

**DRAFT FOR COMMENT ONLY**

**AMENDED AND RESTATED LOAN AGREEMENT  
(CITY AND COUNTY OF SAN FRANCISCO  
EDUCATION REVENUE AUGMENTATION FUND, CITYWIDE AFFORDABLE  
HOUSING FUND (INCLUSIONARY FEES), 2015 GENERAL OBLIGATION BOND  
FOR AFFORDABLE HOUSING, AND 2019 GENERAL OBLIGATION BOND FOR  
AFFORDABLE HOUSING)**

By and Between

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

and

**BALBOA PARK HOUSING PARTNERS, L.P.**  
A California limited partnership,

for

**BALBOA PARK UPPER YARD**  
**2340 San Jose Avenue, San Francisco**  
[TBD]

Educational Revenue Augmentation Fund: [\$TBD]  
Citywide Affordable Housing Fund (Inclusionary Fees): [\$TBD]  
2015 General Obligation Bond for Affordable Housing: [\$TBD]  
2019 General Obligation Bond for Affordable Housing: [\$TBD]

Dated as of \_\_\_\_\_

## TABLE OF CONTENTS

Page

[INSERT TABLE OF CONTENTS HERE]

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### EXHIBITS

A	Schedules of Income and Rent Restrictions
B-1	Table of Sources and Uses of Funds
B-2	Annual Operating Budget
B-3	20-Year Cash Flow Proforma
C	Form of Tenant Income Certification
D	First Source Hiring Requirements and Numerical Goals
E	Governmental Requirements
F	Lobbying/Debarment Certification Form
G	Form of Annual Monitoring Report
H	Tenant Selection Plan Policy
I	MOHCD Tenant Screening Criteria Policy
J	Developer Fee Policy
K	Hold Harmless Policy
L	Insurance Requirements
M	HOPE SF Tenant Selection Criteria
N	Intentionally Omitted
O	MOHCD Commercial Underwriting Guidelines
P	MOHCD Residual Receipts Policy

**AMENDED AND RESTATED LOAN AGREEMENT**

(City and County of San Francisco  
Educational Revenue Augmentation Fund, 2015 General Obligation Bond for Affordable  
Housing, 2019 General Obligation Bond For Affordable Housing, and Citywide Affordable  
Housing Fund (Inclusionary Fees)  
(2340 San Jose Avenue, San Francisco)

**THIS AMENDED AND RESTATED LOAN AGREEMENT** ("Agreement") is entered into as of June \_\_\_\_\_, 2021 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development ("MOHCD"), and **BALBOA PARK HOUSING PARTNERS, L.P.**, a California limited partnership ("Borrower").

**RECITALS**

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

B. On November 3, 2015, the voters of the City and County of San Francisco approved Proposition A (Ordinance 121-15), which provided for the issuance of up to \$310 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the "2015 GO Bond"). To the extent permitted by law, the City intends to reimburse with proceeds of the 2015 GO Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing. The funds provided under this Agreement from proceeds of the 2015 GO Bond shall be referred to herein as the “2015 GO Bond Funds.”

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

D. On November 5, 2019, the voters of the City and County of San Francisco approved Proposition A (Ordinance 168-19), which provided for the issuance of up to \$600 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the "2019 GO Bond"). To the extent permitted by law, the City intends to reimburse with proceeds of the 2019 GO Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing. The funds provided under this Agreement from the proceeds of the 2019 GO Bonds shall be referred to herein as the "2019 GO Bond Funds," and together with the Inclusionary Funds, the 2015 GO Bond Funds, and the ERAF Funds, collectively the "**Funds**")

E. The City previously loaned Four Million Three Hundred Thousand and No/100 Dollars (\$4,300,000.00) (the "Original Loan") to Borrower to conduct predevelopment activities in support of the construction of a multifamily rental housing development including a ground floor commercial space. The Original Loan is evidenced by the following documents: (1) a Loan Agreement dated as of August 8, 2017 (Inclusionary Fund), as amended by that certain First Amendment to the Loan Agreement dated January 6, 2020 (the "Original Loan Agreement"), and (2) an Amended and Restated Secured Promissory Note dated January 6, 2020, made by Borrower to the order of the City (the "Original Note").

F. Borrower has acquired a leasehold interest in the real property located at 2340 San Jose Avenue, San Francisco, California (the "Land") under a BALBOA PARK UPPER YARD GROUND LEASE dated June \_\_\_\_\_, 2021 ("Ground Lease"), by and between Borrower and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation. ("Ground Lessor"). Borrower desires to use the Funds to construct a 131-unit multifamily rental housing development (the "Improvements"), affordable to very-low and low-income households, with 39 units set aside for HOPE SF voluntarily relocating, and to construct the commercial shell for 10,791 sq. ft of commercial space, with an early childhood education center, community space and resource center, community bike space, and two additional spaces for Public Benefit Purposes or Community-Serving Purposes, as defined herein (the "Commercial Space") which collectively will be known as BALBOA PARK UPPER YARD (the "Project" or "BPUY"). The term "Improvements" will include the Commercial Space.

G. The City has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has agreed to make a loan of Funds to Borrower as follows: (1) [\_\_\_\_\_] and No/100 Dollars (\$\_\_\_\_\_.00) (the "Residential Loan Amount") to fund predevelopment and construction activities, including permanent financing, related to the Improvements, and (2) [\_\_\_\_\_] and No/100 Dollars (\$\_\_\_\_\_.00) ("Commercial Loan Amount") to fund predevelopment and construction activities, including permanent financing, related to the Commercial Space, for a total loan of Funds to Borrower (the "Loan") in the amount of [\_\_\_\_\_] and No/100 Dollars (\$[( \$\_\_\_\_\_ ].00) (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) ERAF Funds in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), (ii) 2015 GO Bonds in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), (iii) Inclusionary Funds in the amount of \_\_\_\_\_ Dollars (\$), and (iv) 2019 GO Bond Funds in the amount of \_\_\_\_\_ Dollars (\$v).

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

1. a senior tax exempt construction loan to Borrower in the amount of \$\_\_\_\_\_ derived from a loan by Wells Fargo Bank, National Association to the City and County of San Francisco, a commitment to purchase up to \_\_\_\_\_ and No/100 Dollars (\$\_\_\_\_\_) of such senior loan by California Community Reinvestment Corporation;

2. commitment from HUD for rental assistance payments under a Project Rental Assistance Contract/Housing Assistance Payment ("HAP") contract and budget authority in the amounts of \_\_\_\_\_ and No/100 Dollars (\$\_\_\_\_\_.00) and \_\_\_\_\_ and No/100 Dollars (\$\_\_\_\_\_.00), respectively;

3. federal and/or state low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Preliminary Reservation of Low Income Housing Tax Credits dated \_\_\_\_\_ and a Carryover Allocation dated \_\_\_\_\_; and

4. a State of California Housing and Community Development ("HCD") Firm Commitment letter dated \_\_\_\_\_ providing for Affordable Housing and Sustainable Community Loan ("AHSC") funding in the amount of FIFTEEN MILLION THREE HUNDRED NINETEEN THOUSAND ONE HUNDRED TWELVE Million and No/100 Dollars (\$15,319,112);

5. HCD Firm Commitment letter dated \_\_\_\_\_ providing for an Infill Infrastructure Grant ("IIG") grant funding in the amount of FOUR MILLION FIVE HUNDRED THOUSAND Million and No/100 Dollars (\$4,500,000.00);

6. an equity contribution from the General Partner in the amount of FIFTY SIX MILLION EIGHT HUNDRED THIRTY EIGHT THOUSAND EIGHT HUNDRED TWO and No/100 Dollars (\$56,838,802.00); and

7. Deferred developer fee in the amount of THREE MILLION THREE HUNDRES THOUSAND and No/100 Dollars (\$3,300,000.00).

I. On the Agreement Date, this Agreement will amend, restate, supersede and replace the Original Loan Agreement. Concurrently herewith, Borrower will also (i) execute a second amended and restated promissory note in favor of the City to supersede and replace the Original Note to evidence the Loan, (ii) execute and record a deed of trust to secure the second amended and restated note, and (iv) execute and record a declaration of restriction.. As of the Agreement Date, the City will cancel and return the Original Note to Borrower.

## AGREEMENT

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

### ARTICLE 1 DEFINITIONS.

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

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

“Agreement” means this Loan Agreement.

“Agreement Date” means the date first written in the preamble above.

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

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

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

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

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

"Borrower" means **Balboa Park Housing Partners L.P.**, a California limited partnership whose managing general partner is Colosimo Apartments, Inc., a California nonprofit public benefit corporation, and whose administrative general partner is Related/Balboa Park Development Co., LLC, a California limited liability company (collectively, “General Partner”) and its authorized successors and assigns.

“CFR” means the Code of Federal Regulations.

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

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

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

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

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

“CNA” means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further described under the CNA Policy.

“CNA Policy” means MOHCD’s Policy for Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

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

“Commercial Loan Amount” has the meaning set forth in **Recital G**.

“Commercial Shell” means all components of an unfinished Commercial Space as further defined by MOHCD’s commercial space policy, as it may be amended from time to time.

“Commercial Space” has the meaning set forth in **Recital F** and further defined in MOHCD’s commercial space policy as it may be amended from time to time. As used in this Agreement, the term excludes non-residential space in the Project to be used primarily for the benefit of the Tenants.

“Community-Serving Purposes” means a non-residential use, approved by MOHCD in writing, that provides a direct benefit to the residents of the Project and the community in which the Project is located, including, but not limited to, family resource center, early childhood education center, community bicycle workspace, or other community serving commercial use under MOHCD’s Commercial Space Underwriting Guidelines.

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

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

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

“Contracting Manual” means the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor’s Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time.

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

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

“Deed of Trust” means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Note, in form and substance acceptable to the City. If Borrower elects to subdivide the Commercial Space, the term “Deed of Trust” will only refer to the deed of trust on the portion(s) of the Site owned by Borrower.

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

"Developer" means Mission Housing Development Corporation, a California nonprofit public benefit corporation, and Related Irvine Development Company LLC, a California limited liability company, and their respective authorized successors and assigns.

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

“Developer Fee Policy” means the MOHCD Policy on Development Fees for Tax Credit Projects dated July 29, 2016, as amended from time to time, attached hereto as **Exhibit J**.

“Development Expenses” means all costs incurred by Borrower and approved by the City in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

“Development Proceeds” means the sum of: (a) funds contributed or to be contributed to Borrower by Borrower's limited partner as capital contributions, equity or for any other purpose under Borrower's limited partnership agreement; and (b) the proceeds of all other financing for the Project.



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

“Distributions” has the meaning set forth in **Section 13.1**.

“Early Retention Release Contractors” means contractors who will receive retention payments upon satisfaction of requirements set forth in **Section 4.7**.

“Environmental Activity” means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

“Environmental Laws” means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 (“NEPA”) (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

“Escrow Agent” has the meaning set forth in **Section 4.2**.

“Event of Default” has the meaning set forth in **Section 19.1**.

“Excess Proceeds” means Development Proceeds remaining after payment of Development Expenses. For the purposes of determining Excess Proceeds, no allowed Project Expenses may be included in Development Expenses.

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

“Federal Funding” means funding provided by the federal government for capital improvements, operations or other direct financial assistance of the Project.

“Funding Amount” has the meaning set forth in **Recital G**.

“Funds” has the meaning set forth in **Recital D**. The Funds do not include any Federal Funding.

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

“General Partner” means, collectively, Colosimo Apartments, Inc., a California nonprofit public benefit corporation, and Related/Balboa Park Development Co., LLC, a California limited liability company.

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

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

“Ground Lessor” has the meaning specified in **Recital F**.

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

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

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

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

“In Balance” means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

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

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

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

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

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

“Limited Partner” means Wells Fargo Affordable Housing Community Development Corporation, and its permitted successors and assigns.

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

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

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

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

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

“MOHCD” means the Mayor’s Office of Housing and Community Development or its successor.

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

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

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

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

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

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

“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of \_\_\_\_\_, as amended from time to time.

“Payment Date” means the first June 30th for the year following the year in which the Completion Date occurs and each succeeding June 30th until the Maturity Date.

"PBV HAP Contract" means that contract entered into between the Borrower and SFHA, the contract administrator, that sets forth the rights and duties of Borrower and SFHA with respect to the Project and the payments under the contract. For the purpose of this Agreement the term means the following agreements: Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52531A) to be entered into between the Lessor and the Lessee; Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52531B), and any other HUD-required riders to the HAP Contract, to be entered into between the SFHA and Borrower.

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

“Preferences and Lottery Manual” means MOHCD’s Housing Preferences and Lottery Procedures Manual dated March 31, 2017, as amended from time to time.

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

“Project” means the development described in **Recital F**. If indicated by the context, “Project” means the Site and all improvements developed on the Land.

“Project Expenses” means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate and/or possessory interest taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower who maintain, administer, operate, or provide services in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal and annual servicing fees, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) annual monitoring fee and all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) annual Base Rent payments (as defined in the Ground Lease); (g) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement and/or as required under the Partnership Agreement; (h) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; (i) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); and (j) Supportive Services expenses. Project Fees are not Project Expenses.

“Project Fees” means (i) a combined annual asset management and partnership management fee in the amount of \$48,560, increasing by 3.5% annually, payable to the Tenant’s general partner, and (ii) an annual investor services fee in the amount of \$8,500, increasing by 3.5% annually payable to Tenant’s limited partners. In no event will such fees exceed the maximum amount permitted by HCD so long as it is a Lender, as permitted by HCD’s regulations.

“Project Income” means all income and receipts in any form received by Borrower from the operation of the Project, including rents, fees, deposits (other than tenant security deposits), any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Project. Interest accruing on any portion of the Funding Amount is not Project Income or Commercial Income.

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

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

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

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

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

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

“Residential Loan Amount” has the meaning set forth in **Recital G**.

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

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

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

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

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

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

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

"Site" means the Land and the Improvements.

"Supportive Services" means community empowerment and leadership services for adults, youth and members of the Project, community based counseling, intensive case management referrals, and referrals for employment coaching, computer lab support/training, financial literacy, children/youth after school enrichment activities, life-enrichment senior services, parental support groups, healthy cooking classes and wellness classes. Residents’ participation in service programming at the Project will be on a voluntary basis, and offered to all residents regardless of race, ethnicity, primary language, sexual orientation, gender identity, education, religious affiliation, income, work status, or family composition. In all cases, resident services activities are intended to respect the individual choices of residents, and to maintain the dignity of all residents. see also **Section 3.9**.

“Surplus Cash” means Commercial Income remaining after payment of the sum of commercial debt service, operating expenses for the Commercial Space and reserve deposits for the Commercial Space but excludes depreciation, amortization, depletion, other non-cash expenses or expenditures from reserve accounts.

“Table” means: (a) the Table of Sources and Uses, (b) the Annual Operating Budget, and (c) the 20-Year Cash Flow Proforma.

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

“TCAC” means the California Tax Credit Allocation Committee.

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

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

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

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

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

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

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

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

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

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

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

1.3 Contracting Manual. Borrower shall use the Contracting Manual as a guide to Borrower's responsibilities under Laws and regulations regarding soliciting, awarding and administering contracts associated with projects assisted by Federal Funding and some City funds. In the event of a conflict between the terms of the Contracting Manual and this Agreement, the terms of the Agreement shall prevail.

## ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance the predevelopment, development, and construction of 131-unit affordable housing project, including 39 units supported by a PBV HAP Contract, and the Commercial Space warm shell for up to five (5) commercial spaces used only for a Public Benefit Purpose or Community-Serving Purposes, except as permitted under Section 7.8(b) below. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement. Borrower for itself and for the Lender(s) acknowledge that, at the time of the execution of the City Documents, it was intended by the parties that, subject to the consent of the MOHCD, the principal amount of the Loan might be adjusted to the extent necessary to meet the Borrower's pre-construction and construction financing needs. Pursuant to that understanding, the parties agree that the principal amount of the Loan may be increased to the Funding Amount, such increased principal amount to be reflected in the Note and Deed of Trust.

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



Loan Agreement. Notwithstanding the foregoing, City will not approve any expenditure of Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the 2015 GO Bond and 2019 GO Bond.

