

Local Housing Trust Fund Program Application – Mayor’s Office of Housing and Community Development (MOHCD) on behalf of the City and County of San Francisco

Applicant Information

Please see the Final Charter Amendment Legislation to create the Local Housing Trust Charter of the City and County of San Francisco by adding Section 16.110 to create the San Francisco Housing Trust Fund which was passed on July 24, 2012 by the Board of Supervisors and approved by voters on November 3, 2012

1) Applicant Name: Mayor’s Office of Housing & Community Development on behalf of the City and County of San Francisco

Organization Type: Local Public Entity

2) Name & Title of Signatories: Eric D. Shaw, Director, Mayor’ Office of Housing & Community Development.

Please see attached Press Release from San Francisco Mayor London Breed, that announces the selection of Eric Shaw as the new Director of the Mayor’s Office of Housing & Community Development dated April 21, 2020, which is also available here: <https://sfmohcd.org/article/mayor-london-breed-appoints-eric-shaw-serve-director-office-housing-and-community>

Eric Shaw started his position as the MOHCD director on April 27, 2020.

3) NOFA Date: April 30, 2020

4) Language authorizing Signatory to sign Standard Agreement: FURTHER RESOLVED, That the Board of Supervisors acknowledges that if the Application is successful, the City, through MOHCD, shall seek Board of Supervisors approval of the Standard Agreement; and, be it

5) Amendment Provision included: FURTHER RESOLVED, MOHCD Director or his designee is authorized to execute the LHTF Program Application and any subsequent amendments or modifications thereto, as well as any other documents that are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate.

6) Aggregate Dollar Amount: \$5,000,000

7) Person attesting validity of resolution: Angela Calvillo, Clerk of the San Francisco Board of Supervisors

8) Meeting date of authorizing resolution: July 28, 2020

9) Votes taken at meeting: Adopted with 11 ayes, unanimous approval

10) LHTF name as it appears on the LHTF application: San Francisco Housing Trust Fund

Organizational Documents

OrgDoc1: San Francisco Charter Sec 16.110

OrgDoc2: Organizational Chart, Mayor’s Office of Housing & Community Development

OrgDoc 3: Government Agency Taxpayer ID Form

OrgDoc 4: STD-204 Payee Data Record

Matching Fund Type: Public Contribution

Ongoing Revenues

OrgDoc1: San Francisco Trust Fund Charter Sec 16.110.

Upload Loan Guidelines and Underwriting Standards and Procedures - See attached MOHCD Underwriting Guidelines CURRENT 2020

Certification & Legal Tab Legal Tab signature is not required as applicant is a public entity without an ownership interest in the proposed project, including but not limited to cities, counties and joint powers authorities

[Print](#)

San Francisco Charter

SEC. 16.110. HOUSING TRUST FUND.

(a) **Creation of Fund.** There is hereby established a Housing Trust Fund to support creating, acquiring and rehabilitating affordable housing and promoting affordable home ownership programs in the City, as provided in this Section.

(b) **Definitions.** For purposes of this Section:

"First Responder" shall mean a City employee who responds first in cases of natural disaster or emergencies, including, but not limited to, all active uniformed, sworn members of the San Francisco Police and Fire Departments.

"General Fund Discretionary Revenues" shall mean revenues that the City receives and deposits in its treasury, that are unrestricted, and that the City may appropriate for any lawful City purpose.

"Household" shall mean any person or persons who reside or intend to reside in the same housing unit.

"Mayor's Office of Housing" shall mean the Mayor's Office of Housing and Community Development or any successor City agency.

(c) **Funding.**

(1) In the Fiscal Year 2013-2014 budget, the City shall appropriate to the Housing Trust Fund \$20 million.

(2) For the next 11 fiscal years, in each of the annual budgets for Fiscal Year 2014-2015 through Fiscal Year 2024-2025, the City shall appropriate to the Housing Trust Fund an amount increasing by \$2.8 million per year, until the annual appropriation required by this Section reaches \$50.8 million in the Fiscal Year 2024-2025 budget.

(3) In the annual budgets for Fiscal Year 2025-2026 through Fiscal Year 2042-43, the City shall appropriate to the Housing Trust Fund an amount equal to the prior year's appropriation, adjusted by the percentage increase or decrease in General Fund Discretionary Revenues budgeted for the year compared to the prior year's original budgeted amount of General Fund Discretionary Revenues.

(4) Should the City adopt a fixed two-year budget under Charter Section 9.101, the adjustment for the Housing Trust Fund appropriation for the two years of the two-year budget shall be based on the amount of General Fund Discretionary Revenues estimated for the two-year period included in the budget.

(5) During Fiscal Years 2025-2026 through 2042-2043, if the Controller submits a revised estimate of General Fund Discretionary Revenues for a given Fiscal Year or two-year budget period that is lower than the amount originally budgeted for that period, then the Board may, by ordinance, reduce the appropriation to the Housing Trust Fund for that budget period in an amount that does not exceed the amount proportionate to the percentage shortfall in the discretionary revenue projection.

(6) The Controller's method of calculating the amount of and changes in General Fund Discretionary Revenues shall be consistent from fiscal year to fiscal year and with the Controller's method for calculating those figures under Charter Sections 8A.105, 16.108, and 16.109. The Controller shall treat General Fund appropriations to the Housing Trust Fund as reductions in General Fund Discretionary Revenues when calculating other funding allocations that are tied to General Fund Discretionary Revenues, including funding allocations under Charter Sections 8A.105, 16.108, and 16.109. The Controller shall correct errors in the estimate of discretionary revenues for a fiscal year through an adjustment to the next fiscal year's estimate.

(7) In any year during the term of this Section, the City may, in its discretion, reduce its annual contribution to the Housing Trust Fund for that year by an amount equal to or less than 56.7% of the annual debt service required to service any SB2113 Affordable Housing Bonds issued after January 1, 2013. "SB2113 Affordable Housing Bonds" are bonds issued by the City to support the acquisition and creation of replacement affordable housing citywide using property tax increment from former Redevelopment project areas under California Health and Safety Code Section 33333.7

(8) The Controller shall set aside and maintain the amounts appropriated to the Housing Trust Fund under this Section, together with any interest earned thereon, and any amount unexpended or uncommitted at the end of the fiscal year shall be carried forward to the next fiscal year and, subject to the budgetary and fiscal limitations of this Charter, shall be appropriated for the purposes specified in this Section.

(d) **Uses of the Housing Trust Fund.** The City may disburse monies from the Housing Trust Fund through loans, grants or other types of payments, on terms determined by the Mayor's Office of Housing in its sole discretion. Any repayment of a loan or grant from the Fund that the City receives, or any interest from a loan from the Fund that the City receives, will be returned to the Housing Trust Fund. The City, acting through the Mayor's Office of Housing, shall disburse the monies from the Housing Trust Fund for the following eligible expenditures:

(1) 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.

(2) No later than July 1, 2018, the City shall appropriate \$15 million from the Housing Trust Fund to a program that provides loans to Households earning up to 120% of the Area Median Income and to Households including a First Responder (subject to Area Median Income limits designated by the Mayor's Office of Housing) for use as a down payment on the purchase of a housing unit ("the Down Payment Assistance Loan Program"). As soon as is practical, the Mayor's Office of Housing shall develop and implement a manual for the Down Payment Assistance Loan Program.

(3) No later than July 1, 2018, the City shall appropriate up to \$15 million from the Housing Trust Fund to a program that provides funds to Households earning up to 120% of Area Median Income for use as assistance to reduce the risk to current occupants of a loss of housing and/or to help current occupants make their homes safer, more accessible, more energy efficient, and more sustainable (the "Housing Stabilization Program"). As soon as is practical, the Mayor's Office of Housing shall implement and develop a manual for the Housing Stabilization Program.

(4) The City may use monies in the Housing Trust Fund to operate and administer the Infrastructure Grant Program as described in subsection (e). The City may not allocate to the Infrastructure Grant Program in any fiscal year an amount exceeding the greater of \$2 million or 10% of the amount appropriated to the Housing Trust Fund for that fiscal year under subsection (c).

(5) In any fiscal year, the City may allocate a sufficient amount from the Housing Trust Fund to pay for all legally permissible administrative costs of the Fund, including, without limitation, legal costs, associated with any use of the Housing Trust Fund.

