-203-4951 |
| FULL DEPARTMENT NAME | DEPARTMENT CONTACT EMAIL |
| MYR MOHCD | anne.romero@sfgov.org |

| 5. CONTRACTOR | |
|--|---|
| NAME OF CONTRACTOR Octavia RSU Associates, L.P. | TELEPHONE NUMBER 415.358.3934 |
| STREET ADDRESS (including City, State and Zip Code) 201 Eddy Street San Francisco CA 94102 | EMAIL hzaw@tndc.org |

| 6. CONTRACT | | |
|---|--------------------------------|--|
| DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) | ORIGINAL BID/RFP NUMBER | FILE NUMBER (If applicable) 240092 |
| DESCRIPTION OF AMOUNT OF CONTRACT NTE \$35,306,233 | | |
| NATURE OF THE CONTRACT (Please describe) This is a proposed loan amendment to the borrower in support of the 100% affordable housing project at 78 Haight Street to meet the increase in Project costs caused by a delay in construction due to unforeseen conditions of the adjacent property, as well as other increased hard and soft costs to restart the Project which has been on pause since May 2022. This additional funding will support the 63 affordable new construction units of which 32 units will be targeted to homeless or at-risk transitional age youth. | | |

| 7. COMMENTS |
|--|
| Tenderloin Neighborhood Development Corporation is the managing member of the General Partner LLC of the borrowing entity, Octavia RSU Associates, L.P., and is the developer of this project. |

| 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 | Tracy | Board of Directors |
| 4 | Bohee | Tiffany | Board of Directors |
| 5 | Kim | Kenneth | Board of Directors |
| 6 | Kroot | 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 | Schrand | Margaret | Other Principal Officer |
| 17 | Leon | Maurilio | CEO |
| 18 | Huey | Roxanne | CFO |
| 19 | Lamont | Katie | COO |

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 | Leung | Gordon | Other Principal Officer |
| 21 | Tran | My | Other Principal Officer |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 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: [Romero, Anne \(MYR\)](#); [Menard, Nicolas \(BUD\)](#); [Geithman, Kyra \(MYR\)](#); [Paulino, Tom \(MYR\)](#); [Tam, Madison \(BOS\)](#)
Subject: Mayor -- Resolution -- 78 Haight Street
Date: Tuesday, January 30, 2024 2:30:10 PM
Attachments: [1. 78 Haight Additional Loan Resolution for introduction.docx](#)
[1. 78 Haight Additional Loan Resolution for introduction.pdf](#)
[2. Planning GPR Final Letter - 78 Haight Street - 2022-000540GPR.pdf](#)
[3. 78 Haight CITY Loan Agreement FINAL 4.1.22 - Fully executed with Exhibits.pdf](#)
[4. Approved 78 Haight Street Additional Gap Request Memo LC 1-05-24.pdf](#)
[5. 78 Haight First Amendment to Gap Loan January 2024 with exhibits - substantially final v2.pdf](#)
[6. SFEC Form 126f4BOS---Notification of Contract 78 Haight.pdf](#)

Hello Clerks,

Attached is a Resolution approving and authorizing 1) the execution of a First Amendment to Amended and Restated Loan Agreement with Octavia RSU Associates, L.P., a California limited partnership, to increase the loan amount by up to \$8,559,766, for a new total loan amount not to exceed \$35,306,233 to finance additional costs related to a 100% affordable, 63-unit multifamily rental housing development affordable to low-income households, including 32 units for Transitional Age Youth who are homeless or at-risk of homelessness, and including up to 3,200 square feet of commercial space located at 78 Haight Street (“Project”); and 2) the Mayor and the Director of Mayor’s Office of Housing and Community Development, to execute documents, make certain modifications and take certain actions in furtherance of this Resolution, as defined herein.

Please note that Supervisor Dorsey 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