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

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

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

2.6 Other Loan Conditions.

- Borrower to work with HOPE SF and MOHCD to provide services plan and budget 9 months before lease up, for approval six months before lease up.
- Borrower to provide commercial lease up and financing plan nine months prior to Temporary Certificate of Occupancy (TCO) and will bring on a broker as necessary.
- Borrower will work with MOHCD, the working group, services partners and various other agencies to create a plan and financing budget for the wellness space before TCO.
- Borrower to provide an analysis of rents and debts for the commercial spaces nine months prior to TCO.
- Borrower to provide all commercial lease agreements by TCO.
- Borrower will provide a new market rent analysis six months prior to lease up to ensure rents are appropriate.
- Borrower will provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps. MHDC will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
- Borrower will provide competitiveness of AHP award annually to MOHCD in order to determine if Project should apply.

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

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the later of (a) the fifty-seventh (57<sup>th</sup>) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-fifth (55<sup>th</sup>) anniversary of the Conversion Date, but in all events not later than October 1, 2078 (the "Maturity Date").

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

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of [threepersent (3%)] per annum, as provided in the Note.

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

3.5 Repayment of Principal and Interest. Except as set forth in Section 3.7 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

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

3.7 Notification and Repayment of Excess Proceeds. Borrower must notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its limited partner or other financing sources. Borrower must repay all Excess Proceeds to the City no later than sixty (60) days after receipt of such notification, unless the City has elected to waive such payment. The City must use such Excess Proceeds to reduce the balance of the Loan. The City's share of Excess Proceeds available for

Payment is the proportional amount between the Funding Amount and HCD Loan Amount (\_\_\_% to MOHCD and \_\_\_% to HCD).

3.8 Failure to Provide Budgeted Supportive Services. If Borrower fails to provide Supportive Services in the amount shown in the approved 20-Year Cash Flow Proforma, Borrower shall provide notice to the City within ten (10) business days of the date the Supportive Services were terminated, which notice shall include, at a minimum, a proposed plan to restore the Supportive Services within a reasonable period of time. If at the time such notice is provided, Borrower is unable to propose a feasible plan for restoring the Supportive Service, Borrower shall include in the notice a detailed explanation as to the cause of the termination of Supportive Services and the reasons why it would not be feasible to restore the Supportive Services within a reasonable period of time.

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

#### ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

of escrow instructions signed by the City, or any other mutually agreed date, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in duplicate); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) the Opinion; (vi) the Authorizing Resolutions; (vii) the Developer Fee Agreement; and (viii) any other City Documents reasonably requested by the City.

(b) Borrower must have delivered to the City: (i) Borrower's Charter Documents; and (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection.

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

(d) Borrower must have delivered to the City insurance endorsements and, if requested by the City, copies of policies for all insurance required under **Exhibit L** of this Agreement.

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

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

(g) The Declaration of Restrictions and Deed of Trust must have been recorded as valid liens in the official records of San Francisco County, subject only to the Permitted Exceptions.

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

(i) Borrower will provide the True Debt test to MOHCD for approval.

(j) Borrower will provide an analysis of the costs to build out the Commercial Space.

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

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the following conditions precedent.

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

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

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to the City that the Project complies with the labor standards set forth in **Exhibit E, Section 1**, if applicable.

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

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

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

(iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not provided by a lodging, ground transportation expenses for travel to or from regional airports must not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses must not exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation must not include any expenses for luxury transportation services, such as a limousine, or any expenses related to travel to or from Project site meetings by Borrower's employees.

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

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

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

(e) The Loan must be In Balance.

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

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

(a) Early Retention Release. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, Borrower may submit a written request to the City to release up to fifty percent (50%) of the Retention, provided that the following prerequisites have been met: (i) all work required to be performed by all parties for whom the City agrees to release the Retention (the “Early Retention Release Contractors”) has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (ii) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (iii) no liens or stop notices have been filed against the Project and no claims are pending; (iv) the City determines that the contingency is In Balance and adequate to complete the Project; (v) the Project is on schedule, and (vi) Expenditure Requests will not exceed 95% of the approved budgeted costs on a line item basis.

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

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

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

## ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

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

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower must have delivered to the City, and the City must have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "Construction Contract"). The plans approved by the City must also be approved by the City and County of San Francisco's Department of Building Inspection (the "Department of Building Inspection") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans must be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") must also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. The Contracting Manual provides further guidance to Borrower regarding the City's policies for the review and approval of plans, specifications and construction contracts. After completion of the Project, Borrower must retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower must make available to the City upon request.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower must provide adequate and complete justification for analysis of any change order request to the

City. The City will provide any questions, comments or requests for additional information to Borrower within five (5) business days of receipt of a change order request. City will review and approve or disapprove of a change order request within ten (10) business days of a complete submission by Borrower. In the event the City fails to approve or disapprove the change order request within such ten (10) business day period, the change order shall be deemed approved. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

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

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

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence construction by a date no later than July 1, 2021; (b) complete demolition, rehabilitation or construction by a date no later than October 1, 2024, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of ninety five percent (95%) of the Units by a date no later than November 1, 2024.

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

## ARTICLE 6 MARKETING.

6.1 Marketing and Tenant Selection Plan. No later than twelve (12) months before the Completion Date, Borrower must deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City, and Marketing and Tenant Selection Plan should address how the marketing is consistent with the Mayor's racial equity statement and promotion of positive outcomes for African American San Franciscans.



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

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

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

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

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

(e) Notices to SFHA.

(f) Notices to MOHCD

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

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

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

(a) Borrower's Marketing and Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Tenant Screening Criteria and HOPE SF Selection Criteria are a component of the Marketing and Tenant Selection Plan. The Marketing and Tenant Selection Plan must be kept on file at the Project at all times.

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

(c) Borrower's HOPE SF Marketing and Resident Selection Plan for the PBV Units must comply with the HOPE SF Resident Selection Criteria set forth in the attached Exhibit M. In the event of a conflict between Exhibit M and Exhibits H and I, Exhibits H and I will control with respect to any HOPE SF Unit.

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

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

## ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

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

### 7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, thirty nine (39) Units must be rented to holders of Section 8 certificates or vouchers or similar rental subsidy benefits through referrals from SHFA, subject to the terms of the PBV HAP Contract with SFHA and applicable law, for so long as such subsidies are available to the Project.

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

### 7.3 Rent Restrictions.

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

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

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

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

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

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3(a)**.

#### 7.4 Certification.

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

(b) Each Qualified Tenant in the Project must recertify to Borrower on an annual basis his/her household income, as well comply with applicable tax credit requirements.

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

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

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

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Any security deposits collected must be segregated from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

#### 7.8 Commercial Space.

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

(b) If Borrower or the commercial master lease tenant desires to use any portion of the Commercial Space as a use that is not a Public Benefit Purpose or Community-Serving Purpose ("Market Rate Commercial Space"), then unless otherwise approved by the City, Borrower will first complete a subdivision of the Site to create one or more parcels for the Market Rate Commercial Space, subject to obtaining all necessary approvals, including, but not limited to, all applicable lenders with a secured interest in the Site and Borrower's limited partner (if any). Subject to approval by all applicable lenders with a secured interest in the Site and Borrower's limited partner (if any), Borrower will transfer the Market Rate Commercial Space to an entity affiliated with Mission Housing Development Corporation organized to own the Market Rate Commercial Space, as reasonably approved by the City (the "Affiliated Commercial Owner"), and the City and the Borrower will amend the Loan Documents and Ground Lease to the extent necessary to provide that the Loan applies to, and the Deed of Trust and Ground Lease encumbers only the residential parcel. Prior to completing the subdivision, the Affiliated Commercial Owner and the City will negotiate: (1) a commercial ground lease of the Market Rate Commercial Space pursuant to MOHCD's Commercial Underwriting Guidelines, and (2) a loan agreement on commercially reasonable terms for a loan (the "Commercial Loan") in an amount equal to the product of: (i) the percentage of square feet of Commercial Space that will be changed to Market Rate Commercial Space, and (ii) Commercial Loan Amount, which such amount will be assigned over by Borrower to Affiliated Commercial Owner as consideration for Affiliated Commercial Owner's purchase of the Market Rate Commercial Space, and accordingly subtracted from the amount due under the Note due from Borrower to the City. Notwithstanding the foregoing, City may require Affiliated Commercial Owner to use commercially reasonable efforts to reduce the amount of the Commercial Loan Note before negotiating a new executing the Commercial Loan agreement, which may include obtaining financing from a third party. The City will have no obligation to approve the change in use of the Commercial Space if the City is unable to agree with the Affiliated Commercial Owner on the Commercial Loan and/or the ground lease for the Market Rate Commercial Space.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

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

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

8.2 Contracting With Management Agent.

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

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

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

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to

be obtained for the Project Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

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

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

### 10.1 Generally.

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

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

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

10.2 Monthly Reporting. Borrower must submit monthly reports (the “MOHCD Monthly Project Update”) describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update must be submitted by email in substantially the form to be found in the Contracting Manual until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

### 10.3 Annual Reporting.

(a) From and after the Completion Date, Borrower must file with the City annual report forms (the “Annual Monitoring Report”) that include audited financial statements

with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Project Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred fifty (150) days after the end of Borrower's fiscal year. The Annual Monitoring Report must be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

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

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

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

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

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

(c) within ninety (90) days after seventy-five percent (75%) occupancy, and one hundred percent (100%) occupancy, respectively, a report on the lease-up of the Units including number of leases by race, ethnicity and single-headed household by gender, to the extent available, location of previous residence, and also indicating the Units by income category; and

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

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



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

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

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

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

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6** and **10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) subject to the rights of tenants, access to the Project throughout the Compliance Term to monitor the progress of work on the Project and compliance by Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Section 10.9**.

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

## ARTICLE 11 USE OF INCOME FROM OPERATIONS.

### 11.1 Project Operating Account.

(a) Borrower must deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Project Fees. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

(b) Borrower must keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower must provide copies of the records to the City upon request.

## ARTICLE 12 REQUIRED RESERVES.

### 12.1 Replacement Reserve Account.

(a) Commencing no later than the Conversion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15<sup>th</sup> day of each month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Monthly deposits must equal the lesser of: (i) 1/12<sup>th</sup> of 0.6% of Replacement Cost; or (ii) 1/12<sup>th</sup> of the following amount: \$65,500.

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

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

### 12.2 Operating Reserve Account.

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

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

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance

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

12.4 Commercial Space Reserve Account(s). In addition to the reserve requirements set forth above, Borrower may establish the following capital reserve accounts: (a) a tenant improvements reserve for the five community serving commercial spaces in the amount of \$1,600,000.00; (b) a replacement reserve account in an amount equal to or less than 0.6% of the Replacement Cost of the shell of the Commercial Space. Upon the Completion Date, Borrower may also establish the following commercial operating reserve accounts: (x) \$10,000.00 for replacement reserves, and (y) an additional \$10,000.00 for annual marketing/lease up reserves.

## ARTICLE 13 DISTRIBUTIONS.

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

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

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

- (a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or
- (b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or
- (c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

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

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

(f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Subject to the terms of this Agreement and the conditions to distribution of Residual Receipts set forth in Exhibit P, Borrower may retain 50% of Residual Receipts until the earlier of (i) the fifteenth (15<sup>th</sup>) anniversary of the first Payment Date; or (ii) the payment in full of the deferred development fee in the approved amount payable by the Borrower to Developer pursuant to the Development Agreement by and between the Borrower and Developer. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note. For so long as HCD's loan is outstanding, the City's share of Residual Receipts available for Payment is the proportional amount between the Funding Amount and HCD Loan Amount (\_\_\_% to MOHCD and \_\_\_% to HCD) remaining after distribution of the Borrower's share of Residual Receipts.

#### ARTICLE 14 SYNDICATION PROCEEDS.

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

#### ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees to the Developer in an amount not to exceed FIVE MILLION SEVEN HUNDRED THOUSAND and No/100 Dollars (\$5,700,000.00) for developing the Project ("Developer Fees"), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee

Agreement dated June \_\_\_\_\_, 2021 between the City and Developer (“Developer Fee Agreement”).

15.2 Fee Payment Schedule. Developer will receive payment of the Developer Fees pursuant to the Development Fee Agreement dated June \_\_\_\_\_, 2021 between the Borrower and Developer (“Partnership Development Fee Agreement”), and Section 2(b) of the Developer Fee Agreement, provided, however, if there is any conflict between the Partnership Development Fee Agreement and the Developer Fee Agreement, the Partnership Development Fee Agreement will control.

## ARTICLE 16 TRANSFERS.

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

## ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower must indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of:

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

**17.3 Duty to Defend.** Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The Indemnitee must give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnitee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnitee by the counsel retained by Borrower would be inappropriate

due to conflicts of interest between such Indemnitee and Borrower. An Indemnitee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower must seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnitee shares in liability with respect thereto.

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

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

#### ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I Report dated April 1, 2013 or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

18.3 Survival. Borrower and City agree that this Article 18 is intended as City's written request for information (and Borrower's response) concerning the environmental

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

ARTICLE 19 DEFAULT.

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

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

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

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

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

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



instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

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

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

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

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

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

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project, provided that, if the Borrower provides an alternate funding source to cover a loss of funding or rental subsidy that is reasonably satisfactory to the City, a material adverse impact shall not be deemed to have occurred; or

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

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

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

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

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

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

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

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

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

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

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

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

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

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; pandemics, inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

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

## ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency.

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

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

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

#### ARTICLE 21 NOTICES.

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

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

To Borrower: Balboa Park Housing Partners, L.P.  
44 Montgomery Street, Suite 1300  
San Francisco, CA 94104  
Attn: Ann Silverberg

With a copy to  
Borrower's Limited  
Partner at: Wells Fargo Affordable Housing Community Development  
Corporation  
MAC #D1053-170  
301 South College Street  
Charlotte, North Carolina 28288-0170

Attention: Director of Tax Credit Asset Management

and

Sidley Austin LLP  
One South Dearborn Street  
Chicago, IL 60603  
Attention: Philip C. Spahn

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

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

21.3 Notice to Limited Partner. The City agrees to deliver a copy of any notice of default to Borrower's limited partner at the address set forth above at the same time and in the same manner as notice is delivered to Borrower.

## ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), and any lien representing a loan necessary to refinance the principal amount of the Senior Lien upon its maturity date, but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval.

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

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

22.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and

signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

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

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

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

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

22.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

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

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

or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

22.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

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

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

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

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

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

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

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

22.20 Borrower's Board of Directors. Borrower, or Borrower's manager or general partner, as applicable, shall at all times be governed by a legally constituted and fiscally

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

22.21 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

**EXHIBITS**

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M HOPE SF Tenant Selection Criteria
- N Intentionally omitted
- O MOHCD Commercial Underwriting Guidelines
- P MOHCD Residual Receipts Policy

**SIGNATURES ON THE NEXT PAGE**



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

**THE CITY:**

**BORROWER:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

**BALBOA PARK HOUSING PARTNERS, L.P.**, a California Limited Partnership,

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

By: Colosimo Apartments, Inc.,  
a California nonprofit public benefit corporation,  
its managing general partner

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

By: \_\_\_\_\_  
Sam Moss, Executive Director

APPROVED AS TO FORM:

DENNIS J. HERRERA  
City Attorney

By: Related/Balboa Park Development Co., LLC,  
a California limited liability company,  
its administrative general partner

By: \_\_\_\_\_  
Ann Silverberg, Vice President

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

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

[Specific percentage AMI in this Exhibit A will be adjusted based on 2021 MOHCD income/rent tables and 2021 TCAC income/rent tables]

1. **Income and Rent Restrictions.** Maximum rent is 30% of maximum income level. As used in this Agreement, the term “Qualified Tenant” includes each category of Tenant included below:

<b><u>HAP Contract Units</u></b>		
	<b># of Units</b>	<b>MOHCD</b>
1 BD – PBV	9	50% MOHCD AMI
2 BD – PBV	22	50% MOHCD AMI
3 BD – PBV	8	50% MOHCD AMI
<b>PBV Sub-Total</b>	<b>39</b>	
<b><u>DAHLIA Units</u></b>		
Studio	1	40.76% MOHCD AMI
1 BR	10	40.76% MOHCD AMI
2 BR	13	40.76% MOHCD AMI
3-BR	3	40.76% MOHCD AMI
<b>40.76% MOHCD AMI Subtotal</b>	<b>27</b>	
Studio	3	50% MOHCD AMI
1 BR	13	50% MOHCD AMI
2 BR	7	50% MOHCD AMI
3-BR	0	50% MOHCD AMI
<b>50% MOHCD AMI Subtotal</b>	<b>23</b>	
Studio	<b>0</b>	60% MOHCD AMI
1 BR	2	60% MOHCD AMI
2 BR	3	60% MOHCD AMI
3-BR	0	60% MOHCD AMI
<b>60% MOHCD AMI Subtotal</b>	<b>5</b>	
Studio	2	82% MOHCD AMI
1 BR	11	82% MOHCD AMI
2 BR	8	82% MOHCD AMI
3-BR	3	82% MOHCD AMI
<b>82% MOHCD AMI Subtotal</b>	<b>24</b>	
<b>Studio</b>	<b>0</b>	109% MOHCD AMI
1 BR	2	109% MOHCD AMI
2 BR	8	109% MOHCD AMI
3-BR	2	109% MOHCD AMI

<b>109% MOHCD AMI Subtotal</b>	<b>12</b>	
<b><u>STAFF Units</u></b>		
2-BR	1	N/A
<b>TOTAL</b>	<b>131</b>	
<b>PROJECT AVERAGE</b>		<b>59%</b>

Thirty Nine (39) Units must be rented to holders of Section 8 certificates or vouchers or similar rental subsidy benefits through referrals from SHFA, subject to the terms of the PBV HAP Contract with SFHA and applicable law, for so long as such subsidies are available to the Project under the PBV HAP Contract. If the PBV HAP Contract is terminated, discontinued or reduced at no fault of Borrower with respect to the Project or following a foreclosure of any Senior Lien or deed-in-lieu of foreclosure thereof, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City’s reasonable discretion; provided that:

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

(b) One hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed [one hundred nine percent (109%)] of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of [one hundred ninepercent (109%)] of Median Income, (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

(c) If the Project continues to demonstrate financial infeasibility after the rent alterations above, to the extent financially feasible as determined in City’s reasonable discretion, the City will waive the average income restriction of sixty percent (60%) of Median Income for all Residential Units, and increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided that one hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose adjusted income does not exceed eighty percent (80%) of area median income, as published by TCAC (the “TCAC Median Income”), and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of eighty percent (80%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert to the TCAC Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the

Project may not exceed sixty percent (60%) of TCAC Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance.