(e) **Complete Neighborhoods Infrastructure Grant Program.** After conferring with the Director of Planning, the Director of the Mayor's Office of Housing shall design and administer a Complete Neighborhoods Infrastructure Grant Program ("Infrastructure Grant Program"). The purpose of the Infrastructure Grant Program is to accelerate the build-out of the public realm infrastructure needed to support increased residential density in the City's neighborhoods. The City may use monies from the Infrastructure Grant Program only for public facilities identified in the Community Facilities District law (Cal. Govt. Code §§ 53311 *et seq.*, as amended), and shall give priority to the use of such monies by residential development project sponsors, community-based organizations, and City departments for public realm improvements associated with proposed residential development projects.

(f) **Bonding Authority.** Notwithstanding the limitations set forth in Sections 9.107, 9.108, and 9.109 of this Charter, upon recommendation of the Mayor, the Board of Supervisors may authorize the issuance, without limitation, of revenue bonds, lease financing, notes, or other evidences of indebtedness or other obligations ("Debt Obligations"), the proceeds of which are to be used for creating, acquiring, and rehabilitating 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. Such Debt Obligations shall be secured by and/or repaid from any available funds pledged or appropriated by Board of Supervisors ordinance for such purpose, which amount may include funds in the Housing Trust Fund allocated under subsection (c). Debt Obligations authorized hereby shall be issued in accordance with the Mayor's Office of Housing policies, and upon the terms and conditions as the Board of Supervisors shall approve. Funds appropriated to pay debt service on the Debt Obligations in such fiscal year under the terms of this Section shall be set aside in an account for such use until such payment is made.

(g) **Legislation.**

(1) The City may enact an ordinance adopting inclusionary or affordable housing obligations, including definitions that differ from those set forth in subsection (b) of this Section 16.110. After any such ordinance becomes effective, the City Attorney shall cause to be removed from the Charter this subsection (g) of Section 16.110, and shall cause the subsequent subsections to be renumbered accordingly. Thereafter, the City may by ordinance set and change the minimum or maximum inclusionary or affordable housing obligations, and may adopt definitions for inclusionary and affordable housing programs. In doing so, the City shall endeavor to meet affordable housing needs across a broad range of household incomes, family sizes and neighborhood conditions and may update the method of fee calculation based on different building types and sizes, and may set policies controlling conversion of rental units to ownership units, among other programmatic changes.

(2) Until the City enacts an ordinance amending the Planning Code, including but not limited to Section 415, adopting inclusionary or affordable housing obligations different from those called for in previously existing Charter subsections (g) and (h), the following requirements for inclusionary housing shall apply during such interim period for any housing development project that has not procured a final first discretionary development entitlement approval, which shall include approval following any administrative appeal to the relevant City board, or has not entered into a development agreement or other binding agreement with the City as of January 12, 2016:

(A) For housing development projects consisting of ten dwelling units or more, but less than twenty-five dwelling units, the requirements of the Planning Code, including but not limited to Section 415*et seq.*, in effect on the date this Charter Amendment is adopted¹ by the voters shall apply.

(B) For housing development projects consisting of twenty-five dwelling units or more, the requirements of the Planning Code, including but not limited to Section 415*et seq.*, in effect on the date this Charter Amendment is adopted by the voters shall apply, except that the amounts of the inclusionary housing requirement shall be modified as follows:

(i) **Fee.** The development project shall pay an affordable housing fee equivalent to a requirement to provide 33% of the units in the principal project as affordable units, using the method of fee calculation set forth in Planning Code Section 415.5(b). In the event the City's Nexus Analysis in support of the Inclusionary Affordable Housing program demonstrates that a lower affordable housing fee is lawfully applicable based on an analysis of all relevant impacts, the City may utilize the method of fee calculation supported by the Nexus Analysis in lieu of the 33% requirement set forth herein.

(ii) **On-Site Housing.** If the project sponsor elects and is eligible to construct units affordable to qualifying households on-site of the principal project as set forth in Planning Code Section 415.5(g), the project sponsor shall construct 25% of all units constructed on the project site as affordable housing units, with 15% of the units affordable to low- and very low-income households and 10% affordable to middle income households, and shall comply with all otherwise applicable requirements of Section 415.6.

(iii) **Off-Site Housing.** If the project sponsor of a housing development project elects and is eligible to provide units affordable to qualifying households off-site of the principal project as set forth in Planning Code Section 415.5(g), the project sponsor shall construct or cause to be constructed affordable housing units equal to 33% of all units constructed on the principal project site as affordable housing, with 20% of the units affordable to low- and very low-income households and 13% of the units affordable to middle-income households, and shall comply with all otherwise applicable requirements of Section 415.7.

(C) Interim definitions of "Lower Income" and "Middle Income" households. For purposes of the interim period before the City enacts an ordinance amending the Planning Code, including but not limited to Section 415*et seq.*, "lower income" households shall be defined as households whose total household income does not exceed 55% of Area Median Income for purposes of renting an affordable unit, or 80% of Area Median Income for purposes of purchasing an affordable unit, and "middle income" households shall mean households whose total household income does not exceed 100% of Area Median Income for purposes of renting an affordable unit, or 120% of Area Median Income for purposes of purchasing an affordable unit.

(j)² **Disclaimer.** Nothing in this Section shall be construed to limit or restrict the ability of the City to adopt any fees or exactions related to public benefits other than affordable housing, including, but not limited to, transit infrastructure, streetscape, public realm improvement, or child care fees.

(k)² **Term.** Except as provided in subsection (l) below, this Section shall become inoperative on July 1, 2043, and after such date shall have no further force or effect and shall be repealed.

(l)² **Early Termination.** At any time before January 1, 2013, the Mayor, after consulting with his or her Budget Director and the Controller, and after taking into account the City's projected revenues and expenditures in the City's financial plans, may terminate implementation of this Section by issuing a written notice to the Board of Supervisors and the Controller. The termination shall be irrevocable and apply to the entire Section 16.110. Upon the Mayor's signing of the notice, this Section shall become inoperative and after such date shall have no force or effect and shall be repealed.

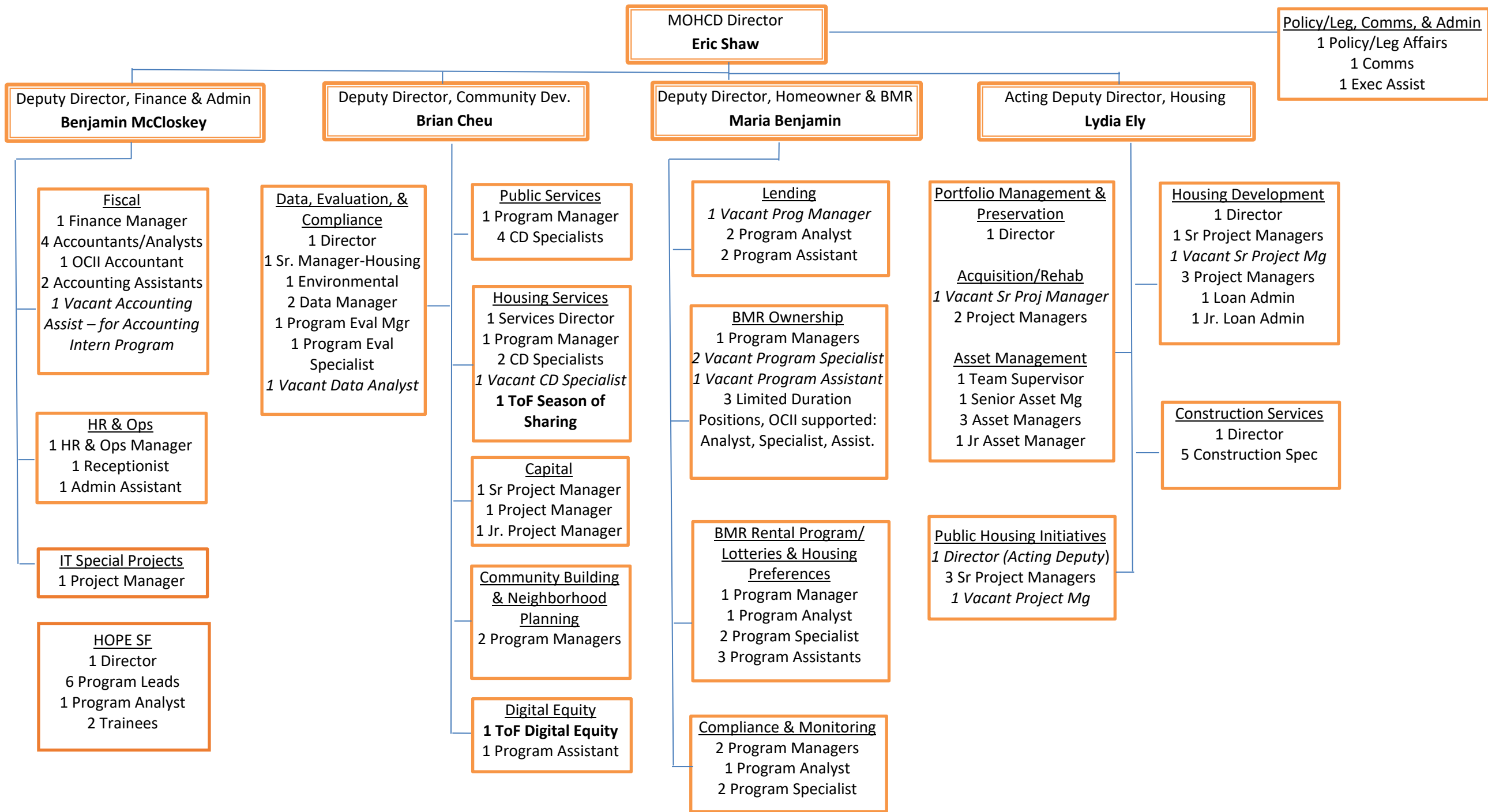
Editor's Notes:

1. *The phrase "the date this Charter Amendment is adopted" in division (g)(2)(A) was added to this section as part of the amendments adopted at the election of June 7, 2016.*

2. *The 2016 amendment to this section, among other things, deleted former divisions (g) and (h) in their entireties and redesignated former division (i) as current (g). That legislation did not, however, redesignate or otherwise alter previously existing divisions (j), (k), or (l). Accordingly, this section currently contains no divisions designated as (h) or (i).*

(Added by Proposition C, Approved 11/6/2012; amended by Proposition C, Approved 6/7/2016 Effective 7/29/2016)

(Former Sec. 16.110 repealed by Proposition A, Approved 11/6/2007)





The principal purpose of the information provided is to establish the unique identification of the government entity.

Instructions: You may submit one form for the principal government agency and all subsidiaries sharing the same TIN. Subsidiaries with a different TIN must submit a separate form. Fields bordered in red are required. Hover over fields to view help information. Please print the form to sign prior to submittal. You may email the form to: vendors@fiscal.ca.gov, or fax it to (916) 576-5200, or mail it to the address above.

Principal Government Agency Name

Remit-To Address (Street or PO Box)

City State Zip Code+4

Government Type: City County Special District Federal Other (Specify)
Federal Employer Identification Number (FEIN)

List other subsidiary Departments, Divisions or Units under your principal agency's jurisdiction who share the same FEIN and receives payment from the State of California.

Dept/Division/Unit Name	<input type="text"/>	Complete Address	<input type="text"/>
Dept/Division/Unit Name	<input type="text"/>	Complete Address	<input type="text"/>
Dept/Division/Unit Name	<input type="text"/>	Complete Address	<input type="text"/>
Dept/Division/Unit Name	<input type="text"/>	Complete Address	<input type="text"/>

Contact Person Title

Phone number E-mail address

Signature Date

[Affordable Housing Trust Fund and Housing Production Incentives]

ORIGINAL**CHARTER AMENDMENT****PROPOSITION _____**

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by adding Section 16.110 to: 1) create a San Francisco Housing Trust Fund by setting aside general fund revenues beginning in Fiscal Year 2013-2014 and ending in Fiscal Year 2042-2043 to create, acquire and rehabilitate affordable housing and promote affordable home ownership programs in the City; and 2) lower and stabilize the impacts of affordable housing regulatory impositions on private residential projects; and to authorize the development of up to 30,000 affordable rental units in the City under Article 34 of the California Constitution.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 6, 2012, a proposal to amend the Charter of the City and County by adding Section 16.110 to read as follows:

NOTE: Additions are *single-underline italics Times New Roman*;
deletions are ~~*strike-through italics Times New Roman*~~.

Section 1. Findings.**Introduction**

1. This measure will create greater housing options over a 30 year term for all San Franciscans by addressing housing at three key price points in the market. First, this measure will set aside general fund revenues sufficient to produce thousands of rental housing units for San Francisco's low-income and working households. Second, this measure will expand and/or fund new homeownership and rental programs for San Francisco's moderate income households. Third, this measure will assist in stabilizing and conserving housing affordable to low- and moderate-income residents. And, fourth, this measure will stimulate production of additional

Mayor Lee; Supervisors Wiener, Olague, Kim, Avalos, Mar, Cohen, Chiu
BOARD OF SUPERVISORS

market rate housing by reducing residential production costs associated with the City's inclusionary housing program and stabilizing affordable housing fees in existing plan areas.

2. To offset the impact on the general fund, the measure is structured as a revenue capture mechanism that corresponds to recycled revenues previously used by the former San Francisco Redevelopment Agency to produce affordable housing, hotel tax revenue that has traditionally been allocated to affordable housing, as well as to a new revenue source approved by the voters on November 6, 2012.

The Housing Affordability Gap in San Francisco

3. San Francisco is among the most expensive places in the region, state and nation to live. Recent data produced by the Mayor's Office of Housing show significant housing affordability gaps for all households earning up to 120% of Area Median Income ("AMI") or moderate income levels.

4. The affordability gap is the difference between what a home costs, and what a household can afford to pay. Based on data collected from local listings on Craigslist.com from the first quarter of 2012, the rental affordability gap for households at 80% AMI for a 2 bedroom unit in San Francisco is \$116 per month. This gap grows to \$786 per month for households at 50% AMI and \$1,234 for households at 30% AMI.

5. The affordability gap for homeownership is equally stark. The homeownership affordability gap for households at 120% AMI is \$231,000 based on average 2011 home prices. Concretely speaking, this means that households at 120% AMI can afford fewer than 25% of the homes on the market in most parts of San Francisco. This gap grows to \$390,000 for households at 80% AMI, with fewer than 5% of homes on the market affordable to this income category in most parts of San Francisco.

6. The housing affordability gap for households up to 120% AMI poses a significant problem for San Francisco. According to 2010 Census Data, these households constitute over

60% of San Francisco's total households. They represent a significant part of our workforce, which includes teachers, office workers, and construction workers.

7. This growing affordability gap for households at 120% AMI and below coincides with a decrease in low and moderate income households residing in San Francisco over the past decade. The 2009 Census data show that there 11% fewer households in San Francisco in the 51% to 80% AMI range compared to 2000, and 8% fewer households in the 81% to 120% AMI range.

Affordable Housing Funding Crisis

8. While the above statistics show an affordability gap that is true today, the longer-term projection of housing need in San Francisco is equally pronounced. The Association of Bay Area Governments ("ABAG") projects that over the next thirty years, San Francisco will grow by over 100,000 households and will need to create more than 90,000 additional housing units to absorb this growth. To ensure balanced growth, ABAG projects that 59% of these new units must target households at the 120% AMI level and below.

9. Unfortunately, affordable housing production has reached a crisis point. While up to this point, San Francisco has maintained a robust affordable housing production program, producing over 18,000 permanently affordable rental and ownership units over the past two decades, the traditional funding mechanisms for affordable housing are in jeopardy. For example, state funding from the last affordable housing bond, Proposition 1c passed in 2006 has been almost fully depleted. In addition, Federal funding for affordable housing in San Francisco has declined by over forty percent (40%) since 2007.

10. Most critically, the State Supreme Court issued a ruling December 28, 2011 in *California Redevelopment Association et al., v. Ana Matosantos et al.* that effectively eliminated redevelopment agencies, including San Francisco's. The former San Francisco Redevelopment Agency ("SF Redevelopment Agency") provided the vast majority of local affordable housing funding for the City. The SF Redevelopment Agency leveraged increases in property taxes from

Redevelopment Areas to issue long term bonds to fund affordable housing creation. Revenue from these bonds were then further leveraged on an approximately two-to-one (2:1) basis with other outside funding, including federal tax credit based investment. With the elimination of the SF Redevelopment Agency, San Francisco's ability to produce new housing for low and moderate income households is now in jeopardy.

San Francisco's Capacity to Accommodate Growth

11. Fortunately, San Francisco has, to a large extent, the zoning capacity to absorb growth and accommodate additional housing. Over the past decade, San Francisco has implemented major new area plans and projects throughout the city. As it stands, San Francisco has the capacity to absorb 73,700 new residential units, according to the 2009 Housing Element. Over 45,000 of those units are currently entitled with project approvals. Of those 45,000 entitled units, at least 9,000 are planned to be permanently affordable units. Ensuring that these units will be produced will reduce the existing pressure on the housing market.