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

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

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

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

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

[3. To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered, but only to the extent necessary for the Project to refinance and repay the full outstanding loan balance by the Maturity Date, as determined in City's reasonable discretion. In such event, Borrower will provide the City with a written request no less than one year prior to the Maturity Date, and the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.] [Subject to outcome of True Debt Test]

**EXHIBIT B-1**

**Table of Sources and Uses of Funds**

Application Date: 3/19/21 # Units: 131  
 Project Name: Balboa Park Upper Yard # Bedrooms: 214  
 Project Address: 2340 San Jose Ave # Beds: N/A  
 Project Sponsor: The Related Companies of California, LLC

SOURCES	22,459,458	56,838,802	15,319,112	21,395,000	3,300,000	100	-	Total Sources	Comments
	Name of Sources: MOHCD/OCII TC Equity HCD AHSC Perm Loan Def Fee Gp Contribution								

USES

ACQUISITION

Acquisition cost or value								0	
Legal / Closing costs / Broker's Fee	20,000							20,000	
Holding Costs								0	
Transfer Tax								0	
<b>TOTAL ACQUISITION</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab		39,578,261	15,319,112	21,395,000				76,292,373	Include FF&E
Commercial Shell Construction	4,431,029							4,431,029	All commercial except fee
Demolition								0	
Environmental Remediation								0	
Onsite Improvements/Landscaping								0	
Offsite Improvements								0	
Infrastructure Improvements								0	HOPE SF/OCII costs for streets etc.
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes		2,040,194						2,040,194	2.3%
GC Overhead & Profit		2,938,777						2,938,777	3.3%
CG General Conditions		4,139,207						4,139,207	4.6%
<i>Sub-total Construction Costs</i>	<i>4,431,029</i>	<i>48,696,439</i>	<i>15,319,112</i>	<i>21,395,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>89,841,580</i>	
Design Contingency (remove at DD)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)								0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency	4,812,312							4,812,312	Calc at right slightly off, as commercial line above includes soft costs for commercial. HC contingency is not built off comm soft costs.
<i>Sub-total Construction Contingencies</i>	<i>4,812,312</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,812,312</i>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>9,243,341</b>	<b>48,696,439</b>	<b>15,319,112</b>	<b>21,395,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>94,653,892</b>	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees		2,850,000						2,850,000	Commercial architectural spliced our into commercial line/budget
Design Subconsultants to the Architect (incl. Fees)								0	
Architect Construction Admin		450,000						450,000	
Reimbursables		60,000						60,000	
Additional Services		35,000						35,000	
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>3,395,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,395,000</i>	
Other Third Party design consultants (not included under Architect contract)		384,500						384,500	Title 24 (47k), Traffic (30K), utility (50K), Public Art (257K)
<b>Total Architecture &amp; Design</b>	<b>0</b>	<b>3,779,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,779,500</b>	

Engineering & Environmental Studies

Survey	114,000							114,000	
Geotechnical studies	115,000							115,000	
Phase I & II Reports		100,000						100,000	
CEQA / Environmental Review consultants	5,000							5,000	
NEPA / 106 Review								0	
CNA/PNA (rehab only)								0	
Other environmental consultants	183,234	106,766						290,000	Special Inspections & Testing+ dust monitoring
<b>Total Engineering &amp; Environmental Studies</b>	<b>417,234</b>	<b>206,766</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>624,000</b>	

Financing Costs

<b>Construction Financing Costs</b>									
Construction Loan Origination Fee	813,000							813,000	
Construction Loan Interest	4,417,000							4,417,000	
Title & Recording	35,000							35,000	
CDLAC & CDIAC fees								0	
Bond Issuer Fees		550,000						550,000	
Other Bond Cost of Issuance	45,000							45,000	
Other Lender Costs (specify)	30,000							30,000	
<i>Sub-total Const. Financing Costs</i>	<i>5,340,000</i>	<i>550,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>5,890,000</i>	
<b>Permanent Financing Costs</b>									
Permanent Loan Origination Fee	50,000							50,000	
Credit Enhance. & Appl. Fee								0	
Title & Recording	10,000							10,000	
<i>Sub-total Perm. Financing Costs</i>	<i>60,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>60,000</i>	
<b>Total Financing Costs</b>	<b>5,400,000</b>	<b>550,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,950,000</b>	

Legal Costs

Borrower Legal fees	100,000							100,000	
Land Use / CEQA Attorney fees	65,000							65,000	
Tax Credit Counsel	70,000							70,000	
Bond Counsel	80,000							80,000	
Construction Lender Counsel	60,000							60,000	
Permanent Lender Counsel	70,000							70,000	
Other Legal (specify)								0	
<b>Total Legal Costs</b>	<b>445,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>445,000</b>	

Other Development Costs

Appraisal	10,000							10,000	
Market Study	20,000							20,000	
Insurance		1,056,480						1,056,480	Added terrorism insurance per lender requirement, commercial component spliced out
Property Taxes								0	
Accounting / Audit	45,900							45,900	
Organizational Costs	15,000							15,000	
Entitlement / Permit Fees		984,967						984,967	
Marketing / Rent-up	357,784							357,784	
Furnishings	262,000							262,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://smohcd.org/documents-reports-and-forms
PGE / Utility Fees	988,783							988,783	PG&E, water, sewer, fire, SFMTA Street space
TCAC App / Alloc / Monitor Fees	102,302					100		102,402	
Financial Consultant fees								0	
Construction Management fees / Owner's Rep	25,000	175,100						200,100	
Security during Construction								0	
Relocation								0	
Other (specify)								0	
Other (specify)								0	
Other (specify)								0	
<b>Total Other Development Costs</b>	<b>1,826,769</b>	<b>2,216,547</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>4,043,416</b>	

Total Soft Cost Contingency as % of Total Soft Costs 9.4%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)		1,389,550	0	0	0			1,389,550	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>8,089,003</b>	<b>8,142,363</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>16,231,466</b>	

RESERVES

Operating Reserves	1,402,398							1,402,398	
Replacement Reserves	65,500							65,500	
Tenant Improvements Reserves	28,910							28,910	
Other (specify)	1,135,306							1,135,306	HCD mandated transition reserve
Other (specify)								0	
Other (specify)								0	
<b>TOTAL RESERVES</b>	<b>2,632,114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,632,114</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	1,100,000							1,100,000	
Developer Fee - Cash-out At Risk	1,100,000							1,100,000	
Commercial Developer Fee								0	
Developer Fee - GP Equity (also show as source)								0	
Developer Fee - Deferred (also show as source)					3,300,000			3,300,000	
Development Consultant Fees	75,000							75,000	
Commercial Developer Fee	200,000							200,000	
<b>TOTAL DEVELOPER COSTS</b>	<b>2,475,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,300,000</b>	<b>0</b>	<b>0</b>	<b>5,775,000</b>	

TOTAL DEVELOPMENT COST

	<b>22,459,458</b>	<b>56,838,802</b>	<b>15,319,112</b>	<b>21,395,000</b>	<b>3,300,000</b>	<b>100</b>	<b>0</b>	<b>119,312,472</b>	
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Development Cost/Unit by Source	171,446	433,884	116,940	163,321	25,191	1	0	910,782	
Development Cost/Unit as % of TDC by Source	18.8%	47.6%	12.8%	17.9%	2.8%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/Unit By Source	70,560	371,729	116,940	163,321	0	0	0	722,549	
Construction Cost (inc Const Contingency)/SF	53.20	280.29	88.17	123.15	0.00	0.00	0.00	544.81	

*Possible non-eligible GO Bond/COP Amount:	6,497,121
City Subsidy/Unit	171,446
Tax Credit Equity Pricing:	1.010
Construction Bond Amount:	62,500,000
Construction Loan Term (in months):	34 months
Construction Loan Interest Rate (as %):	3.55%

**EXHIBIT B-2**  
**Annual Operating Budget**

Application Date: 3/19/2021  
 Total # Units: 131  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023

Project Name: Balboa Park Upper Yard  
 Project Address: 2340 San Jose Ave  
 Project Sponsor: The Related Companies of California, LLC

**TCAC Income Limits In Use!**

INCOME	Total	Comments
Residential - Tenant Rents	2,267,976	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	969,564	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	9,432	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%
Withdrawal from Capitalized Reserve (deposit to operating account)		
<b>Gross Potential Income</b>	<b>3,246,972</b>	

Vacancy Loss - Residential - Tenant Rents	(113,399)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(48,478)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%
<b>EFFECTIVE GROSS INCOME</b>	<b>3,085,095</b>	<b>PUPA: 23,550</b>

**OPERATING EXPENSES**

**Management**

Management Fee	121,264	1st Year to be set according to HUD schedule.
Asset Management Fee	24,280	
<b>Sub-total Management Expenses</b>	<b>145,544</b>	<b>PUPA: 1,111</b>

**Salaries/Benefits**

Office Salaries		
Manager's Salary	153,750	Property Director \$75,000/year and Asst. Mgr. \$65,000/yr; Compliance Mgr \$16,250 FTE
Health Insurance and Other Benefits	75,781	Additional fringe for Compliance Staff 0.25 FTE
Other Salaries/Benefits		
Administrative Rent-Free Unit		
<b>Sub-total Salaries/Benefits</b>	<b>229,531</b>	<b>PUPA: 1,752</b>

**Administration**

Advertising and Marketing	1,800	
Office Expenses	15,400	Supplies, postage, copier lease, seminar training, computer & equipment, tech support
Office Rent	0	
Legal Expense - Property	10,000	
Audit Expense	12,500	
Bookkeeping/Accounting Services	15,000	
Bad Debts		
Miscellaneous	19,000	Telephone: Office/Internet, elevator phone, phone service
<b>Sub-total Administration Expenses</b>	<b>73,700</b>	<b>PUPA: 563</b>

**Utilities**

Electricity	95,000	Increased from 2020 due to COVID SIP orders and residents home more.
Water	105,000	Increased from 2020 due to COVID SIP orders and residents home more.
Gas		No gas on site
Sewer	130,000	Increased from 2020 due to COVID SIP, large property, open to the public, large
<b>Sub-total Utilities</b>	<b>330,000</b>	<b>PUPA: 2,519</b>

**Taxes and Licenses**

Real Estate Taxes	15,000	
Payroll Taxes		
Miscellaneous Taxes, Licenses and Permits	61,840	Includes payroll taxes (not inc. services staff) - FICA, SUIVET, CCSF
<b>Sub-total Taxes and Licenses</b>	<b>76,840</b>	<b>PUPA: 587</b>

**Insurance**

Property and Liability Insurance	135,000	Due to wild fires, replacement costs and rising cost of construction, a 30%-50%
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
<b>Sub-total Insurance</b>	<b>135,000</b>	<b>PUPA: 1,031</b>

**Maintenance & Repair**

Payroll	187,492	Total of 3 FTEs: 1.0 FTE Janitor \$62,400 (\$30hr*2,080 hrs/yr); 0.5 FTE Janitor \$31,200
Supplies	50,000	Increased cleaning due to COVID protocol; janitorial, repair and start up stock of supplies
Contracts	90,000	Repairs, Elevator, Grounds, Janitor, Extermination
Garbage and Trash Removal	117,000	Common area open to public, residents at home
Security Payroll/Contract	20,000	Fire Sprinkler, Cert/Repair Smoke Detector Ordinance
HVAC Repairs and Maintenance	3,500	
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses		
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>467,992</b>	<b>PUPA: 3,572</b>

<b>Supportive Services</b>	101,025	RSC 1.0 FTE, Youth Coordinator 0.5 FTE, Supplies and Program Expenses
<b>Commercial Expenses</b>	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%

**TOTAL OPERATING EXPENSES** 1,559,632 **PUPA: 11,906**

**Reserves/Ground Lease Base Rent/Bond Fees**

Ground Lease Base Rent	15,000	Ground lease with MOHCD	Provide additional comments here, if needed.
Bond Monitoring Fee	28,774		
Replacement Reserve Deposit			
Operating Reserve Deposit	65,500		
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposit/s, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>109,274</b>	<b>PUPA: 834</b>	

**TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)** 1,668,906 **PUPA: 12,740**

**NET OPERATING INCOME (INCOME minus OP EXPENSES)** 1,416,189 **PUPA: 10,811**

Min DSCR:	1.15
Mortgage Rate:	4.00%
Term (Years):	35
Supportable 1st Mortgage Pmt:	1,231,469
Supportable 1st Mortgage Amt:	\$23,177,113
Proposed 1st Mortgage Amt:	\$21,395,000