The Charter Amendment

12. To address the growing pressure on the housing market and to ensure continued housing options for low and moderate income San Franciscans, the proposed measure will do the following: (1) set aside \$20M in year one with increasing allocations to reach \$50M a year to provide sustained funding over a thirty year period to fund a Housing Trust Fund for households earning up to 120% AMI, which is projected to fund production of thousands of new permanently affordable housing units and leverage significant outside investment for the City's affordable housing infrastructure; (2) double the existing homeownership down payment assistance revolving loan fund from \$15M to \$30M; (3) launch a new housing stabilization program to reduce the risk of loss of housing to current residents; (4) stimulate production of below market rate units within new residential projects; (5) create a complete neighborhoods program that will provide up to \$5 million year to build public realm improvements necessary to support new residential growth; (6) reduce the inclusionary housing cost obligation by 20% for

most new projects in the City; and, (7) stabilize affordable housing fees within existing plan areas of the City.

Section 2. The San Francisco Charter is hereby amended by adding Section 16.110, to read as follows:

SEC. 16.110. HOUSING TRUST FUND.

(a) Creation of Fund. There is hereby established a Housing Trust Fund to support creating, acquiring and rehabilitating affordable housing and promoting affordable home ownership programs in the City, as provided in this Section.

(b) Definitions. For purposes of this Section:

(1) "Affordable Housing Fee" shall mean a fee calculated by the Mayor's Office of Housing as the difference between the affordable sales price of a housing unit of a certain bedroom size and the cost of developing a comparable housing unit. The Mayor's Office of Housing shall index the fee annually based on the annual percent change in the Construction Cost Index for San Francisco as published by Engineering News-Record or a similar index selected by the Mayor's Office of Housing.

(2) "Area Median Income" or "AMI" shall mean the unadjusted area median income levels as calculated by the Mayor's Office of Housing using data from the Department of Housing and Urban Development on an annual basis for the San Francisco area, adjusted solely for Household size, but not high housing cost area.

(3) "Basic On-Site Inclusionary Requirement" shall mean 12% of the units in the principal project affordable to a Household whose initial household income does not exceed 90% of Area Median Income for ownership units and 55% for rental units, or an on-site requirement with an equivalent Inclusionary Housing Cost Obligation.

(4) "First Responder" shall mean a City employee who responds first in cases of natural disaster or emergencies, including, but not limited to, all active uniformed, sworn members of the San Francisco Police and Fire Departments.

(5) "General Fund Discretionary Revenues" shall mean revenues that the City receives and deposits in its treasury, that are unrestricted, and that the City may appropriate for any lawful City purpose.

(6) "Gross floor area" shall have the meaning in Planning Code Section 102.9, or any successor section, as amended from time to time.

(7) "Household" shall mean any person or persons who reside or intend to reside in the same housing unit.

(8) "Mayor's Office of Housing" shall mean the Mayor's Office of Housing or any successor City agency.

(9) "Other Affordable Housing Fees" shall mean any fee imposed on residential development by the City as a condition of a development approval related to affordable housing, which fee shall be adjusted annually by the City using an index selected by the City, or any exactions on residential development related to affordable housing imposed by the City, excluding fees imposed under Planning Code Section 415.

(10) "Planning Code Section 415" shall mean San Francisco Planning Code Section 415 as of July 1, 2012, together with the defined terms in Section 401 as of that same date, and any successor legislation adopted consistent with this Section 16.110. Notwithstanding the foregoing, the calculation of the applicable affordable housing fee for "buildings of over 120 feet in height" shall be as set forth in Planning Code Sections 315(a)(1)(B)&(C) and 315.6(b)(1) in Ordinance No. 101-07, Board of Supervisors File No. 061529.

(11) "Inclusionary Housing Cost Obligation" shall mean an obligation equal to the applicable percentage of below market rate housing units required under Planning Code Sections 415.5, 415.6 or 415.7 multiplied by the then-current Affordable Housing Fee required

per unit. For purposes of calculating the cost burden of any legislative change, the Mayor's Office of Housing shall use the average citywide unit mix for projects subject to Planning Code Section 415 within the past five years as applied to a hypothetical project of 100 units. For purposes of calculating the cost burden imposed by a condition of approval for a particular project, the Mayor's Office of Housing shall use the actual unit mix and unit count proposed in the development project subject to the condition of approval.

(c) Funding.

(1) In the Fiscal Year 2013-2014 budget, the City shall appropriate to the Housing Trust Fund \$20 million.

(2) For the next 11 fiscal years, in each of the annual budgets for Fiscal Year 2014-2015 through Fiscal Year 2024-2025, the City shall appropriate to the Housing Trust Fund an amount increasing by \$2.8 million per year, until the annual appropriation required by this Section reaches \$50.8 million in the Fiscal Year 2024-2025 budget.

(3) In the annual budgets for Fiscal Year 2025-2026 through Fiscal Year 2042-43, the City shall appropriate to the Housing Trust Fund an amount equal to the prior year's appropriation, adjusted by the percentage increase or decrease in General Fund Discretionary Revenues budgeted for the year compared to the prior year's original budgeted amount of General Fund Discretionary Revenues.

(4) Should the City adopt a fixed two-year budget under Charter Section 9.101, the adjustment for the Housing Trust Fund appropriation for the two years of the two-year budget shall be based on the amount of General Fund Discretionary Revenues estimated for the two-year period included in the budget.

(5) During Fiscal Years 2025-2026 through 2042-2043, if the Controller submits a revised estimate of General Fund Discretionary Revenues for a given Fiscal Year or two-year budget period that is lower than the amount originally budgeted for that period, then the Board may, by ordinance, reduce the appropriation to the Housing Trust Fund for that budget period in

an amount that does not exceed the amount proportionate to the percentage shortfall in the discretionary revenue projection.

(6) The Controller's method of calculating the amount of and changes in General Fund Discretionary Revenues shall be consistent from fiscal year to fiscal year and with the Controller's method for calculating those figures under Charter Sections 8A.105, 16.108, and 16.109. The Controller shall treat General Fund appropriations to the Housing Trust Fund as reductions in General Fund Discretionary Revenues when calculating other funding allocations that are tied to General Fund Discretionary Revenues, including funding allocations under Charter Sections 8A.105, 16.108, and 16.109. The Controller shall correct errors in the estimate of discretionary revenues for a fiscal year through an adjustment to the next fiscal year's estimate.

(7) In any year during the term of this Section, the City may, in its discretion, reduce its annual contribution to the Housing Trust Fund for that year by an amount equal to or less than 56.7% of the annual debt service required to service any SB2113 Affordable Housing Bonds issued after January 1, 2013. "SB2113 Affordable Housing Bonds" are bonds issued by the City to support the acquisition and creation of replacement affordable housing citywide using property tax increment from former Redevelopment project areas under California Health and Safety Code Section 33333.7

(8) The Controller shall set aside and maintain the amounts appropriated to the Housing Trust Fund under this Section, together with any interest earned thereon, and any amount unexpended or uncommitted at the end of the fiscal year shall be carried forward to the next fiscal year and, subject to the budgetary and fiscal limitations of this Charter, shall be appropriated for the purposes specified in this Section.

(d) Uses of the Housing Trust Fund. The City may disburse monies from the Housing Trust Fund through loans, grants or other types of payments, on terms determined by the Mayor's Office of Housing in its sole discretion. Any repayment of a loan or grant from the

Fund that the City receives, or any interest from a loan from the Fund that the City receives, will be returned to the Housing Trust Fund. The City, acting through the Mayor's Office of Housing, shall disburse the monies from the Housing Trust Fund for the following eligible expenditures:

(1) 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.

(2) No later than July 1, 2018, the City shall appropriate \$15 million from the Housing Trust Fund to a program that provides loans to Households earning up to 120% of the Area Median Income and to Households including a First Responder (subject to Area Median Income limits designated by the Mayor's Office of Housing) for use as a down payment on the purchase of a housing unit ("the Down Payment Assistance Loan Program"). As soon as is practical, the Mayor's Office of Housing shall develop and implement a manual for the Down Payment Assistance Loan Program.

(3) No later than July 1, 2018, the City shall appropriate up to \$15 million from the Housing Trust Fund to a program that provides funds to Households earning up to 120% of Area Median Income for use as assistance to reduce the risk to current occupants of a loss of housing and/or to help current occupants make their homes safer, more accessible, more energy efficient, and more sustainable (the "Housing Stabilization Program"). As soon as is practical, the Mayor's Office of Housing shall implement and develop a manual for the Housing Stabilization Program.

(4) The City may use monies in the Housing Trust Fund to operate and administer the Infrastructure Grant Program as described in subsection (e). The City may not allocate to the Infrastructure Grant Program in any fiscal year an amount exceeding the greater of \$2 million or 10% of the amount appropriated to the Housing Trust Fund for that fiscal year under subsection (c).