**EXHIBIT B-3**  
**20-Year Cash Flow Proforma**

**Balboa Park Upper Yard**

Total # Units: **131**

**TCAC Income Limits In Use!**

			Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 6 2028	Year 7 2029	Year 8 2030	Year 9 2031	Year 10 2032
<b>INCOME</b>												
Residential - Tenant Rents	2.5%	(related to annual inc assumptions)	2,267,976	2,324,675	2,382,792	2,442,362	2,503,421	2,566,007	2,630,157	2,695,911	2,763,309	2,832,391
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		969,564	993,803	1,018,648	1,044,114	1,070,217	1,096,973	1,124,397	1,152,507	1,181,320	1,210,853
Commercial Space	1.0%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		9,432	9,668	9,910	10,157	10,411	10,672	10,938	11,212	11,492	11,780
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	0.0%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			<b>3,246,972</b>	<b>3,328,147</b>	<b>3,411,350</b>	<b>3,496,634</b>	<b>3,584,050</b>	<b>3,673,651</b>	<b>3,765,492</b>	<b>3,859,630</b>	<b>3,956,120</b>	<b>4,055,023</b>
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(113,399)	(116,234)	(119,140)	(122,118)	(125,171)	(128,300)	(131,508)	(134,796)	(138,165)	(141,620)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(48,478)	(49,690)	(50,932)	(52,206)	(53,511)	(54,849)	(56,220)	(57,625)	(59,066)	(60,543)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>			<b>3,085,095</b>	<b>3,162,223</b>	<b>3,241,278</b>	<b>3,322,310</b>	<b>3,405,368</b>	<b>3,490,502</b>	<b>3,577,765</b>	<b>3,667,209</b>	<b>3,758,889</b>	<b>3,852,861</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	121,264	125,508	129,901	134,448	139,153	144,024	149,065	154,282	159,682	165,270
Asset Management Fee	3.5%	per MOHCD policy	24,280	25,130	26,009	26,920	27,862	28,837	29,846	30,891	31,972	33,091
<b>Sub-total Management Expenses</b>			<b>145,544</b>	<b>150,638</b>	<b>155,910</b>	<b>161,367</b>	<b>167,015</b>	<b>172,861</b>	<b>178,911</b>	<b>185,173</b>	<b>191,654</b>	<b>198,362</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.5%		-	-	-	-	-	-	-	-	-	-
Manager's Salary	3.5%		153,750	159,131	164,701	170,465	176,432	182,607	188,998	195,613	202,459	209,545
Health Insurance and Other Benefits	3.5%		75,781	78,433	81,179	84,020	86,960	90,004	93,154	96,415	99,789	103,282
Other Salaries/Benefits	3.5%		-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>			<b>229,531</b>	<b>237,565</b>	<b>245,879</b>	<b>254,485</b>	<b>263,392</b>	<b>272,611</b>	<b>282,152</b>	<b>292,028</b>	<b>302,248</b>	<b>312,827</b>
<b>Administration</b>												
Advertising and Marketing	3.5%		1,800	1,863	1,928	1,996	2,066	2,138	2,213	2,290	2,370	2,453
Office Expenses	3.5%		15,400	15,939	16,497	17,074	17,672	18,290	18,931	19,593	20,279	20,989
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629
Audit Expense	3.5%		12,500	12,938	13,390	13,859	14,344	14,846	15,366	15,903	16,460	17,036
Bookkeeping/Accounting Services	3.5%		15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443
Bad Debts	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%		19,000	19,665	20,353	21,066	21,803	22,566	23,356	24,173	25,019	25,895
<b>Sub-total Administration Expenses</b>			<b>73,700</b>	<b>76,280</b>	<b>78,949</b>	<b>81,713</b>	<b>84,572</b>	<b>87,532</b>	<b>90,596</b>	<b>93,767</b>	<b>97,049</b>	<b>100,446</b>
<b>Utilities</b>												
Electricity	3.5%		95,000	98,325	101,766	105,328	109,015	112,830	116,779	120,867	125,097	129,475
Water	3.5%		105,000	108,675	112,479	116,415	120,490	124,707	129,072	133,589	138,265	143,104
Gas	3.5%		-	-	-	-	-	-	-	-	-	-
Sewer	3.5%		130,000	134,550	139,259	144,133	149,178	154,399	159,803	165,396	171,185	177,177
<b>Sub-total Utilities</b>			<b>330,000</b>	<b>341,550</b>	<b>353,504</b>	<b>365,877</b>	<b>378,683</b>	<b>391,936</b>	<b>405,654</b>	<b>419,852</b>	<b>434,547</b>	<b>449,756</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.5%		15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443
Payroll Taxes	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%		61,840	64,004	66,245	68,563	70,963	73,447	76,017	78,678	81,431	84,282
<b>Sub-total Taxes and Licenses</b>			<b>76,840</b>	<b>79,529</b>	<b>82,313</b>	<b>85,194</b>	<b>88,176</b>	<b>91,262</b>	<b>94,456</b>	<b>97,762</b>	<b>101,184</b>	<b>104,725</b>
<b>Insurance</b>												
Property and Liability Insurance	3.5%		135,000	139,725	144,615	149,677	154,916	160,338	165,949	171,758	177,769	183,991
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			<b>135,000</b>	<b>139,725</b>	<b>144,615</b>	<b>149,677</b>	<b>154,916</b>	<b>160,338</b>	<b>165,949</b>	<b>171,758</b>	<b>177,769</b>	<b>183,991</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.5%		187,492	194,054	200,846	207,876	215,151	222,682	230,476	238,542	246,891	255,532
Supplies	3.5%		50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145
Contracts	3.5%		90,000	93,150	96,410	99,785	103,277	106,892	110,633	114,505	118,513	122,661
Garbage and Trash Removal	3.5%		117,000	121,095	125,333	129,720	134,260	138,959	143,823	148,857	154,067	159,459
Security Payroll/Contract	3.5%		20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258
HVAC Repairs and Maintenance	3.5%		3,500	3,623	3,749	3,881	4,016	4,157	4,302	4,453	4,609	4,770
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>467,992</b>	<b>484,372</b>	<b>501,325</b>	<b>518,871</b>	<b>537,032</b>	<b>555,828</b>	<b>575,282</b>	<b>595,417</b>	<b>616,256</b>	<b>637,825</b>
<b>Supportive Services</b>	3.5%		101,025	104,561	108,221	112,008	115,929	119,986	124,186	128,532	133,031	137,687
<b>Commercial Expenses</b>												
<b>TOTAL OPERATING EXPENSES</b>			<b>1,559,632</b>	<b>1,614,219</b>	<b>1,670,717</b>	<b>1,729,192</b>	<b>1,789,714</b>	<b>1,852,354</b>	<b>1,917,186</b>	<b>1,984,288</b>	<b>2,053,738</b>	<b>2,125,618</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>												
<b>PUPA (w/o Reserves/GL Base Rent/Bond Fees)</b>			<b>11,906</b>									
Ground Lease Base Rent			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee			28,774	28,774	28,774	28,774	28,774	28,774	28,774	28,774	28,774	28,774
Replacement Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Operating Reserve Deposit			65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			<b>1,668,906</b>	<b>1,723,493</b>	<b>1,779,991</b>	<b>1,838,466</b>	<b>1,898,988</b>	<b>1,961,628</b>	<b>2,026,460</b>	<b>2,093,562</b>	<b>2,163,012</b>	<b>2,234,892</b>
<b>PUPA (w/ Reserves/GL Base Rent/Bond Fees)</b>			<b>12,740</b>									
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>1,416,189</b>	<b>1,438,729</b>	<b>1,461,287</b>	<b>1,483,844</b>	<b>1,506,380</b>	<b>1,528,874</b>	<b>1,551,305</b>	<b>1,573,647</b>	<b>1,595,877</b>	<b>1,617,969</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender		Enter comments re: annual increase, etc.	1,164,665	1,164,665	1,164,665	1,164,665	1,164,665	1,164,665	1,164,665	1,164,665	1,164,665	1,164,665
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	64,300	64,300	64,300	64,300	64,300	64,300	64,300	64,300	64,300	64,300
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>			<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>			<b>187,224</b>	<b>209,764</b>	<b>232,322</b>	<b>254,879</b>	<b>277,415</b>	<b>299,909</b>	<b>322,340</b>	<b>344,682</b>	<b>366,912</b>	<b>389,004</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>												
<b>DSCR:</b>			<b>1.152</b>	<b>1.171</b>	<b>1.189</b>	<b>1.207</b>	<b>1.226</b>	<b>1.244</b>	<b>1.262</b>	<b>1.28</b>	<b>1.299</b>	<b>1.317</b>
<b>Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across mult</b>												
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-	-	-	-	-					

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>INCOME</b>	<b>% annual increase</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
	Comments (related to annual inc assumptions)										
Other Reserve 2 Deposits		-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals											
Other Reserve 2 Interest											
<b>Other Required Reserve 2 Running Balance</b>		-	-	-	-	-	-	-	-	-	-

**Balboa Park Upper Yard**

Total # Units: **131**

		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
<b>INCOME</b>	<b>% annual increase</b>	<b>Comments (related to annual inc assumptions)</b>		<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Residential - Tenant Rents	2.5%			2,903,201	2,975,781	3,050,176	3,126,430	3,204,591	3,284,705	3,366,823	3,450,994
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%			1,241,124	1,272,152	1,303,956	1,336,555	1,369,969	1,404,218	1,439,323	1,475,306
Commercial Space	1.0%			-	-	-	-	-	-	-	-
Residential Parking	2.5%			-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%			-	-	-	-	-	-	-	-
Supportive Services Income	2.5%			-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%			-	-	-	-	-	-	-	-
Laundry and Vending	2.5%			12,074	12,376	12,685	13,002	13,327	13,661	14,002	14,352
Tenant Charges	2.5%			-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%			-	-	-	-	-	-	-	-
Other Commercial Income	0.0%			-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a			-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>				<b>4,156,399</b>	<b>4,260,309</b>	<b>4,366,817</b>	<b>4,475,987</b>	<b>4,587,887</b>	<b>4,702,584</b>	<b>4,820,149</b>	<b>4,940,652</b>
Vacancy Loss - Residential - Tenant Rents	n/a			(145,160)	(148,789)	(152,509)	(156,321)	(160,230)	(164,235)	(168,341)	(172,550)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a			(62,056)	(63,608)	(65,198)	(66,828)	(68,498)	(70,211)	(71,966)	(73,765)
Vacancy Loss - Commercial	n/a			-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>				<b>3,949,183</b>	<b>4,047,912</b>	<b>4,149,110</b>	<b>4,252,838</b>	<b>4,359,159</b>	<b>4,468,138</b>	<b>4,579,841</b>	<b>4,694,337</b>
<b>OPERATING EXPENSES</b>											
<b>Management</b>											
Management Fee	3.5%	1st Year to be set according to HUD schedule.		171,055	177,042	183,238	189,652	196,290	203,160	210,270	217,630
Asset Management Fee	3.5%	per MOHCD policy		34,249	35,448	36,689	37,973	39,302	40,677	42,101	43,575
<b>Sub-total Management Expenses</b>				<b>205,304</b>	<b>212,490</b>	<b>219,927</b>	<b>227,625</b>	<b>235,591</b>	<b>243,837</b>	<b>252,371</b>	<b>261,204</b>
<b>Salaries/Benefits</b>											
Office Salaries	3.5%			-	-	-	-	-	-	-	-
Manager's Salary	3.5%			216,880	224,470	232,327	240,458	248,874	257,585	266,600	275,931
Health Insurance and Other Benefits	3.5%			106,897	110,638	114,510	118,518	122,666	126,960	131,403	136,002
Other Salaries/Benefits	3.5%			-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%			-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>				<b>323,776</b>	<b>335,108</b>	<b>346,837</b>	<b>358,976</b>	<b>371,541</b>	<b>384,544</b>	<b>398,004</b>	<b>411,934</b>
<b>Administration</b>											
Advertising and Marketing	3.5%			2,539	2,628	2,720	2,815	2,914	3,016	3,121	3,230
Office Expenses	3.5%			21,723	22,484	23,270	24,085	24,928	25,800	26,703	27,638
Office Rent	3.5%			-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%			14,106	14,600	15,111	15,640	16,187	16,753	17,340	17,947
Audit Expense	3.5%			17,632	18,250	18,888	19,549	20,234	20,942	21,675	22,433
Bookkeeping/Accounting Services	3.5%			21,159	21,900	22,666	23,459	24,280	25,130	26,010	26,920
Bad Debts	3.5%			-	-	-	-	-	-	-	-
Miscellaneous	3.5%			26,801	27,739	28,710	29,715	30,755	31,832	32,946	34,099
<b>Sub-total Administration Expenses</b>				<b>103,961</b>	<b>107,600</b>	<b>111,366</b>	<b>115,264</b>	<b>119,298</b>	<b>123,473</b>	<b>127,795</b>	<b>132,268</b>
<b>Utilities</b>											
Electricity	3.5%			134,007	138,697	143,552	148,576	153,776	159,158	164,729	170,494
Water	3.5%			148,113	153,297	158,662	164,215	169,963	175,912	182,069	188,441
Gas	3.5%			-	-	-	-	-	-	-	-
Sewer	3.5%			183,378	189,796	196,439	203,314	210,430	217,795	225,418	233,308
<b>Sub-total Utilities</b>				<b>465,498</b>	<b>481,790</b>	<b>498,653</b>	<b>516,105</b>	<b>534,169</b>	<b>552,865</b>	<b>572,215</b>	<b>592,243</b>
<b>Taxes and Licenses</b>											
Real Estate Taxes	3.5%			21,159	21,900	22,666	23,459	24,280	25,130	26,010	26,920
Payroll Taxes	3.5%			-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%			87,231	90,285	93,444	96,715	100,100	103,604	107,230	110,983
<b>Sub-total Taxes and Licenses</b>				<b>108,390</b>	<b>112,184</b>	<b>116,111</b>	<b>120,174</b>	<b>124,380</b>	<b>128,734</b>	<b>133,239</b>	<b>137,903</b>
<b>Insurance</b>											
Property and Liability Insurance	3.5%			190,431	197,096	203,994	211,134	218,524	226,172	234,088	242,281
Fidelity Bond Insurance	3.5%			-	-	-	-	-	-	-	-
Worker's Compensation	3.5%			-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%			-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>				<b>190,431</b>	<b>197,096</b>	<b>203,994</b>	<b>211,134</b>	<b>218,524</b>	<b>226,172</b>	<b>234,088</b>	<b>242,281</b>
<b>Maintenance &amp; Repair</b>											
Payroll	3.5%			264,476	273,733	283,313	293,229	303,492	314,115	325,109	336,487
Supplies	3.5%			70,530	72,998	75,553	78,198	80,935	83,767	86,699	89,734
Contracts	3.5%			126,954	131,397	135,996	140,756	145,683	150,781	156,059	161,521
Garbage and Trash Removal	3.5%			165,040	170,816	176,795	182,983	189,387	196,016	202,876	209,977
Security Payroll/Contract	3.5%			28,212	29,199	30,221	31,279	32,374	33,507	34,680	35,894
HVAC Repairs and Maintenance	3.5%			4,937	5,110	5,289	5,474	5,665	5,864	6,069	6,281
Vehicle and Maintenance Equipment Operation and Repairs	3.5%			-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%			-	-	-	-	-	-	-	-
<b>Sub-total Maintenance &amp; Repair Expenses</b>				<b>660,149</b>	<b>683,254</b>	<b>707,168</b>	<b>731,919</b>	<b>757,536</b>	<b>784,050</b>	<b>811,492</b>	<b>839,894</b>
Supportive Services	3.5%			142,506	147,493	152,656	157,999	163,529	169,252	175,176	181,307
Commercial Expenses				-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>				<b>2,200,015</b>	<b>2,277,016</b>	<b>2,356,711</b>	<b>2,439,196</b>	<b>2,524,568</b>	<b>2,612,928</b>	<b>2,704,380</b>	<b>2,799,034</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>											
Ground Lease Base Rent				15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee				28,774	28,774	28,774	28,774	28,774	28,774	28,774	28,774
Replacement Reserve Deposit				-	-	-	-	-	-	-	-
Operating Reserve Deposit				65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-
Required Reserve Deposit's, Commercial				-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>				<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>	<b>109,274</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>				<b>2,309,289</b>	<b>2,386,290</b>	<b>2,465,985</b>	<b>2,548,470</b>	<b>2,633,842</b>	<b>2,722,202</b>	<b>2,813,654</b>	<b>2,908,308</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>				<b>1,639,894</b>	<b>1,661,623</b>	<b>1,683,125</b>	<b>1,704,368</b>	<b>1,725,317</b>	<b>1,745,936</b>	<b>1,766,187</b>	<b>1,786,030</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>											
Hard Debt - First Lender				1,164,665	1,164,665	1,164,665	1,164,665	1,164,665	1,164,665	1,164,665	1,164,665
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)				64,300	64,300	64,300	64,300	64,300	64,300	64,300	64,300
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender				-	-	-	-	-	-	-	-
Commercial Hard Debt Service				-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>				<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>	<b>1,228,965</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>				<b>410,929</b>	<b>432,658</b>	<b>454,160</b>	<b>475,403</b>	<b>496,352</b>	<b>516,971</b>	<b>537,222</b>	<b>557,065</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>				<b>DSCR: 1.334</b>	<b>1.352</b>	<b>1.37</b>	<b>1.387</b>	<b>1.404</b>	<b>1.421</b>	<b>1.437</b>	<b>1.453</b>
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>											
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy									
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy		35,039.27	36,265.65	37,534.95	38,848.67	40,208.37	41,615.66	43,072.21	44,579.74
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase		11,091	11,423	11,766	12,119	12,483	12,857	13,243	13,640
Other Payments				-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.		-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.		-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				183,695	193,946	204,062	214,027	223,822			
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>				<b>229,825</b>	<b>241,635</b>	<b>253,363</b>	<b>264,995</b>	<b>276,513</b>	<b>287,942</b>	<b>299,272</b>	<b>310,515</b>
<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>				<b>181,104</b>	<b>191,023</b>	<b>200,797</b>	<b>210,408</b>	<b>219,839</b>	<b>229,234</b>	<b>238,593</b>	<b>247,915</b>
Does Project have a MOHCD Residual Receipt Obligation? <b>Yes</b> Year 15 is year indicated below: 2037											
Will Project Defer Developer Fee? <b>Yes</b> 2nd Residual Receipts Split Begins: 2038											
1st Residual Receipts Split - Lender/Deferred Developer Fee	50% / 50%			Def Dev Fee Exceeds Annual Limit!	Def Dev Fee Exceeds Annual Limit!	Def Dev Fee Exceeds Annual Limit!	Def Dev Fee Exceeds Annual Limit!	Def Dev Fee Exceeds Annual Limit!	Def Dev Fee Exceeds Annual Limit!	Def Dev Fee Exceeds Annual Limit!	Def Dev Fee Exceeds Annual Limit!
2nd Residual Receipts Split - Lender/Owner	67% / 33%										
Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):				182,399	192,484	202,430	212,218	221,830			
Dist. Soft Debt Loans				1,440,316	1,634,262	1,838,324	2,052,351	2,276,173			
<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>											
MOHCD Residual Receipts Amount Due											