(5) In any fiscal year, the City may allocate a sufficient amount from the Housing Trust Fund to pay for all legally permissible administrative costs of the Fund, including, without limitation, legal costs, associated with any use of the Housing Trust Fund.

(e) **Complete Neighborhoods Infrastructure Grant Program.** After conferring with the Director of Planning, the Director of the Mayor's Office of Housing shall design and administer a Complete Neighborhoods Infrastructure Grant Program ("Infrastructure Grant Program"). The purpose of the Infrastructure Grant Program is to accelerate the build-out of the public realm infrastructure needed to support increased residential density in the City's neighborhoods.

The City may use monies from the Infrastructure Grant Program only for public facilities identified in the Community Facilities District law (Cal. Govt. Code §§ 53311 et seq., as amended), and shall give priority to the use of such monies by residential development project sponsors, community-based organizations, and City departments for public realm improvements associated with proposed residential development projects.

(f) **Bonding Authority.** Notwithstanding the limitations set forth in Sections 9.107, 9.108, and 9.109 of this Charter, upon recommendation of the Mayor, the Board of Supervisors may authorize the issuance, without limitation, of revenue bonds, lease financing, notes, or other evidences of indebtedness or other obligations ("Debt Obligations"), the proceeds of which are to be used for creating, acquiring, and rehabilitating 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. Such Debt Obligations shall be secured by and/or repaid from any available funds pledged or appropriated by Board of Supervisors ordinance for such purpose, which amount may include funds in the Housing Trust Fund allocated under subsection (c). Debt Obligations authorized hereby shall be issued in accordance with the Mayor's Office of Housing policies, and upon the terms and conditions as the Board of Supervisors shall approve. Funds appropriated to pay debt service on the Debt Obligations in

such fiscal year under the terms of this Section shall be set aside in an account for such use until such payment is made.

(g) On-Site Inclusionary Affordable Housing Requirements.

(1) Application. This subsection (g) shall not apply to: any residential projects subject to a development agreement approved by the City under California Government Code Section 65864 et seq.; any project exempt from the provisions of Section 415 et seq. under Section 415.3 as it existed on July 1, 2012; the requirements of a redevelopment plan for a redevelopment project area; or any project in which the City has a proprietary interest.

(2) Reduction of Current On-Site Inclusionary Affordable Housing Requirement. Beginning on January 1, 2013, the City shall reduce by 20% the on-site inclusionary housing obligation for all projects subject to the on-site Inclusionary affordable housing requirements of Planning Code Section 415 et seq., including any on-site requirements found in other sections of the Planning Code including, but not limited to, Planning Code Sections 415.6, 419, 424, 249.33, 827(b)(1) and any other Municipal Code sections that refer to Planning Code Section 415 et seq. or its predecessor, from the requirements of Section 415 and other related sections as they exist as of July 1, 2012. Notwithstanding the foregoing, in no event shall the on-site inclusionary housing obligation for any project be reduced below the Basic Inclusionary Housing Requirement.

(3) Application to Previously Approved Projects.

(A) This subsection (g)(3) does not apply to projects that received a reduction in on-site inclusionary housing requirements through subsection (g)(2) above.

(B) Sponsors of projects that already have received their first construction document as defined in Section 107A.13.1 of the San Francisco Building Code as of January 1, 2013 may not receive a reduction in any on-site below market rate requirement applicable to the subject property under this subsection (g).

(C) Sponsors of projects that have not received their first construction document as defined in Section 107A.13.1 of the San Francisco Building Code by January 1, 2013 may apply once to the Planning Commission for a modification of their existing conditions of approval to reduce any on-site below market rate inclusionary requirements by 20% consistent with subsection (g)(2), or change their election so that they will provide on-site rather than off-site below market rate units or Affordable Housing Fee payments.

Project sponsors seeking to amend their conditions of approval to benefit from the 20% reduction must demonstrate to the Planning Commission that the proposed reduction will enable the project to obtain financing and commence construction within a one-year time period following Planning Commission's approval of the proposed reduction. The Planning Commission shall include a condition of approval to require that the project sponsor obtain its first construction document within one year of the approval. If the project sponsor does not obtain its first construction document within one year, then the conditions of approval existing before the modification shall apply unless the Zoning Administrator, after a duly noticed hearing, determines that the project sponsor has made good faith efforts to obtain its first construction document but for reasons beyond the project sponsor's control including, but not limited to, the filing of a lawsuit or delay on the part of the City or another public entity, has been unable to obtain its first construction document. In such a case, the Zoning Administrator may extend the time once, and for up to 1 year, for obtaining the first construction document. Any further extensions of time may only be granted by the Planning Commission using the same inquiry as to whether the project sponsor has made good faith efforts to obtain its first construction document.

The Planning Commission may not make modifications under this subsection (g)(3)(C) after January 1, 2016.

(h) Stabilizing the Cost Obligation of Future Inclusionary or Affordable Housing Requirements.

(1) Application. This subsection (h) shall apply as follows:

(A) This subsection shall apply only to private residential projects or the private residential portion of a mixed-use project, and not commercial projects; and

(B) This subsection shall not apply to any of the following:

(i) A project located in an area subject to a development agreement under California Government Code Sections 65864 et seq., as amended, or any successor legislation;

(ii) A project located in a redevelopment project area, an infrastructure financing district, or any other area that the City designates under State law in which property tax increment is allocated to fund affordable housing;

(iii) A project that, through a Special Use District or other local legislation adopted after November 6, 2012, receives (1) a 20% or greater increase in developable residential gross floor area, as measured by a change in height limits, Floor Area Ratio limits, or use, over prior zoning, or (2) a 50% or greater increase in residential densities over prior zoning. Notwithstanding the foregoing, should a project sponsor seek to develop a project in accordance with zoning in place immediately before the establishment of the Special Use District, this subsection (h) shall apply;

(iv) An area subject to a change in zoning enacted after November 6, 2012 that affects 40 or more acres or greater and results in a significant increase in residential development potential, where the area is not also encompassed by a Special Use District adopted after November 6, 2012.

The City shall adopt a standard for determining what constitutes "a significant increase in residential development potential" for these purposes as follows:

There shall be a Housing Review Committee comprised of the Directors of the Mayor's Office of Housing, the Planning Department, and the Office of Economic and Workforce Development, or their successor agencies. No later than March 1, 2013, the Housing Review Committee, after at

least one public hearing, shall recommend a standard to the Board of Supervisors in the form of a proposed ordinance. Thereafter, the Housing Review Committee, at regular intervals determined by the Committee, shall review the standard and recommend any necessary updates or modifications to the Board.

The Board of Supervisors may reject a proposed ordinance submitted by the Housing Review Committee by a majority vote. If the Board fails to reject the proposed ordinance within 60 days of receiving it from the Housing Review Committee, the proposed ordinance shall be deemed adopted.

In subsequently applying the standard established in the ordinance and determining whether to increase affordable housing fees or exactions in the area subject to the change in zoning, the Board of Supervisors shall consider any analysis approved by the Controller's Office regarding the financial feasibility of development subject to the proposed fee or exaction.

(v) A project that receives public financing or financial incentives for affordable housing from the California Debt Limit Allocation Committee tax-exempt bond financing or other similar public source; or

(vi) A project that receives a density bonus for the development of affordable housing through the State Density Bonus Law or other similar State legislation;

(vii) A project in which the City has a proprietary interest.

(2) **Inclusionary Housing Cost Obligation.** As of January 1, 2013, the City may not adopt any new land use legislation or administrative regulation, including a Planning Code amendment, or impose any new condition of approval on the issuance of a discretionary permit, that would require an increase in the project sponsor's Inclusionary Housing Cost Obligation beyond that required as of January 1, 2013, including and incorporating the reductions effected by subsection (g).

(3) Other Fees Related to Affordable Housing Fee. As of January 1, 2013, the City may not adopt any new land use legislation or administrative regulation, including a Planning Code amendment, or impose any new condition of approval on the issuance of a discretionary permit, that would increase any Other Affordable Housing Fees beyond that required as of July 1, 2012.

(4) Remedy. Any challenge to the validity of any legislation or final administrative order or decision on the grounds that such legislation, order or decision increases the project sponsor's Inclusionary Housing Cost Obligation or imposes Other Affordable Housing Fees will be subject to the requirements of California Code of Civil Procedure Sections 1085 and 1094.5, respectively. Any such challenge may be brought only after a project sponsor has exhausted all available administrative remedies, and shall be subject to all applicable statutes of limitations, including without limitation those set forth in California Code of Civil Procedure Section 1094.5 and California Government Code Sections 65009 and 66499.37.

(i) Legislation. The City shall enact any legislation necessary to implement subsections (g) and (h) as soon as practicable after the effective date of this Section, but no later than January 1, 2014. Before the adoption of such legislation, the Mayor's Office of Housing, with consultation as necessary with the Planning Department, shall implement the provisions of subsections (g) and (h) administratively and shall issue any necessary guidance.

(j) Disclaimer. Nothing in this Section shall be construed to limit or restrict the ability of the City to adopt any fees or exactions related to public benefits other than affordable housing, including, but not limited to, transit infrastructure, streetscape, public realm improvement, or child care fees.


(k) Term. Except as provided in subsection (l) below, this Section shall become inoperative on July 1, 2043, and after such date shall have no further force or effect and shall be repealed.

(1) **Early Termination.** At any time before January 1, 2013, the Mayor, after consulting with his or her Budget Director and the Controller, and after taking into account the City's projected revenues and expenditures in the City's financial plans, may terminate implementation of this Section by issuing a written notice to the Board of Supervisors and the Controller. The termination shall be irrevocable and apply to the entire Section 16.110. Upon the Mayor's signing of the notice, this Section shall become inoperative and after such date shall have no force or effect and shall be repealed.

Section 3. **Article 34 Authorization.** Consistent with Article 34 of the California Constitution, the voters authorize private sponsors with financial assistance from any public body to develop, construct or acquire up to 30,000 dwelling units of low rent housing projects within the City and County of San Francisco for the purpose of providing rental housing for persons and families of low and moderate income. This authorization shall not be affected by the early termination of Section 16.110 under subsection (1) of that Section.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By:


THOMAS J. OWEN
Deputy City Attorney



City and County of San Francisco
Tails
Charter Amendment

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 120554

Date Passed: July 24, 2012

Charter Amendment (Fourth Draft) to amend the Charter of the City and County of San Francisco by adding Section 16.110 to: 1) create a San Francisco Housing Trust Fund by setting aside general fund revenues beginning in Fiscal Year 2013-2014 and ending in Fiscal Year 2042-2043 to create, acquire and rehabilitate affordable housing and promote affordable home ownership programs in the City; and 2) lower and stabilize the impacts of affordable housing regulatory impositions on private residential projects; and to authorize the development of up to 30,000 affordable rental units in the City under Article 34 of the California Constitution.

July 11, 2012 Rules Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

July 11, 2012 Rules Committee - CONTINUED AS AMENDED

July 16, 2012 Rules Committee - REFERRED WITHOUT RECOMMENDATION AS COMMITTEE REPORT

July 17, 2012 Board of Supervisors - CONTINUED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Olague and Wiener

July 24, 2012 Board of Supervisors - ORDERED SUBMITTED

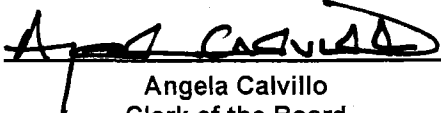
Ayes: 8 - Avalos, Campos, Chiu, Cohen, Kim, Mar, Olague and Wiener

Noes: 2 - Chu and Elsbernd

Excused: 1 - Farrell

File No. 120554

I hereby certify that the foregoing Charter Amendment was ORDERED SUBMITTED on 7/24/2012 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board

Cert Letter of Explanation - Certification & Legal Tab

Please note that MOHCD Director, Eric Shaw, signed the Certification on his legal authority to submit the LHTF application.

MOHCD, on behalf of the City and County of San Francisco, is not required to sign the Legal Disclosure section as the applicant is a public entity without an ownership interest in the proposed project, including but not limited to cities, counties and joint powers authorities.

Budget Status Overview

Remaining Balance: \$159,240,407

Revised Budget: \$180,714,332

Revised Budget:	\$180,714,332	Pre-Encumbrance:	\$0	Original:	\$62,389,533	Supplemental:	\$0
Actuals:	\$142,821	Encumbrance:	\$21,331,103	Transfer & Other:	\$0	Carry Forward:	\$118,324,799
Reserves:	\$66,304,819	Available Balance:	\$92,935,588				

[Refresh](#) - [Print](#) - [Export](#)

Budgetary Control Performance Indicators

No Departments Approaching Budget

[Refresh](#)

No Divisions Approaching Budget

[Refresh](#)

No Funds Approaching Budget

[Refresh](#)

No Projects Approaching Budget

[Refresh](#)

Budget Vs Actuals by Selected Dimension

Actual Amounts are from the PeopleSoft GL Module. Click on amounts to drill to transaction details
Time run: 7/30/2020 4:41:57 PM

View by: Fund & Project ▼

Type	Fund Code	Fund Description	Project Code	Project Description	Original Budget	Supplemental Budget	Transfer & Other Budget	Carryforward Budget	Budget Correction	Revised Budget	GL Actual	Encumbrance	Pre-Encumbrance	Surplus/Savings (Shortfall/Overspending)	Reserves	Available Balance
Uses	10020	GF Continuing Authority Ctrl	10023900	MO Housing Trust Fund - Moh	\$0	\$0	\$0	\$51,979,970	\$0	\$51,979,970	\$142,821	\$21,323,803	\$0	\$30,513,346	\$20,000,000	\$10,513,346
	10580	SR Citywide Affordable Housing	10023900	MO Housing Trust Fund - Moh	\$0	\$0	\$0	\$478	\$0	\$478	\$0	\$0	\$0	\$478	\$0	\$478
	10795	SR Housing Trust Fund	10023900	MO Housing Trust Fund - Moh	\$62,389,533	\$0	\$0	\$0	\$0	\$62,389,533	\$0	\$7,300	\$0	\$62,382,233	\$21,304,819	\$41,077,414
	10800	SR Housing Trust COP	10023900	MO Housing Trust Fund - Moh	\$0	\$0	\$0	\$66,344,351	\$0	\$66,344,351	\$0	\$0	\$0	\$66,344,351	\$25,000,000	\$41,344,351
Uses Total					\$62,389,533	\$0	\$0	\$118,324,799	\$0	\$180,714,332	\$142,821	\$21,331,103	\$0	\$159,240,407	\$66,304,819	\$92,935,588

Department Group Code is equal to **MYR**
and CONCAT(CONCAT(Project Code, '-'), Project Name) contains any **10023900**
and Account Lvl 2 Name is equal to **Expenditures**

and Time Filter
and Budget Period is equal to **2021**

[View](#)

[Refresh](#) - [Print](#) - [Export](#)

Mayor’s Office of Housing and Community Development
Underwriting Guidelines
Updated April 5, 2019

The following guidelines are intended to assist applicants for capital financing to prepare financing requests to the Mayor’s Office of Housing and Community Development (MOHCD). 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 intent of these underwriting guidelines is to insure that final loan terms are consistent across projects and to insure that the long-term affordability and physical and financial sustainability is maximized during the loan term.

For supportive housing funded by the State of California’s No Place Like Home Program, MOHCD has developed an addendum (Section VII) that summarizes key requirements of the NPLH Program. Please refer to these requirements and the full NPLH Program Guidelines.

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 Underwriting Guidelines. These guidelines are subject to change.

MOHCD Policies referenced herein:

MOHCD Ground Lease Policy	MOHCD Developer Fee Policy
MOHCD Operating Fees Policy	MOHCD Subordination Policy
MOHCD Residual Receipts Policy	MOHCD Commercial Space Policy & Underwriting Guidelines
MOHCD Guidelines for Architect and Engineering Basic Services	MOHCD Refinance, Restructure and Recapitalization of Existing Affordable Housing Developments Policy

I. GENERAL FINANCING TERMS

A. Term

1. Residual Receipts Loan or Grant Term: 40-75 years, depending on borrower’s request and source of funds. Typically 55 years.
2. Declaration of Restrictions/Regulatory Agreement Term: 55 years minimum, 75 years for HOME regardless of repayment unless tax credit project, then 55 years for HOME
3. Ground Lease Term: Typically 55-99 years. See separate Ground Lease Policy for additional terms.
4. Predevelopment Loan: Typical term is 3 years; may be extended upon request with MOHCD approval to 55 years when rolled into other City permanent debt or beyond 3 years due to predevelopment period delays beyond developer’s control.

B. Affordability

1. Maximum: Typically City AMI (defined as the tri-county unadjusted AMI) up to 50-60% AMI, but may vary depending on project’s financial feasibility and may include a 20% set-aside for

extremely low-income households (30% AMI and below) with specific population goals to be determined by MOHCD subject to the availability of subsidies or other MOHCD policy goals.