		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
<b>INCOME</b>	Comments (related to annual inc assumptions)										
Other Reserve 2 Deposits		-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals											
Other Reserve 2 Interest											
<b>Other Required Reserve 2 Running Balance</b>		-	-	-	-	-	-	-	-	-	-

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

# TENANT INCOME CERTIFICATION

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

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

## PART I - DEVELOPMENT DATA

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

## PART II. HOUSEHOLD COMPOSITION

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

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

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

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

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

TOTAL INCOME (E):

\$  

## PART IV. INCOME FROM ASSETS

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

**TOTALS:**

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

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

Enter Column (H) Total  
If over \$5000

\$ \_\_\_\_\_ X

Passbook Rate  
0.06%

= (J) Imputed Income

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

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

**TOTAL INCOME FROM ASSETS (K)**

\$  

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

\$  

## HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Signature

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

**PART V. DETERMINATION OF INCOME ELIGIBILITY**

**RECERTIFICATION ONLY:**

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

\$

Unit Meets Federal Income Restriction at:  
 60%  50%

Current Federal LIHTC Income Limit x 140%:  
 \$ \_\_\_\_\_

Current Federal LIHTC Income Limit per Family Size: \$ \_\_\_\_\_

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

Household Income exceeds 140% at recertification:  
 Yes  No

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

Household Income as of Move-in: \$ \_\_\_\_\_

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

**PART VI. RENT**

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

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

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

\$

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

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

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

Unit Meets Federal Rent Restriction at:  60%  50%

If Applicable, Unit Meets Bond Rent Restriction at:  60%  50%

Unit Meets Deeper Targeting Rent Restriction at:  Other: \_\_\_\_\_%

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

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes  no

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

Enter  1-5

\*Student Explanation:

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

**PART VIII. PROGRAM TYPE**

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit

b. HOME

c. Tax Exempt Bond

d. AHDP

e. \_\_\_\_\_   
 (Name of Program)

See Part V above.

*Income Status*

- ≤ 50% AMGI
- ≤ 60% AMGI
- ≤ 80% AMGI
- OI\*\*

*Income Status*

- 50% AMGI
- 60% AMGI
- 80% AMGI
- OI\*\*

*Income Status*

- 50% AMGI
- 80% AMGI
- OI\*\*

*Income Status*

- \_\_\_\_\_
- OI\*\*

\*\*Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

**SIGNATURE OF OWNER/REPRESENTATIVE**

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

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

\_\_\_\_\_  
 DATE



**PART IX. SUPPLEMENTAL INFORMATION FORM**

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

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

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

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

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
  - 4a – Asian India                      4e – Korean
  - 4b – Chinese                            4f – Vietnamese
  - 4c – Filipino                            4g – Other Asian
  - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
  - 5a – Native Hawaiian                      5c – Samoan
  - 5b – Guamanian or Chamorro            5d – Other Pacific Islander
- 6 – Other
- 7 – Did not respond. **(Please initial below)**

*Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.*

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

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

**Disability Status:**

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

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

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

# **INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION**

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

## **Part I - Development Data**

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

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

## **Part II - Household Composition**

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

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

- Date of Birth** Enter each household member's date of birth.
- Student Status** Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.
- Last Four Digits of Social Security Number** For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

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

### Part III - Annual Income

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

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

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

### Part IV - Income from Assets

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

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

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

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

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

### HOUSEHOLD CERTIFICATION AND SIGNATURES

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

### Part V – Determination of Income Eligibility

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

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

**Part VI - Rent**

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

**Part VII - Student Status**

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

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

**Part VIII – Program Type**

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

- Tax Credit            See Part V above.
- HOME                If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
- Tax Exempt Bond    If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household’s designation.
- AHDP                If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
- Other                If the property participates in any other affordable housing program, complete the information as appropriate.

**SIGNATURE OF OWNER/REPRESENTATIVE**

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

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

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

**PART IX. SUPPLEMENTAL INFORMATION**

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

- Tenant Demographic Profile            Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
- Resident/Applicant Initials            All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

## EXHIBIT D

### First Source Hiring Requirements and Numerical Goals

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

A. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor will comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement have the meanings assigned to such terms in Chapter 83.

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

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

D. Exceptions. Upon application by Contractor, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

E. Liquidated Damages. Borrower agrees:

1. To be liable to the City for liquidated damages as provided in this Section;
2. To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this Section;
3. That the Borrower's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result

of unemployment; and that the assessment of liquidated damages of up to \$5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

4. That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to \$10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;

5. That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this Section is based on the following data:

a. The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of \$348 per month, totaling approximately \$14,379; and

b. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to a contractor and who is hired in an entry level position is at least one year; therefore, liquidated damages that total \$5,000 for first violations and \$10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

6. That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

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

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

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



**EXHIBIT E**  
**Governmental Requirements**

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

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

3. Conflict of Interest.

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

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

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

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

5. Lead-Based Paint. Borrower must satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower must also comply with the provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

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

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

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

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

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

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

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

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

Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

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

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

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

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

(a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;

(b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;

(c) conspires to defraud the City by getting a false claim allowed or paid by the City;

(d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or

(e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

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

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

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the

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

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

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

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

(a) Borrower shall remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized

by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

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

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

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

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

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

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

(d) Borrower or Subcontractor shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant’s or potential applicant for employment, or employee’s: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided,

invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

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

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

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

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



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

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

**EXHIBIT F**  
**Lobbying/Debarment Certification Form**

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

*This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.*

3. Neither the undersigned nor its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

**BALBOA PARK HOUSING PARTNERS L.P.,**  
a California limited partnership

By: Colosimo Apartments, Inc.,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Sam Moss, Executive Director

By: Related/Balboa Park Development Co., LLC,  
a California limited liability company,  
its administrative general partner

By: \_\_\_\_\_  
Ann Silverberg, Vice President

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

**EXHIBIT G**  
**Form of Annual Monitoring Report**

Exhibit H

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



**London N. Breed**  
Mayor

**Eric D. Shaw**  
Director

**October 21, 2020**

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

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

**IMPORTANT INFORMATION RELATED TO COVID-19**

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

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

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

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

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

## Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

**I. AMR\_RY2020 – project name.xlsx** – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

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

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

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

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

## **II. Owner Compliance Certification Form and Documentation of Insurance**

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

## **III. Audited Financial Statements**

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

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

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

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

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

## **IV. Waiting List**

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

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

- stated household income
- desired unit size

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

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

### **AMR Training – On-Demand Videos**

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

### **Marketing Procedure for Available Units and Waiting List Openings**

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

### **Serious Incident Protocol**

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



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

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

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

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

**Asset Management Team**

MOHCD 1 South Van Ness Avenue, 5<sup>th</sup> Floor San Francisco, CA 94103

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

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

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

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR\_RY2020 – project name.xlsx, audited financial statements, and current waiting list to [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

Project Name: \_\_\_\_\_

Project Street Address: \_\_\_\_\_

Reporting Period – Start Date: \_\_\_\_\_ End Date: \_\_\_\_\_

**Owner Compliance Certification**

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

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

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

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

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

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

**Property and Liability Insurance**

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

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

**Tax Certification**

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

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

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

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

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

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

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

Updated 12/21/2020

### 1A. Property & Residents

Please follow the instructions provided on the worksheet.

### 1B. Transitional Programs Only

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

### 1C. Eviction Data

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

## 2. Fiscal Activity

### Income and Expenses

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

#### INSTRUCTIONS:

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

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

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

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

#### Income

##### Rental Income

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

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

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

##### Vacancy Loss

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

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

##### Other Income

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

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

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

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

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

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

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

### **Expenses**

#### **Management**

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

#### **Salaries/Benefits**

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

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

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

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

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

#### **Administration**

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

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

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

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

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

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

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

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

#### **Utilities**

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

#### **Taxes and Licenses**

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

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

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

#### **Insurance**

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

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

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

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

#### **Maintenance and Repairs**

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

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

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

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

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

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

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

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

#### **Supportive Services**

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

#### **Reserve Account Activity**

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

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

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

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

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

### **3A. Occupancy & Rent Info**

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

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

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

C.	<b>Row Number.</b> Do not enter data in this column.
----	--

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

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

**Bed** = (measurement for Group homes or transitional housing)

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

"**Studio**" = Studio unit

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

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

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



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

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

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

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

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

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

**"HOME TBA"** = Tenant receives assistance from a HOME-funded rental assistance program.

**"Rent Supplement"** = Tenant receives a supplemental rent payment from an outside agency.

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

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

### 3B. Demographic

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

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

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

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

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

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

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

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

### 3C. Summary of Reported Household Demographics

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

#### **4. Narrative**

Please follow the instructions provided on the worksheet.

#### **5. Project Financing**

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

#### **6. Services Funding**

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

#### **7. Supplementary Audit Information - Required by MOHCD**

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

#### **Completeness Tracker**

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

#### **Links to Relevant Policies**

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

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

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

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

[http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH\\_ProgIncomeOverview.pdf](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf)

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

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

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

[http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K\\_2014-05-21.pdf](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf)

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

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

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

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

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

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

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

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

46		<p>If the property has <b>Immediate Capital Needs</b> and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, <b>and supply additional explanation in question #3 of the Narrative report.</b> (Click on # 3 at left to jump to Narrative worksheet.)</p>
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**Resident Services:** AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"

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

**POPULATION SERVED**

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

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

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

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

Remember, **SAVE YOUR WORK!**

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

Project Address:

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

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

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

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

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

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

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

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

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

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

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

Project Address:

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

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

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

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

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

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

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

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

	enter # below	enter # below	
22 Breach of Lease Agreement		Indigenous - American Indian/Native American	Black - African
23 Capital Improvement		Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
24 Condo Conversion		Other Indigenous	Black - Caribbean, Central American, South American or Mexican
25 Demolition		Asian - Chinese	Other Black
26 Denial of Access to Unit		Asian - Filipino	North African
27 Development Agreement		Asian - Japanese	West Asian
28 Ellis Act Withdrawal		Asian - Korean	Other Middle Eastern or North African
29 Failure to Sign Lease Renewal		Asian - Mongolian	Pacific Islander - Chamorro
30 Good Samaritan Tenancy Ends		Asian - Central Asian	Pacific Islander - Native Hawaiian
31 Habitual Late Payment of Rent		Asian - South Asian	Pacific Islander - Samoan
32 Illegal Use of Unit		Asian - Southeast Asian	Other Pacific Islander
33 Lead Remediation		Other Asian	White - European
34 Non-payment of Rent		Latino - Caribbean	Other White
35 Nuisance		Latino - Central American	Not Reported
36 Other		Latino - Mexican	0 Total (must match Total number in E56)
37 Owner Move In		Latino - South American	
38 Roommate Living in Same Unit		Other Latino	<b>Gender data for households for which Unlawful Detainers were filed during the report period:</b>
39 Substantial Rehabilitation			Female
40 Unapproved Subtenant			Male
41 0 Total number of unlawful detainer actions filed			Genderqueer/Gender Non-Binary
			Trans Female
			Trans Male
			Not Listed
			Declined / Not Stated
	0	0 Total (must match Total number in E56)	0 Total (must match Total number in E56)

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

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

	enter # below	enter # below	
42 Breach of Lease Agreement		Indigenous - American Indian/Native American	Black - African
43 Capital Improvement		Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
44 Condo Conversion		Other Indigenous	Black - Caribbean, Central American, South American or Mexican
45 Demolition		Asian - Chinese	Other Black
46 Denial of Access to Unit		Asian - Filipino	North African
47 Development Agreement		Asian - Japanese	West Asian
48 Ellis Act Withdrawal		Asian - Korean	Other Middle Eastern or North African
49 Failure to Sign Lease Renewal		Asian - Mongolian	Pacific Islander - Chamorro
50 Good Samaritan Tenancy Ends		Asian - Central Asian	Pacific Islander - Native Hawaiian
51 Habitual Late Payment of Rent		Asian - South Asian	Pacific Islander - Samoan
52 Illegal Use of Unit		Asian - Southeast Asian	Other Pacific Islander
53 Lead Remediation		Other Asian	White - European
54 Non-payment of Rent		Latino - Caribbean	Other White
55 Nuisance		Latino - Central American	Not Reported
56 Other		Latino - Mexican	0 Total (must match Total number in E83)
57 Owner Move In		Latino - South American	
58 Roommate Living in Same Unit		Other Latino	<b>Gender data for households that were Evicted during the reporting period:</b>
59 Substantial Rehabilitation			Female
60 Unapproved Subtenant			Male
61 0 Total number of households evicted (flows to question #35 on Worksheet 1A)			Genderqueer/Gender Non-Binary
			Trans Female
			Trans Male
			Not Listed
			Declined / Not Stated
	0	0 Total (must match Total number in E83)	0 Total (must match Total number in E83)



	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
16	<b>INCOME &amp; EXPENSES</b>				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number	Residential	Non-Residential	Total
21					
22	<b>Rental Income</b>				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	<b>sub-total Gross Rental Income:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
28	<b>Vacancy Loss - enter amounts as negative numbers!</b>				vacancy rate
29	Housing Units	5220		<b>Must click &amp; explain if Residential Vac Rate is &gt; 15%</b>	
30	Commercial	5240			0.00%
31	<b>sub-total Vacancies:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
32					
33	<b>NET RENTAL INCOME:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
34					
35	<b>Other Income</b>				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source/s- identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	<b>sub-total Other Income Received:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
45					
46	<b>TOTAL INCOME RECEIVED:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
47					
48	<b>INCOME &amp; EXPENSES</b>				
49		Account Number	Residential	Non-Residential	Total
50	Description of Expense Accounts				
51	<b>Management</b>				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	<b>sub-total Management Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
55	<b>Salaries/Benefits</b>				
56	Office Salaries	6310			
57	Manager's Salary	6330			
58	Employee Benefits: Health Insurance & Disability Insurance	6723			
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	<b>sub-total Salary/Benefit Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
62	<b>Administration</b>				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	Miscellaneous Administrative Expenses (must click & explain if >\$10k)	6390			
71	<b>sub-total Administrative Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
72	<b>Utilities</b>				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			

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

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

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

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





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

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

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

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

**Other Household Demographics**

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

**Gender**

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

**Sexual Orientation**

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

**Target and Actual Population Served**

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



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

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

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

**1. Explanations & Comments**

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

**2. Code Violations**

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

Violation or Citation #	Date Issued	Issued By	Description	Cleared? (y/n)

(add additional rows as needed)

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

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

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

### 3. Major Repairs

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

### 4. Vacant Unit Rent-Up Time

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

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

**5. Affirmative Marketing**

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

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

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

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

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

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

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

**Misc. Admin Expenses**

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

**Misc. Operating & Maintenance Expenses**

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

**8. Negative Cash Flow**

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

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





Project Street Address:

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

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

Project Street Address:

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

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

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

**Administration**

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

**Utilities**

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

**Taxes and Licenses**

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

**Insurance**

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

Project Street Address:

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

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



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

**Financial Expenses**

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

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

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

**Depreciation & Amortization Expenses**

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

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

**Net Entity Expenses**

*the right.*

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

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

Project Street Address:

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

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

**Distribution of Surplus Cash Ahead of Residual Receipts Payments**

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

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

**Distribution of Residual Receipts**

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


**Total**

Total Residual Receipts Distributions to Lenders: \$0

Proposed Owner Distribution \$0

Proposed Other Distribution/Uses \$0

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

Project Street Address:

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

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

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

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

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

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

**Submission Instructions:**

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

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

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

## **EXHIBIT H**

### **Tenant Selection Plan Policy**

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

#### **Application Process**

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

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

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

### **Reasonable Accommodation and Modification Policy**

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

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

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

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

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

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

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

### **Notice of Denial and Appeal Process**

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



## **EXHIBIT I**

### **Tenant Screening Criteria Policy**

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

#### **Screening Criteria**

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

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

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

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

**EXHIBIT J**

Developer Fee Policy

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

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

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

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

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

**A. Total Development Fee**

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

**B. Fee Components**

1. Cash-Out Fee (Base and Additional)

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

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

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

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

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

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

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

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

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

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

**A. At-Risk Fee Adjustment**

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

**IV. WAIVERS OF THE DEVELOPER FEE POLICY**

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

**V. CDBG or HOME REQUIREMENTS**

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

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

**VI. POLICY IMPLEMENTATION**

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

**EXHIBIT K**

Hold Harmless Policy



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



**London N. Breed**  
Mayor

**Kate Hartley**  
Director

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

**Background**

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

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

**Purpose**

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

This Policy establishes the following:

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

This Policy is intended to limit harm by:

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

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

**Hold Harmless Limits**

For the purpose of this Policy:

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

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

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

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

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

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

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

Utility Allowances

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

Limited Hardship Waiver

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

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

**EXHIBIT L**  
**Insurance Requirements**

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

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

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

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

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

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

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

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

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

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

(a) Prior to construction:

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

(b) During the course of construction:

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

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

(c) Upon completion of construction:

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

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

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

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

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

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

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

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

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

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

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

4. General Requirements.

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

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective. The endorsement must provide the City with the same rights as the named insured in the event of cancellation or intended non-renewal.