2. Subordination: City will subordinate the terms of its Declaration of Restrictions in the event of an uncured default by a 1st mortgage lender; otherwise the City's Declaration of Restrictions must always be in senior position. See separate Subordination Policy.
3. Termination of Subsidies: Should rental subsidies terminate, rent levels may rise to cover debt service and operations to breakeven to the maximum of 60% AMI as defined by TCAC (tri-county adjusted AMI) to the extent necessary to maintain financial feasibility.

C. Interest Rate

1. Predevelopment Loan Interest Rate

- a. Minimum: 0% simple interest
- b. Standard Rate: 3% simple interest
- c. Maximum: May be set at a rate appropriate to accommodate tax credit loss requirements for the project. (To be determined based on borrower's request and ability to repay.)
- d. At conversion or rollover to gap loan, the interest rate will be re-evaluated to conform to the gap or permanent loan rate.

2. Permanent Loan Interest Rate

- a. Minimum: 0% simple interest
- b. Standard Rate: 3% simple interest
- c. Maximum: the greater of Applicable Federal Rate if required for a project's financial feasibility (To be determined based on borrower's ability to repay.)
- d. Interest rate between 0 to 3% can be determined by demonstrated need if required for financial feasibility.

D. Lien Position/Subordination: MOHCD debt shall be subordinate to 1st mortgage debt and to federal and state provided loans if State loan is 10 times greater than City loan. All other subordination requests must be reviewed and approved by City. See separate Subordination Policy.

E. Cross-collateralization: No cross-collateralization now or in the future of MOHCD/OCII funded developments.

F. Annual Payments Due

1. Annual Payments due: Ground lease base rent payment is must pay expense and will be paid before any surplus cash distributions. Ground Leases and Loans typically require annual repayments from residual receipts (see separate Ground Lease Policy). Any unpaid principal and interest due under the loans is deferred but payable at the end of term.
2. Surplus Cash Waterfall: Surplus cash is the operating income remaining after the satisfaction of operating expenses, reserves and must-pay debt, including State HCD mandatory interest payments and Ground Lease Base Rent payable to MOHCD. City will apply its residual receipts share to City debt repayment first if required to meet back-end tax requirements in tax credit projects. The use of Surplus Cash is controlled by the City's Operating Fees Policy, which identifies allowable operating budget fees and any applicable limits; annual payments payable to the City from Surplus Cash are described in the City's Residual Receipts Policy.

II. RESIDENTIAL DEVELOPMENT PROFORMA ASSUMPTIONS

All projects are required to get permanent loans to reduce the overall funding gap should the project cash flow support such debt.

A. Debt Service Coverage Ratio (DSC)

1. Minimum: 1.10:1 except when CalHFA has approved a 1.05:1 DSC.
2. Maximum: ratio sufficient to insure 1.0:1 in Year 17 for tax credit projects.
3. Calculation Method: DSC should be calculated after accounting for reserve deposits. In the case of subordinate amortized loans, DSC should be calculated using cash flow remaining after debt service on 1st mortgage. The goal in all cases is to maximize the amount of leveraged debt.

B. Reserves

All capitalized reserves must be funded prior to permanent conversion. All reserves will remain assets of the project and cannot be released at the end of the tax credit term to the Limited Partnership.

1. Capitalized Operating Reserves: Three months (and up to six months of the 1st full year if required by lender or investor) of operating expenses (including debt service, if any) in interest-bearing account with provision that annual deposits must also be made if the balance drops below the original amount. [Note: HOME and CDBG funds cannot be used for capitalized operating reserves.]
2. Operating Reserve Deposits: None unless balance drops below 25% of prior year's operating expenses (including debt service, if any). Any such required payments would be made from cash flow that remains after all other required payments are made (e.g. debt service, other reserve payments, etc.). The rate of replenishment would be three months (and up to six months of the 1st full year if required by lender or investor) of operating expenses (including debt service payments) to the extent there is available cash to make such deposits.
3. Capitalized Replacement Reserves
 - a. New Construction: None
 - b. Acquisition/Rehab: Up to \$1,000 per unit or based on a reserve study, including existing reserve, if any, at time of acquisition.
4. Replacement Reserve Deposits
 - a. New Construction: Lesser of 0.6% of unit construction cost, defined as all hard construction costs excluding cost of site work and podium foundations but including construction contingency, or the following amounts (expressed as per unit per year). After the first 10-years of operation, the sponsor may request adjustments to the above amounts every five (5) years based on a 20-year capital needs assessment (CNA).

Units	Family	SROs	Senior
<5	650	600	550

<20	550	500	450
<50	500	450	400
<100	450	400	350
100+	400	350	300

- b. Acquisition Rehab: The higher of the amount needed according to an approved 20-year CNA or the amounts listed in the table above as permitted by the available cash flow. May be updated every five (5) years based on a revised CNA acceptable to City.

5. Capitalized Rent Reserve Deposits

- a. Shelter Plus Care: Borrower may request funding of a Rent Subsidy Reserve only if required by other lenders.
- b. Section 8 Reserve: None allowed for contracts for 10 years or more, except if required by other lenders.
- c. LOSP: Capitalized reserves are not allowed because of the LOSP program-wide reserve.

C. Fees

1. Developer Fee: see separate Developer Fee Policy.
2. Partnership Management Fee: see separate Operating Fee Policy.
3. Asset Management Fee: see separate Operating Fee Policy.
4. LP Asset Management Fee: see separate Operating Fee Policy.
5. Accrued but Unpaid Fees: Any fees that accrue in one year but cannot be paid due to lack of surplus cash or any other reason can be paid in later years only AFTER the full amount due to the City for that year has been paid (i.e. accrued but unpaid fees must be paid out of the Owner Distribution portion of the surplus).

D. Contingencies

1. Bid Contingency (All Projects): 5% Bid Contingency to be removed at the earlier of construction contract signing or 30 days prior to construction start.
2. Design Contingency: 5% Design Contingency to be removed at 100% Construction Documents.
3. Plan Check Contingency: 5% Plan Check Contingency to be removed at receipt of Plan Check comments on building permit and major addenda.
4. Construction Contingency
 - Purpose: Contingency for unforeseen conditions, minor errors and omissions and voluntary owner upgrades. Any contingency remaining after completion of construction must be returned to the City and other lenders on a prorated basis.
 - New Construction: 5% of construction contract.
 - Rehabilitation: 15% of construction contract.
 - Limits on Voluntary Owner Upgrades: Voluntary owner upgrades are limited to an aggregate amount that does not exceed the amount returned to the City, if any.
3. Soft Cost Contingency: 10% of soft costs, excluding developer and administrative fees, construction loan interest, and reserves for projects costing \$5 million or more. May be increase for smaller projects.

E. Furnishings

1. Unit Furnishings: Not a permitted use of MOH/SFRA funds unless housing is designed to serve homeless households. Assume \$2,500 per unit for SROs or studios, and \$1,500 per bedroom for other units. Additional \$650 permitted per homeless unit for soft goods such as start-up kitchen equipment and linens.
2. Common Area Furnishings: For new construction, assume budget equal to \$2,000 per unit. For rehab, must be based on actual need but not to exceed above amount. This budget line item must also include any interior designer costs.
3. Property Management Start-Up Costs: Includes purchase of maintenance equipment and supplies and property management start-up costs. Excludes service office start-up costs.

F. Architect and Engineering Fees:

1. Basic Services: for architect contracts is defined in MOHCD Guidelines for Architect and Engineering Basic Services. Architect contracts should be full-service and include all consultants except for those excluded in MOHCD’s guidelines and design/build consultants and use standard AIA forms (or approved equivalent). Owner addenda are encouraged, including requiring the architect to design to a specified construction budget. Contracts should be signed as early in the process as possible, preferably no later than the completion of schematic design. Additional services will be allowed if there are significant changes in the A/E scope. Fees for Architecture/Engineering services should follow the guidance in the Guidelines for Architect and Engineering Basic Services document.
2. Peer Review: of the architect’s and/or the engineer’s work may be required at the discretion of the City but the cost of Peer Review is not included in Basic Services and is not subject to the fee cap.

G. Construction Management:

1. Staffing: Developer must identify specific staff or consultant(s) who will provide construction management functions on behalf of the owner, including permit applications and expediting, cost analysis, completion evaluations, change order evaluations, scope analysis and schedule analysis. A Construction Manager/Owner’s Representative is required for each MOHCD/OCII funded project.
2. Scope of Services: The Construction Manager/Owner’s Representative scope of services should generally follow the Scope of Services for Owner’s Representative document attached hereto.
3. Construction Management Fee: The Construction Manager/Owner’s Representative fee if using a third-party consultant should follow the tiered fee structure outlined below, depending on project size whether new construction or rehabilitation:

For a small size project (\$2.5M to \$8M construction contract):	Monthly	Annual
Preconstruction	average monthly fee: \$2,500	Max annual fee: \$30,000 (assumes Preconstruction will be less than 12 months)
Construction	average monthly fee: \$3,500	Max annual fee: \$42,000
For a medium size project (\$9M to \$18M construction contract):	Monthly	Annual

Preconstruction	average monthly fee: \$3,000	Max annual fee: \$36,000
Construction	average monthly fee: \$4,500	Max annual fee: \$54,000
For a large size project (\$19M and over construction contract):	Monthly	Annual
Preconstruction	average monthly fee: \$3,500	Max annual fee: \$40,000
Construction	average monthly fee: \$5,000	Max annual fee: \$60,000

H. General Contractor Fees/Price

1. Selection of contractor by RFP: When the developer selects the contractor through negotiated bid process, the RFP should require competitive cost proposals that specify Overhead, Profit and General Conditions percentages and identify all schedule of values line items that are excluded from these categories. The RFP should also specify the contractor’s fee for pre-construction services. The fee is a criterion, but not the sole criterion for selection. Selection process and selection results must be approved by City/Agency with respect to LBE/SBE participation, wage requirements and proposed contract price.

2. Overhead, Profit and General Conditions Price: For New Construction, an overall cost limitation of fourteen percent (14%) of the cost of construction (site work and structures) shall apply to builder overhead, profit and general requirements, excluding builder’s general liability insurance (or as modified by TCAC); for Rehabilitation, developer should compare these costs to comparable other recent developments. General contractor overhead and profit shall be tiered by total Hard Cost value (not including contingencies) based on the following contract amounts:
 - a. \$0-\$30MM = up to 4.75%
 - b. \$30MM-\$45MM = 4.5%
 - c. \$45MM + \$50MM = 4.25%
 - d. \$50MM + = 4%

3. Contract (or Contractor’s) Contingency: Must be called out as a separate line item, tracked and documented.

4. Subcontractor’s Prices: When determining final Contract Price and identifying dollar amounts of Contractor’s fees, scheduled values should reflect when appropriate, actual subcontractor prices without any general contractor’s markup. Subcontractor and sub-tier mark-up shall not exceed 15% in the aggregate, including on change orders. City/Agency reserve the right to review all bids.

5. Escalation: Escalation shall be included as a separate hard cost line item during the predevelopment phase. The amount of escalation shall be commensurate with the time period until expected construction start. Developer’s escalation shall be removed from the budget of the first contractor estimate based on schematic design on the assumption that any escalation would already be carried in the contractor’s cost estimate.

6. Change Orders: All change orders shall be reviewed and approved by the City. Mark-up on change orders shall be limited to 15% in the aggregate, inclusive of any general contractor’s mark-up.

7. Early Release of Retention: Requests for early release of retention are subject to the City's approval. Subcontractors for whom retention will be released early should be identified in the owner - general contractor contract.

III. RESIDENTIAL OPERATING PROFORMA ASSUMPTIONS

- A. Vacancy Allowance: Use TCAC underwriting standards except for projects with rent subsidy contracts of five (5) or more years.
- B. Increases in Gross Income: 2.5% annually, or as modified by TCAC.
- C. Increases in Operating Expenses: 3.5% annually, or as modified by TCAC.

IV. OTHER UNDERWRITING GUIDELINES

- A. Organizational Capacity: Developers must have experience successfully completing at least three affordable housing development projects. At least one of the completed projects must be similar to the project for which funding is being sought. Developers may also joint venture with more experienced Developers in order to achieve threshold experience. Such joint ventures will be reviewed and approved by MOHCD. Developers will also be evaluated on their successful operating compliance with their properties in the MOHCD portfolio.
- B. Project Management Capacity: Developer's project manager must have experience with at least one comparable, successfully completed project or be assisted by a consultant or other staff person with greater experience and adequate time to commit. When using a consultant, the consultant's resume should demonstrate that the consultant has successfully completed managing all aspects of at least two (2) comparable development projects in the recent past. Project manager workload must also be taken into consideration.
- C. Asset Management Capacity: Development Teams must provide information requested by MOHCD to show how they monitor the financial performance and manage the capital needs of their existing affordable housing assets. Development Teams must also provide information describing current and future asset management staffing plans. MOHCD will use the information provided to verify that their approach to asset management meets the City's stewardship expectations particularly with regard to timely performance of Capital Needs Assessments, maintaining adequate Replacement Reserves and timely collection of tenant rents.

V. COMMERCIAL SPACE UNDERWRITING GUIDELINES

See separate Commercial Space Policy and Underwriting Guidelines.

VI. REFINANCE ASSUMPTIONS

See separate Refinance, Restructuring and Recapitalization of Existing Affordable Housing Developments Policy.

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

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

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 (I have included link/reference for MOHCD review)

(from Section 200 (a) to (d) of NPLH Program Guidelines that details Uses and Terms of Noncompetitive and Competitive Allocations; I have included reference for MOHCD review)

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))

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)).

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 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)) 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))

Certification & Legal Status

On behalf of the entity identified in the signature block below, I certify that:

1. The information, statements and attachments included in this application are, to the best of my knowledge and belief, true and correct.
2. I possess the legal authority to submit this application on behalf of the entity identified in the signature block.
3. The following is a complete disclosure of all identities of interest - of all persons or entities, including affiliates, that will provide goods or services to the Project either (a) in one or more capacity or (b) that qualify as a "Related Party" to any person or entity that will provide goods or services to the project. "Related Party" is defined in Section 10302 of the California Code of Regulations (CTCAC Regulations):

4. As of the date of application, the Project, or the real property on which the Project is proposed (Property) is not part to or the subject of any claim or action at the State or Federal appellate level.

5. I have disclosed and described below any claim or action undertaken which affects or potentially affects the feasibility of the Project. In addition, I acknowledge that all information in this application and attachments is public, and may be disclosed by the State.

Eric D. Shaw	Director		7/31/20
Printed Name	Title of Signatory	Signature	Date

Legal Disclosure

For purposes of the following questions, and with the exceptions noted below, the term "applicant" shall include the applicant and joint applicant, and any subsidiary of the applicant or joint applicant if the subsidiary is involved in (for example, as a guarantor) or will be benefited by the application or the project.

In addition to each of these entities themselves, the term "applicant" shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, directors, principals and senior executives of the entity if the entity is a corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company. For projects using tax-exempt bonds, it shall also include the individual who will be executing the bond purchase agreement.

The following questions must be responded to for each entity and person qualifying as an "applicant," or "joint applicant" as defined above.

Explain all positive responses on a separate sheet and include with this questionnaire in the application.

Exceptions:

Public entity applicants without an ownership interest in the proposed project, including but not limited to cities, counties, and joint powers authorities with 100 or more members, are not required to respond to this questionnaire.

Members of the boards of directors of non-profit corporations, including officers of the boards, are also not required to respond. However, chief executive officers (Executive Directors, Chief Executive Officers, Presidents or their equivalent) must respond, as must chief financial officers (Treasurers, Chief Financial Officers, or their equivalent).

Civil Matters

1. Has the applicant filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against it, defaulted on a loan or been foreclosed against in <i>past ten years</i> ?	No
2. Is the applicant currently a party to, or been notified that it may become a party to, any civil litigation that may materially and adversely affect (a) the financial condition of the applicant's business, or (b) the project that is the subject of the application?	No
3. Have there been any administrative or civil settlements, decisions, or judgments against the applicant within the past ten years that materially and adversely affected (a) the financial condition of the applicant's business, or (b) the project that is the subject of the application?	No
4. Is the applicant currently subject to, or been notified that it may become subject to, any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency?	No
5. In the past ten years, has the applicant been subject to any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency that resulted in a settlement, decision, or judgment?	No

Criminal Matters

6. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, felony charges against the applicant?	No
7. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, misdemeanor charges against the applicant for matters relating to the conduct of the applicant's business?	No
8. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, criminal charges (whether felony or misdemeanor) against the applicant for any financial or fraud related crime?	No
9. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, that could materially affect the financial condition of the applicant's business?	No
10. Within the past ten years, has the applicant been convicted of any felony?	No
11. Within the past ten years, has the applicant been convicted of any misdemeanor related to the conduct of the applicant's business?	No
12. Within the past ten years, has the applicant been convicted of any misdemeanor for any financial or fraud related crime?	No

Please provide a letter of explanation if you responded "Yes" to any of the questions above.

File Name: Cert. Letter of Explanation	Letter of explanation for any "red" shaded cells above	Uploaded to HCD?	Yes
--	--	------------------	-----

Printed Name	Title of Signatory	Signature	Date