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

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

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

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

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

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

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

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



**Exhibit M**  
**HOPE SF Tenant Selection Criteria**

**HOPE SF  
RESIDENT SELECTION CRITERIA  
Public Housing Replacement Units**

*[Before completing this document, please make sure you have the most current version. Management Agent may receive current version of this document from the MOHCD Project Manager or OCII Development Specialist for the property. You may delete this prompt when submitting form to MOHCD/OCII Staff. However, please submit this document with the redline showing. Do not accept the proposed changes. Staff reviewing the document want to see the changes made when completing this document.]*

**I. INTRODUCTION**

This Resident Selection Plan (the “Plan”) outlines the procedures for selecting residents for the Tax Credit and Project Based Voucher units by **[NAME OF PROPERTY MANAGEMENT AGENT]** (“Management”) for **[NAME OF DEVELOPMENT]** located at **[ADDRESS OF PROPERTY]**, a development associated with HOPE SF. HOPE SF is a mayoral initiative that began in 2003 to transform four public housing developments: Hunters View, Alice Griffith, Potrero, Sunnydale Velasco (the “HOPE SF properties”). “HOPE SF property” refers to a specific HOPE SF development.

The procedures in this Plan are to be followed after (1) the lottery and lease-up process conducted by either the Office of Investment & Infrastructure (“OCII”) or Mayor’s Office of Housing and Community Development (“MOHCD”) for tax credit units, and (2) receipt of the San Francisco Housing Authority (“SFHA”) referral for initial or re-lease of project based voucher units.

**II. GENERAL PRINCIPLES**

**[NAME OF PROPERTY MANAGEMENT AGENT]**’s and **[NAME OF DEVELOPER]**’s agree that the goal of this Plan is to ensure that all applicants are screened using consistently applied, fair criteria, to provide a desirable, well-maintained and affordable place to live for an economically, racially, and ethnically integrated resident population, while complying with the provisions of any federal, state, or local law prohibiting discrimination in housing on the basis of race, religion, sex, color, family status, disability status, national origin, marital status, ancestry, gender identity or sexual orientation, source of income, or HIV/AIDS status.

We also agree that **[NAME OF PROPERTY MANAGEMENT AGENT]** and **[NAME OF DEVELOPER]** will “screen in” rather than “screen out” applicants who have a criminal record as per San Francisco Police Code Article 49, Sections 4901-4920, or the Fair Chance Ordinance.

Finally, we acknowledge that Management is subject to the Violence Against Women Reauthorization Act of 2013 (VAWA). Guidelines for the adherence to VAWA are attached hereto as Exhibit D.

**III. LIMITED ENGLISH PROFICIENCY (LEP)**

Reasonable steps will be taken to ensure that persons with Limited English Proficiency (LEP) have meaningful access and an equal opportunity to participate in Management’s services, activities, programs and other benefits. Interpreters, translators and other aids needed to comply with this policy shall be provided free of charge to the person being served, and residents and their families will be informed of the availability of such assistance. Language assistance will be provided through use of a contracted

telephonic interpretation service, competent bilingual staff, staff interpreters, or formal arrangements with local organizations providing interpretation or translation services or technology.

#### IV. DEFINITIONS

The following definitions apply to all properties related to HOPE SF:

**A. An Entirely Full Time Student Household (“ESH”)** is not eligible to receive housing assistance by the IRS Section 42 Tax Credit/Low Income Housing Tax Credit (“LIHTC”) program, as administered by the California Tax Credit Allocation Committee (“CTCAC”).

1. Further, IRS Section 42 Tax Credit/ LIHTC program defines a full-time student as:
  - a. Anyone who has attended or plans to attend school full time for five (5) months of this calendar year. This does not have to be consecutive. Example 1: If an applicant attends school full time from January 20<sup>th</sup> through May 13<sup>th</sup>, this is considered five months. If they attend one day in any month, that counts as a full month. Example 2: If an applicant attended full time one day in January, one day in February, one day in April, one in June and one in July, you are considered a full-time student until January 1<sup>st</sup> of the following year.
  - b. Full time enrollment status is determined by the enrollment definitions of the school being attended.

**[NAME OF PROPERTY MANAGEMENT AGENT] agrees to comply with the most current ESH definition by IRS Section 42 Tax Credit/ LIHTC program, as administered by the CTCAC.**

2. Management may accept an ESH household if one or more of the criteria below are met. If the criteria below change, the most current criteria as defined by IRS Section 42 Tax Credit/LIHTC program, as administered by the California Tax Credit Allocation Committee, will apply.
  - a. At least one student receives assistance under Title IV of the Social Security Act (Temporary Assistance to Needy Families or TANF, formerly AFDC);
  - b. At least one student is enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws, as defined by HUD 4350.3 REV-2;
  - c. The household consists of a single parent with their minor children and such parent and the children are not dependents of another individual;
  - d. At least one student is married and files a joint tax return or is eligible to file a joint tax return.
  - e. At least one household member is between the ages of 18 to 24 and was previously (not currently) under the care and placement responsibility of the State Agency responsible for administering a plan under Part B or Part E of

Title IV of the Social Security Act (Foster Care).

- B. HOPE SF Developer** is the development entity of the specific HOPE SF Property. The HOPE SF Developers are the John Stewart Company for Hunters View, McCormick Barron Salazar for Alice Griffith, BRIDGE Housing Development for Potrero, and Mercy Housing California and Related California for Sunnydale Velasco.
- C. Project Based Voucher Units (“PBV”)** means all PBV housing units receiving rental assistance under Section(o)(13) of the U.S. Housing Act of 1937. Regulations are described in 24 CFR Part 983.
- D. Public Housing Replacement Units (“PHR”)** are units that: (1) have been newly constructed with LIHTC’s; (2) are subsidized with PBV’s, and; (3) are in like-new condition that is less than 5 years old from date of Temporary Certificate of Occupancy (“TCO”) and are intended to serve as replacement units for current HOPE SF public housing residents exercising their Right to Revitalized Unit. These units will be regulated per Tax Credit compliance regulations as well as HUD guidelines and the current SFHA Housing Choice Voucher Program Administrative Plan (“Admin Plan”). PHR units may be located at HOPE SF Properties or at a limited number of designated off-site locations.

After 5 years, a PHR unit *may* still be considered new if SFHA and OCII or MOHCD collectively approve an extension. *PBV units will be considered **Expired PHR** units for the purpose of re-leasing of units after 5 years of TCO date (or whenever SFHA and OCII or MOHCD deem the unit no longer new), or all current HOPE SF public housing residents at the HOPE SF property who are eligible to exercise their Right to Revitalized Unit have done so.*

Current HOPE SF public housing residents have a preference to occupy PHR units at HOPE SF Properties or at a limited number of designated off-site locations and fall into one of the follow three PHR applicant categories:

1. **On-Site Applicants** are current HOPE SF public housing residents exercising their Right to Revitalized Unit at new affordable units located at same the HOPE SF property from which they acquired their Right to Return.
2. **Off-Site Applicants** are current HOPE SF public housing residents exercising their Right to Revitalized Unit at new affordable housing units located at a property other than the HOPE SF property, but operated by the same HOPE SF Developer, the same HOPE SF Developer’s general partner entity, or the same HOPE SF Developer in partnership with another developer as the HOPE SF property from which the current HOPE SF public housing residents acquired their Right to Return.
3. **Cross-Site Applicants** are current HOPE SF public housing residents exercising their Right to Revitalized Unit at new affordable housing units located at a property operated by a different developer than the developer operating the HOPE SF property from which the current HOPE SF public housing residents acquired their Right to Return.

**On-Site Applicants** whose income exceeds the LIHTC income limit will be designated **PHR No TC Unit**. **PHR No TC Unit** is an unrestricted public housing replacement unit.

**E. Rental Assistance Demonstration (“RAD Units”)** means housing units receiving rental assistance under HUD PIH -2012-32 Notice and all subsequent updates. RAD Units are a form of PBV units, but not all PBV units are RAD. [NAME OF DEVELOPMENT] is anticipated to receive [STATE NUMBER OF RAD UNITS] **RAD Units**. In this document, “**Non-RAD PBV Units**” refers to PBV that are not administered under HUD PIH-2012-32 Notice. [NAME OF DEVELOPMENT] is anticipated to receive [STATE NUMBER OF Non-RAD PBV UNITS] **Non-RAD PBV Units**. [NAME OF DEVELOPMENT] has a total of [STATE TOTAL OF RAD AND Non-RAD PBV UNITS] **PBV units** and this number equals the total of PHR units at [NAME OF DEVELOPMENT].

**F. Right to Return** means the right of: (1) current HOPE SF public housing households to a Revitalized Unit, referred to in this document as a PHR unit; (2) any former HOPE SF public housing households to receive a priority for an on-site PHR unit from which they moved from after all current HOPE SF public housing residents have exercised their Right to Revitalized Unit; (3) any member of a current or former HOPE SF public housing household to receive a priority in a HOPE SF Non-PBV Tax Credit unit, pursuant to Chapter 39 of the San Francisco Administrative Code. Relocation rights for families who are current public housing residents of the HOPE SF developments and relocating to PHR units are outlined in the relocation plan for their specific HOPE SF property. All current HOPE SF public housing residents exercising their Right to a Revitalized Unit must be in good standing in order to move into the Revitalized Units. To be in good standing, requires that the SFHA did not file a Summons and Complaint against any member of the household, and that no member of the household has been evicted (SFHA Board of Commissioners Resolution #5390). Notwithstanding the above, a household is still considered eligible to move if the family has an active Unlawful Detainer action against them, and they are in a repayment agreement and current on the repayment agreement.

**G. Non-PBV Tax Credit (“Non-PBV TC”) Units** are restricted by the IRS Section 42 Tax Credit/LIHTC program, but are not subsidized with a PBV. Non-PBV TC Units are available to qualified members of the general public. Non-PBV TC Units are also considered “lottery units.” [NAME OF PROPERTY MANAGEMENT AGENT] has submitted to MOHCD Below Market Rate staff and the MOHCD Project Manager and/or OCII Development Specialist a Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT] that covers the “lottery units” and adheres to the current version of the MOHCD Housing Preference and Lottery Procedures Manual. (The current version of the MOHCD Housing Preference and Lottery Procedures Manual is on MOHCD’s website at <https://sfmochd.org>.)

A resident may have a “tenant based” and/or “portable” voucher in **Non-PBV TC Units**. [NAME OF DEVELOPMENT] has a total of [STATE TOTAL OF Non-PBV TC UNITS] **Non-PBV TC Units** without project based vouchers.

## V. PREFERENCES

Preferences are not permitted if the preference in any way negates affirmative marketing efforts or fair housing obligations. The following preferences apply:

**A. Regulatory Preferences for Project Based Voucher Units** – The preferences listed below will be given to eligible applicants on the SFHA specific HOPE SF [NAME OF HOPE SF

DEVELOPMENT] Waitlist: [The following should include all preferences stated in the loan evaluation first and loan agreement. The following should also be consistent with all of the site-based preferences for this development that are listed in the current version of the SFHA Housing Choice Voucher (HCV) Administrative Plan, typically found in Chapter 4.]

- 1.
- 2.

**Note for HOPE SF properties:** In SFHA’s HCV Administrative Plan, “Families with a Right-to-Return” are On-Site Applicants in this documents. “HOPE SF Construction” are Cross-Site Applicants from other HOPE SF properties in this document. When a HOPE SF property nears its final development phases, it is possible that there will be no more On- or Cross- Site Applicants for the PHR units. When and if this happens, SFHA will begin to refer applicants from the HCV Administrative Plan preferences listed after “Families with a Right-to-Return” and “HOPE SF Construction.” When SFHA sends referrals for Non-HOPE SF properties, the referrals will be marked “Waitlist”, and these households are to be processed following the Cross-Site processing described in this document.

**Note for properties accepting Off- and Cross- Site Applicants:** In SFHA’s HCV Administrative Plan, “Families with a Right-to-Return of [Name of HOPE SF property]” are On-Site and Off-Site Applicants in this documents. However, at new affordable housing units located at a property other than the HOPE SF property, but operated by the same HOPE SF Developer “Families with a Right-to-Return of [Name of HOPE SF property]” are *only* considered Off-Site Applicants. “HOPE SF Construction” are Cross-Site Applicants for [NAME OF DEVELOPMENT]. When [NAME OF DEVELOPMENT] has processed all of the Off- and Cross- Site referrals and the designated PHR units at [NAME OF DEVELOPMENT] cannot or will not be filled by Off- and/or Cross- Site Applicants, SFHA will begin to refer applicants from the HCV Administrative Plan preferences listed after “Families with a Right-to-Return of [Name of HOPE SF property]” and “HOPE SF Construction,” if applicable. When SFHA sends referrals from Non-HOPE SF properties, the referrals will be marked “Waitlist”, and these households are to be processed following the Cross-Site processing described in this document.

**B. OCII/MOHCD Preferences for Tax Credit Units** – Please see [NAME OF DEVELOPMENT]’s Marketing Plan pages [List Appropriate Pages] for the preferences applied to the Non-PBV TC Units.

Please see [NAME OF DEVELOPMENT]’s Marketing Plan pages [List Appropriate Pages] for Management’s process of *when household wanting to occupy a Non-PBV TC Unit is denied*.

## VI. ONSITE TRANSFERS

The following actions are always given priority for current households, if applicable.

1. A unit transfer based on the need for an accessible unit.
2. A unit transfer because of household size.
3. A unit transfer of a non-disabled individual living in a wheelchair accessible unit to accommodate an applicant on the Non-PBV TC Unit waiting list in need of a wheelchair accessible unit. (A lease addendum will be entered into with non-disabled resident living in a wheelchair accessible unit.)
4. A unit transfer based on the need of an emergency temporary relocation. (If a unit becomes uninhabitable due to a catastrophe, the resident family will be given any open unit for temporary living quarters until their own unit is repaired.)

Onsite transfers in PHR units have the same standards as above and must comply with the guidelines in the Admin Plan. Refer to the Admin Plan for additional referral information for off-site PBV units.

## VII. APPLICATION PROCESS

Applicants for PHR units for [NAME OF DEVELOPMENT]’s initial lease up will be considered “[DEVELOPER/MANAGEMENT STATE WHETHER THIS DEVELOPMENT WILL FOLLOW On-site, Off-site, or Cross-Site Applicant]”.

If at initial lease up, [DEVELOPER/MANAGEMENT, IN THE FOLLOWING SENTENCE DELETE THE APPLICANT TYPE THAT DOES NOT APPLY TO THIS CURRENT PROPERTY LEASE UP] On-, Off-, and Cross- Site applicants residents will not fill all PHR units, SFHA will refer households from the [NAME OF HOPE SF PROPERTY OR OFF-SITE DEVELOPMENT WAITLIST IN THE SFHA ADMIN PLAN] Waitlist in accordance to the preference chart in the SFHA’s current Administrative Plan. Referrals sent from the SFHA waitlist that are also HOPE SF Construction, which by definition in this document means Cross-Site, will be identified on the SFHA referral letter by the HOPE SF property at their current location. Referrals sent from the waitlist that are not applicants from HOPE SF properties will be identified on the SFHA referral letter as “Waitlist” and will be considered “Waitlist Applicants” in this document. All Waitlist Applicants will follow the applicant screening process for PHR Units as outlined below. [NAME OF PROPERTY MANAGEMENT AGENT] has assumed that [STATE ASSUMED NUMBER OF PHR UNITS THAT MAY BE FILLED BY SFHA WAITLIST APPLICANTS THAT WILL NOT BE ON-, OFF-, OR CROSS- SITE APPLICANTS ] units may be filled by Waitlist Applicants.

### A. PRIORITY PROCESSING ORDER.

1. **PHR** [DEVELOPER/MANAGEMENT CHOSE THE PROCESS THAT APPLIES TO YOUR DEVELOPMENT & DELETE THE ONE THAT DOES NOT APPLY]
  - a. *On-Site Applicants*, SFHA has held a processing lottery at each of the HOPE SF properties to establish the processing order of the residents for on-site relocation to PHR units. This will determine the processing order for referrals to Management and unit selection at Revitalized Unit.

- b. *Off-Site and/or Cross-Site Applicants*, SFHA will conduct a survey to determine who is interested in an off-site and/or cross-site move. Households who have expressed an interest will be contacted (up to two times/household) by SFHA to determine interest in moving to off- or cross- site location. If the household is interested, the household will be referred to the off-site or cross-site Developer after SFHA’s initial intake processing has occurred. As these households are exercising their Right to Revitalized Unit, the households maintains their priority on the HOPE SF [NAME OF HOPE SF DEVELOPMENT] Waitlist. These households may submit documents to SFHA at the household’s earliest convenience. However, SFHA will continue to process and refer potential applicants to the Developer on a first-completed basis. Units may be offered in the processing order that the SFHA referral is sent to the Developer. Please note for Revitalized Units at HOPE SF sites, On-Site Applicants will have priority over the Cross-Site Applicants.

[DEVELOPER/MANAGEMENT, IN THE FOLLOWING SENTENCE DELETE THE PROCESS THAT DOES NOT APPLY TO THIS CURRENT PROPERTY LEASE UP] On-, Off-, and Cross- Site applicant households will be referred by the SFHA Waitlist Management Department. Management will contact the applicants a minimum of two times and will use all modes of communication available (phone, email, regular mail, etc.) by [DEVELOPER/MANAGEMENT STATE THE FORM OF CONTACT YOU WILL MAKE TO APPLICANTS] in processing order. If the first applicants in processing order referred by SFHA do not respond and submit Management’s required tax credit documentation within 5 business days, Management will contact the next set of applicants in processing order referred by SFHA.

2. **PHR No TC Units and Expired PHR**, after the initial lease-up, units will be offered according to the ascending order of priorities as defined in SFHA’s current Administrative Plan and above as described in V.A - Preferences above.
3. **Non-PBV TC Units** -- Please see [NAME OF DEVELOPMENT]’s San Francisco Housing Portal – DAHLIA project posting and the MOHCD Housing Preference and Lottery Procedures Manual for information on where applications will be provided, website address, and discussion about number of times Developer/Management will contact initial lease-up application and the number of days an initial lease-up applicant has to respond to Management’s request.

## **B. PROGRAM INCOME AND ELIGIBILITY REQUIREMENTS –**

Applicants who apply to any unit at [NAME OF DEVELOPMENT] must meet income and eligibility tests for the unit type first, before any further screening steps are taken regarding selection criteria. The program income and eligibility tests include:

1. Management has received a completed application form, or pre-application form, and all accompanying consent forms for release of information signed.



2. Applicants for **Non-PBV TC Units and PHR** units must meet the income requirements of Section 42 of the Internal Revenue Code outlined in the Restrictive covenants and MOHCD area median income (“MOHCD AMI”). [If desired, include specific income restrictions here.] The Agent will seek third-party verification and second-party documentation in conformance with the IRS code’s Restrictive Covenants, as administered by the CTCAC.
3. On-site Applicants may be over income and exceed the 24 C.F.R Part 5 and/or MOHCD AMI. However, when the On-Site Applicant moves out, the next household to occupy the unit will meet the most restrictive of the 24 C.F.R. Part 5 or MOHCD AMI, and the PBV associated with that unit will be available.
4. All definitions relating to income are based on 24 C.F.R. Part 5 and MOHCD AMI, as published annually by MOHCD, except otherwise noted.
5. All applicants for the **PHR or Expired PHR** units must meet the eligibility requirements outlined in the SFHA’s current Administrative Plan.
6. The Tax Credit student rule applies to the **Non-PBV TC Units**, and the HUD and LIHTC full-time student rules apply to the **PHR** units.
7. For **PHR** units, a previous eviction could preclude a household from consideration if the loss of rental subsidy is due to Housing Authority rule violations.

**C. UNIT TYPES & RESTRICTIONS** - The income restrictions below are for [NAME OF DEVELOPMENT] and are posted in the Leasing Office.

[DEVELOPER/PROPERTY MANAGEMENT, COMPLETE CHART BELOW. YOU MAY CREATE/INSERT NEW LINE TO KEEP UNIT TYPES, TAX CREDIT AND/OR PHR, WITH LIKE AMI’S TOGETHER]

Unit Type	# of Non-PBV TC Units	# of PHR RAD PBV Units	# of PHR Non-RAD PBV Units	# of PHR No TC Units	Maximum % AMI per LIHTC	Maximum % AMI per 24 CFR Part 5	Target % AMI for unit and funding type
1 BR	#	#	#	#	%	%	%
2 BR	#	#	#	#	%	%	%
3 BR	#	#	#	#	%	%	%
4 BR	#	#	#	#	%	%	%
5 BR	#	#	#	#	%	%	%

TOTAL	#	#	#	#			
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[DEVELOPER/PROPERTY MANAGEMENT, PLEASE EXPAND OR COLLAPSE CHART TO MATCH YOUR UNIT TYPES AND INCOMES]

**D. UNIT SIZE/OCCUPANCY STANDARDS** – Upon initial occupancy, no more than two persons will be assigned to a bedroom, plus one adult. Children under six years of age do not count toward the occupancy minimum. Maximum household size cannot exceed San Francisco Department of Building Inspection occupancy standards with regard to square footage per occupant. **(If there is State of California Housing and Community Development funding in the project, then occupancy standards may be different and Developer/Manager should state the most restrictive occupancy standard below.)** Households will be accommodated in accordance with the following occupancy standards:

[DEVELOPER/MANAGEMENT, MOHCD/HOPE SF HAS LISTED THE HUD OCCUPANCY STANDARDS IN THE CHART BELOW. PLEASE MODIFY THIS CHART TO INCLUDE THE OCCUPANCY STANDARD WITH THE HIGHEST MINIMUM FROM FOR THIS DEVELOPMENT.]

	<u>Minimum</u>	<u>Maximum</u>
1. Studio	1	2
One Bedroom	1	3
Two Bedroom	2	5
Three Bedroom	3	7
Four Bedroom	4	9
Five Bedroom	5	11

The above listed Occupancy Chart above adheres to the occupancy standards set by [DEVELOPER/MANAGEMENT, NAME THE REGULATORY AGENCY OCCUPANCY STANDARD YOUR PROPERTY MANAGEMENT DEPARTMENT WILL FOLLOW FOR THIS DEVELOPMENT.]

2. The head of household must be 18 years of age or older, or an emancipated minor.
3. A Live-In Aide is allowed to live in the apartment due to a reasonable accommodation. They may be allowed a separate bedroom.
4. \* Children 6 years and under do not count toward minimum occupancy standard.
5. For PBV units, the occupancy standard of SFHA will apply per the current Administrative Plan. If there is a conflict between SFHA occupancy standards and another regulatory agency’s occupancy standards, the regulatory agency with the highest minimum occupancy for this development will prevail.

*\* Developer/Management makes sure this language is consistent with what was negotiated in the marketing plan with your OCII and/or MOHCD Project Manager and MOHCD Below Market Rate Staff.*

## **E. WAITING LISTS**

Two waiting lists will be maintained.

### **1. Non-PBV TC Units**

Please see [NAME OF DEVELOPMENT]'s Housing Preferences and Lottery Procedures Manual for a description of the **Non-PBV TC Units** waiting list process that includes a discussion about maintaining the lottery waitlist, filling vacancies in a Non-PBV TC Units, creating a waitlist for residents who need to transfer to a different Non-PBV TC Units and process for filling vacancies in accessible Non-PBV TC Units. The Non-PBV TC Units will be Waiting List A.

*Please note that the HOPE SF Resident Selection Criteria is one part of the entire Marketing Plan for this development. The Marketing Plan for this development includes the Marketing and Tenant Selection Plan for Initial Rental Units that covers the Non-PBV TC Units, the current version of the MOHCD Housing Preference and Lottery Procedures Manual, and this HOPE SF Resident Selection Criteria. The MOHCD Housing Preference and Lottery Procedures Manual is available on the MOHCD website at <https://sfmochd.org>.*

### **2. PHR**

Waiting List B will be maintained for the PHR units by SFHA. Waiting List B will be maintained according to family size, type of unit for applicant households, total household income, and status in relation to preferences. Waiting List B will be used for units which have been set aside for persons on the HOPE SF [NAME OF HOPE SF DEVELOPMENT] Waitlist. After on-site residents have exercised their Right to Revitalized Units, households will be selected from site-based waiting list(s) based on waitlist position as shown in the preference list in the current SFHA Admin Plan.

#### **a. Vacancy in a PHR Units after Initial Lease Up**

1. When a unit becomes available, Management completes SFHA's Applicant Referral Request form. Once completed, Management emails scanned copies to the SFHA's Waitlist Management Department Program Manager and SFHA's Leased Housing Department/RAD Program Manager.
2. The Program Managers from SFHA's Waitlist Management Department and Lease Housing Department/RAD work together to refer a potential resident in the order of the preference from SFHA's waitlist for [NAME OF PROPERTY], as listed in the SFHA Admin Plan.

## **VIII. APPLICANT SCREENING**

**For a quick reference of all the information in Section VIII – Applicant Screening, please see Exhibit A.**

### **A. Processing Priority (applies to all Non-PBV TC Units and PHR units)**

1. Units designed specifically for individuals with a physical impairment:

- a. For this development, "physical impairment" is defined as mobility impairment which necessitates the features in a mobility unit. Features in a mobility unit include, but are not limited to, required wheel-chair turning space in unit, arm reach requirements to appliances, lowered cabinets, roll-in showers. For all units designed specifically with mobility features, priority will be given to those applicants needing such modifications. .

[NAME OF PROPERTY MANAGEMENT AGENT] will follow the process for mobility impairment units that is written in the current version of the MOHCD Housing Preferred and Lottery Procedures Manual.

2. Units designed for individuals with a hearing or vision impairment:
  - a. For all units designed specifically with hearing and/or vision features, priority will be given to those applicants and households where a member is in need of such modifications.

**B. Initial Interview – All household members must be present at the initial interview (applies to all Non-PBV TC Units and PHR units).**

At the scheduled interview, all eligibility factors will be explained to the applicants, with particular emphasis on the Applicant Screening Requirements. During the interview, the staff person will do the following:

1. Clarify any information provided by the applicant;
2. Income qualification verification, including self-employment: soliciting third-party verification from all sources in order to determine annual household income (the maximum income levels apply to the LIHTC and PBV programs), and all assets, including bank accounts;
3. Make copies of photo identification, i.e. Driver's License or state I.D. card, passport, travel visa, I-94s or employment cards for adults 18 years of age and older, and birth certificates for children under the age of 18 years of age;
4. Make copies of photo identification, i.e. Driver's License or state I.D. card, passport, travel visa, I-94s or employment cards for adults 18 years of age and older, and birth certificates for children under the age of 18 years of age;
5. Answer any questions the applicant may have
6. Provide Fair Chance Ordinance ("FCO") language.

**C. Income Qualification/Gross Rent as Percentage of Gross Income**

1. Non-PBV TC Units
  - a. To protect [NAME OF DEVELOPMENT] from rent loss and rent delinquency, residents are eligible for the "lottery units" if their income is two times the net rent.
  - b. All income must be verified by Management.

- c. For determining gross rent as percentage of gross income, gross rent shall be calculated using tenant rent plus utility allowance. If there is no utility allowance, tenant rent shall be considered gross rent.
- d. Income qualification adheres to the the current version of the MOHCD Housing Preference and Lottery Procedures Manual and is consistent with the Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT] that covers the “lottery units.” Please see section [LIST SECTION IN THE THE MARKETING & TENANT SELECTION PLAN COVERING INCOME QUALIFICATION] of the Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT].

2. PHR

a. *On-Site Applicants:*

- i. SFHA staff will calculate the tenant paid portion for the priority household. The tenant paid portion will be listed on the SFHA referral and the amount shown on the referral will be the Total Tenant Payment (TTP). Given the requirements of certain funding sources, PHR units may have differing underlying rent restrictions based on AMI. In such cases, Management will match applicant income to the AMI level appropriate for each unit

Management will calculate area median income (AMI) for purposes of HOPE SF income reporting that is submitted to the MOHCD Project Manager/OCII Community Development Specialist for [NAME OF DEVELOPMENT] during initial lease-up. On the reporting form, Management must indicate if AMI’s are based on MOHCD or CTCAC AMI’s.

- ii. If an On-site Applicant is over income, the new affordable development must accept the On-site Applicant. The over-income unit will remain a PHR unit, but it will no longer be classified a tax credit unit if the income of the resident exceeds the current maximum of California Tax Credit Allocation Committees maximum income for tax credit eligible unit. Such instances will be reviewed on a phase-by-phase basis.
- iii. If an On-site Applicant household is also an ESH, the new affordable development must accept the On-site Applicant. The ESH will remain in a PHR unit, but it will no longer be classified a tax credit unit as it is out of compliance with the IRS Section 42 Tax Credit/ LIHTC program. Such instances will be reviewed on a phase-by-phase basis.

b. *Off-site/Cross-Site Applicants*

- i. SFHA staff will calculate the tenant paid portion for the priority household. The tenant paid portion will be listed on the SFHA referral and the amount shown on the referral will be the Total Tenant Payment (TTP). Management will calculate area median income (AMI) for

purposes of HOPE SF income reporting that is submitted weekly to the MOHCD Project Manager/OCII Community Development Specialist for [NAME OF DEVELOPMENT] during lease-up. Also, if [NAME OF DEVELOPMENT] has multiple AMI levels, including those for PHR units, Management will do its best to categorize the current AMI level per the affordable financing program for the unit.

- ii. As the owner of Right to Revitalized Units accepting Off-Site and/or Cross-Site Applicants did not anticipate, during its financial feasibility analysis, accepting any over-income Off-Site or Cross-Site Applicants, over-income Off-Site and/or Cross-Site Applicants will not be accepted or referred to [NAME OF DEVELOPMENT].
- iii. As the owner of Right to Revitalized Units accepting Off-Site and/or Cross-Site Applicants did not anticipate, during its financial feasibility analysis, accepting any ESHs, ESHs will not be accepted or referred to [NAME OF DEVELOPMENT].

3. Expired PHR

Expired PHR units will follow the same process identified above for Cross-Site Applicants. As the PHR units are expired, the owner of [NAME OF DEVELOPMENT] will not be required to accept any over-income SFHA referred residents. Over-income SFHA referred households may have a negative long term financial impact to [NAME OF DEVELOPMENT].

**D. References**

1. Non-PBV TC Units: Please see [NAME OF DEVELOPMENT]'s San Francisco Housing Portal – DAHLIA project posting pages for a description of Managements process and/or policy for receiving rental history references for the tax credit units.
2. PHR
  - a. *On-site Applicants*: Management will not take rental references for Onsite Applicants
  - b. *Off-site Applicants*: Management will not take rental references for Offsite Applicants
  - c. *Cross-Site Applicants*: Management will take rental references for Cross-Site Applicants. [MANAGEMENT STATE PROCESS & INCLUDE IN DESCRIPTION THE TIME PERIOD IN WHICH RENTAL HISTORIES WILL BE CONSIDERED.]
3. Expired PHR: Expired PHR units will follow the same process identified above under References - PHR Units: Cross-Site Applicants.

**E. Credit and Unlawful Detainer (“UD”) Checks**

## 1. Non-PBV TC Units

- a. Management will request credit histories on each adult member of each applicant household and will request written documentation from the applicant's current landlord and former landlords for the past two (2) years. Documented lease violations with regard to non-payment or late rent payment, disturbance of neighbors, destruction of property that would pose a threat to other residents will inform the leasing agent about past performance meeting rental obligations. If Management receives any negative information from a former landlord with documented proof of a lease, code or house rules violation(s) within the last 2 years, the application may be rejected.
- b. Applicants who have failed to pay amounts due or failed to reach a satisfactory agreement to pay those amounts will also be considered ineligible. Mitigating circumstances (i.e., late fee/charges disputes) will be considered.
- c. Management will initiate an eviction history and credit report. An unlawful detainer shall go back no further than three (3) years. The applicant shall be notified of such action in advance.
- d. Except in a criminal background check, if there is a finding of any kind except that would negatively impact an application, the applicant will be notified in writing. The applicant will have 5 business days to appeal to Management for reconsideration. A comparable unit will be held while the applicant is going through the appeals process.
- e. If there is a finding during the criminal background, in accordance with Article 49 of the San Francisco Police Code, an applicant will have 14 calendar days to appeal and a comparable unit will be held for 14 calendar days.

## 2. PHR

- a. *On-site Applicants*: credit checks are not to be conducted for On-Site Applicants.
- b. *Off-site Applicants*: credit checks are not to be conducted for Off-Site Applicants.
- c. *Cross-Site Applicants*: Management [will/will not] conduct credit and unlawful detainer checks on Cross-Site Applicants. Management's process will [DEVELOPER/MANAGER SELECT THE TRUE STATEMENT "follow the process described above under VIII.E. Credit and Unlawful Detainer Checks – Non-PBV TC Units." OR "be as described below". (MANAGEMENT TO DESCRIBE PROCESS).]
  - i. If there is a finding of any kind which would negatively impact an application, the applicant will be notified in writing. With the written notification, [NAME OF PROPERTY MANAGEMENT AGENT] will

include the HOPE SF “Encouragement” letter provided in Exhibit C.

*Developer/Property Manager, please note that your MOHCD Project Manager and/or OCII Development Specialist will provide you with the most recent “Encouragement Letter” in Word. Please make sure to request it from your MOHCD Project Manager or OCII Development Specialist if you did not receive it with the Word version of this document.*

3. Expired PHR: [MANAGEMENT STATE WHICH CREDIT AND UD CHECK PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

*Please note: At Sunnydale and Potrero and due to the size of the relocation efforts and timing of new construction, it is possible that On-Site Applicants may move into Expired PHR units. If or when this occurs, On-Site Applicants in Expired PHR units at the HOPE SF property must be processed as On-Site Applicants in new PHR units and must follow the process in Section VIII.E.2.a above.*

## **F. Criminal Background Checks**

1. Non-PBV TC Units: Management will conduct criminal background checks on all applicants to Non-PBV TC Units.
2. PHR
  - a. On-site Applicants: [NAME OF MANAGEMENT COMPANY] will *not* conduct criminal background checks on On-Site Applicants who meet the definition of “good standing” with SFHA and are referred for the new development.
  - b. Off-site Applicants: [NAME OF MANAGEMENT COMPANY] will *not* conduct criminal background checks on Off-Site Applicants who have met the definition of “good standing” with SFHA and are referred for [NAME OF DEVELOPMENT].
  - c. Cross-Site Applicants: Management [will/will not] conduct criminal background checks on Cross-Site Applicants.
3. Expired PHR: Management will conduct criminal background checks for all applicants.
4. All criminal background checks MUST be conducted in accordance with the Fair Chance Ordinance (FCO) Article 49 San Francisco Police Code–Protections for People with Prior Arrests or Conviction Records. [FULL NAME OF PROPERTY MANAGEMENT AGENT STAFF] has no authority over the applications received from households interested in [NAME OF DEVELOPMENT]. [FULL NAME OF PROPERTY MANAGEMENT AGENT STAFF] is *not* involved in the collection of households’ application or documents submitted with the application or review, approval or denial of applications for this project. [FULL NAME OF PROPERTY



MANAGEMENT AGENT STAFF] will obtain the criminal record upon approval of the applicants' eligibility in all areas other than criminal background. Each criminal background report request and response will be time and date stamped via email or via hand stamped to ensure review was completed after the provisional approval of the application.

**Under the Fair Chance Ordinance, the applicant has the right to the following:**

1. All other qualifications for affordable housing will be decided BEFORE Management knows anything about prior arrest or conviction records. Management may run a criminal history report at the same time as a rental or credit history but will not look at it prior to determining the applicant is qualified.
2. Management will not ask the applicant about a prior record for any household member through a rental application form or in an interview.
3. The applicant will be provided with a copy of Fair Chance Ordinance notice before Management runs the background report.
4. The following six “off-limits” categories will not be requested or considered on the criminal records check of any household member:
  - arrests that did not result in conviction
  - participation in a diversion or deferral judgment program
  - expunged, judicially dismissed, invalidated or otherwise inoperative convictions
  - juvenile record
  - a conviction more than 7 years old
  - an infraction
5. Each record will be assessed individually, in which only the “directly-related” convictions and unresolved arrests in the record are considered. In considering whether a conviction / unresolved arrest is directly-related, Management shall look at whether the conduct has a direct and specific negative bearing on the safety of persons or property, and given the nature of the housing, whether the housing offers the opportunity for the same/similar offense to occur, whether circumstances leading to the conduct will recur in [NAME OF DEVELOPMENT] and whether supportive services, when available, might reduce the likelihood of a recurrence.
6. The applicant will be provided with a copy of the background report and told which conviction or unresolved arrest is the basis for the potential denial. The applicant will have 14 days to respond orally or in writing to request reversal of the denial. The applicant can respond by:

- Pointing out any inaccuracies in the report;
  - Providing evidence of rehabilitation. Evidence of rehabilitation include satisfying parole/probation, receiving education/training, participating in alcohol or drug treatment programs, letters of recommendation, age at the time of conviction, and/or;
  - Explaining any mitigating factors about the circumstances of the conviction. (Mitigating factors include physical or emotional abuse, coercion, untreated abuse/mental illness that led to the conviction).
7. The applicant has a right to call the Human Rights Commission to understand their rights or file a complaint (within 60 days of violation) without any negative action or retaliation taken against the applicant by [NAME OF PROPERTY MANAGEMENT AGENT]. For more information, contact the Human Rights Commission at (415) 252-2500 or email hrc.info@sfgov.org.

## G. Fees

Fees for processing income, credit, unlawful detainer and criminal checks will not be charged, except as indicated below:

1. Non-PBV TC Units: A fee of [MANAGEMENT STATE THE DOLLAR AMOUNT OF THE UD, CREDIT, AND CRIMINAL CHECK. IF A FEE IS CHANGED IT CANNOT EXCEED \$25.00. IF NO FEE IS CHARGED, PLEASE SHOW AS "\$0.00"] per adult applicant 18 years or older is required at the time of the initial interview for the unlawful detainer, credit and criminal checks. Applicants will be reviewed for criminal background in accordance with Article 49 of the San Francisco Police Code, the Fair Chance Ordinance. The fee must be paid by Money Order
2. PHR
  - a. On-site Applicants: Not applicable.
  - b. Off-site Applicants: Not applicable
  - c. Cross-Site Applicants: Management [will/will not] collect a fee for the credit, unlawful detainer, and criminal checks. [IF MANAGEMENT WILL TAKE A FEE. MANAGEMENT STATE THE AMOUNT OF THE FEE AND WHEN CROSS-SITE APPLICANTS MUST PAY FEE.]
3. Expired PHR: [MANAGEMENT STATE WHICH FEE PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

## IX. FINAL ELIGIBILITY DETERMINATION

**A. Notification of Eligibility:** Upon completion of eligibility determination, eligible applicants will be notified in writing of their status and given an approximate date when they can expect to receive an offer of a unit. The basis of the final eligibility will be as follows:

1. Non-PBV TC Units

- a. After the applicant's initial eligibility has been determined with regard to household annual income, rental history, and credit history, Management will make a final eligibility determination after reviewing the criminal report on each adult applicant.
- b. Once final eligibility is determined, the staff will ask applicants to select their first, second and third choice of unit according to household size and income. When leasing up, units are assigned in lottery rank order. Once a household passes income, rental and credit checks, Management assigns and holds the applicant's first, second, or third choice whichever is available.
- c. A comparable unit will be held while the applicant is going through the appeals process.

2. PHR

a. *On- and Off- site Applicants:*

- i. Management will make a final eligibility determination after receiving the referral from SFHA, conducting initial interview, and completing the income qualification and determining unit size for household configuration. (Unit size based on household configuration is on SFHA referral letter.)
- ii. Once final eligibility is determined, Management will proceed to execute lease documents and assign the next unit available for which the household has been deemed eligible.
- iii. [NAME OF MANAGEMENT COMPANY] will offer units to On- and Off-Site Applicants in referral order, the order in which the referrals were sent by SFHA's Waitlist Department.

b. *Cross-Site Applicants:*

- i. Management will make a final eligibility determination after receiving the referral from SFHA, conducting initial interview, completing the income qualification, determining unit size for household configuration, and completing rent reference, credit, UD, and criminal background checks. . (Unit size based on household configuration is on SFHA referral letter.) Off-Site Applicants will be notified in writing of their status and given an approximate date when they can expect to receive an offer of a unit
- ii. Once final eligibility is determined, the Management will proceed to execute lease documents and assign the next unit available for which the household has been deemed eligible.
- iii. [NAME OF MANAGEMENT COMPANY] will offer units to Cross-Site Applicants in referral order, the order in which the referrals were sent by SFHA's Waitlist Department.

3. Expired PHR: [MANAGEMENT STATE WHICH FINAL ELIGIBILITY

DETERMINATION PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

**B. Notification of Ineligibility.** If an applicant is deemed ineligible. The applicant will be notified in writing of his/her ineligibility. The ineligibility letter will include: (i) the reason for the denial, (ii) notification that the applicant has a right to an informal review, (iii) the process for an informal review. A summary of acceptable grounds for denial can be found in Exhibit B. Management will include in the ineligible letter a copy of Encouragement Letter found in Exhibit C for Off-Site or Cross-Site applicants that have been determined ineligible.

**X. APPEALS OF DENIALS**

For all Non-PBV TC Units, Management will report all Non-PBV TC Units applicant denials and appeals to MOHCD Below Market Rate on a weekly basis through the lease up.

For all PHR Units, Management will report all PHR Units applicant denials and appeals to SFHA's Waitlist Management Department's Program Manager II, MOHCD Project Manager or OCII Development Specialist of the HOPE SF property, MOHCD Project Manager of [NAME OF DEVELOPMENT], and the HOPE SF property's service and/or relocation and readiness provider on a weekly basis through the lease up.

Non-PBV TC Units applicants, Off- and Cross- Site Applicants determined ineligible for admission by Management may appeal through an informal review of the determination. Non-PBV TC Units applicants, Off- and Cross- Site Applicants must make the request within [MANAGEMENT COMPANY LIST NUMBER OF DAYS FOR APPEAL] calendar days of the date of [NAME OF MANAGEMENT COMPANY'S] notice of ineligibility and/or denial letter. Within [MANAGEMENT COMPANY LIST NUMBER OF DAYS TO SCHEDULE AND REVIEW APPEAL] calendar days of receiving the request, Management must schedule the review and notify the applicant of the place, date and time of informal interview.

Informal reviews will be conducted by an impartial review officer who had no involvement in the ineligibility determination. The review officer will be selected by [NAME OF MANAGEMENT COMPANY]. [NAME OF MANAGEMENT COMPANY] has selected [MANAGEMENT COMPANY PROVIDE THE TITLE AND/OR POSITION OF THE PERSON SELECTING THE IMPARTIAL REVIEW OFFICER] to be the impartial review officer. [MANAGEMENT COMPANY PROVIDE THE TITLE AND/OR POSITION OF THE PERSON SELECTING THE IMPARTIAL REVIEW OFFICER] may be contacted by phone at [MANAGEMENT COMPANY PROVIDE THE PHONE NUMBER OF THE IMPARTIAL REVIEW OFFICER] and by email at [MANAGEMENT COMPANY PROVIDE THE EMAIL OF THE IMPARTIAL REVIEW OFFICER], and has an office located at [MANAGEMENT COMPANY PROVIDE THE FULL ADDRESS OF THE IMPARTIAL REVIEW OFFICER'S OFFICE]. The applicant may bring to the review any documentation or evidence he/she wishes and the applicant's evidence along with the data compiled by Management will be considered by the review officer.

The review officer will make a determination based upon the merits of the evidence presented by Management and applicant. Within [MANAGEMENT COMPANY LIST NUMBER OF DAYS REVIEWER HAS TO MAIL APPEAL] days of the date of the review, the review officer will mail a written decision to the applicant and place a copy of the decision in the

applicant's file.

**XI. OCCUPANCY PROTECTION FOR HUD-ASSISTED HOUSEHOLDS IN NON-PBV TC UNITS, PHR, AND EXPIRED PHR**

**A. Management must complete the current version of the *Tenancy Addendum Section 8 Project-based Voucher Program (form HUD 52530.c)* for any and all residents at [NAME OF DEVELOPMENT] with a Housing Choice Voucher (HCV). HCV units include RAD Units, Non-RAD PBV Units, and “tenant based” and/or “portable” HCV for residents residing in Non-PBV TC Units. Management sends the fully completed and executed HUD 52530.c to the SFHA RAD Program Manager, Leased Housing Department.**

1. Non-PBV TC Units: *HUD-Assisted households in Non-PBV TC Units applies to households with a HCV that are commonly called “tenant based” and/or “portable.”* In this case, [NAME OF MANAGEMENT COMPANY] has no authority to terminate the “tenant based” and/or “portable” HCV of tenants. Owners may only terminate tenancy in limited circumstances as prescribed in the *Housing Assistance Payment Contract (HAP Contract) Section 8 Tenant-Based Assistance Housing Choice Voucher Program (form HUD-52641)* and by the terms of the lease and must follow HUD and state/local procedures. Terminations for reasons other than those permitted by HUD are prohibited. The lease agreement details the grounds for termination of tenancy, which does include failure to meet LIHTC requirements, including LIHTC-specific income and student eligibility rules.

a. SFHA requires that a household pay 30% of their adjusted household income. If at the annual or interim recertification SFHA determines that 30% of the household’s adjusted gross income is equal to or higher than the contract rent, SFHA will give household 180 days before removing the household from the HCV program. If during the 180 day period there have been no changes to the household’s income, SFHA will send the household a letter indicating that the household will be removed from the HCV program. *There is nothing in SFHA’s letter that states the households must ~~vacant~~ vacate or leave the unit.*

2. PHR & Expired PHR [NAME OF MANAGEMENT COMPANY] has no authority to terminate the RAD and/or Non-RAD PBV rental subsidy of the residents. Owners may only terminate tenancy in limited circumstances as prescribed in the *Tenancy Addendum Section 8 Project-based Voucher Program (form HUD 52530.c)* and by the terms of the lease and must follow HUD and state/local procedures. Terminations for reasons other than those permitted by HUD are prohibited. The lease agreement details the grounds for termination of tenancy which does include failure to meet LIHTC requirements, including LIHTC-specific income and student eligibility rules.

a. RAD Units: SFHA requires that households pay 30% of their adjusted household income even if it exceeds the contract rent. If at the annual or interim recertification

SFHA determines that 30% of the households' adjusted gross income is equal to or above the contract rent, the households in the PHR RAD Unit is allowed to remain in the unit, as referenced in SFHA's current Housing Choice Voucher Program Administrative Plan and as regulated in the HUD PIH -2012-32 Notice and all subsequent updates. SFHA will not pay subsidy on the unit when the households are able to pay the full contract rent. Households retain all other rights under the lease, including the right to occupy the unit. This provision is only utilized for residents living in the HOPE SF property prior to conversion, and those who will return to the HOPE SF property after conversion. All other residents fall under XI.A.1.a.

- b. Non- RAD PBV Units: Please see XI.A.1.a above, as these units process will be similar to households with a "tenant based" and/or "portable" in Non-PBV TC Units.

## EXHIBIT A

### Screening Criteria Summary

Screening Criteria	Non-PBV TC Units	PHR On-Site	PHR No TC Units (Allowed only at HOPE SF Properties)	PHR Off-Site	PHR Cross-Site	Expired PHR
Annual household income	Yes; Use the maximum per MOHCD or TCAC limits for the specific development	Yes, for CTCAC purposes only. Resident <u>cannot</u> be denied due to income. Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI.	Yes, for CTCAC purposes only. Resident <u>cannot</u> be denied due to income; Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI. Income of Initial Household in unit may exceed the MOHCD, TCAC, or HUD limits. At or below HUD 50% AMI	Yes; Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI. Households may <u>not</u> exceed the MOHCD or TCAC limits.	Yes; Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI. Households may <u>not</u> exceed the MOHCD or TCAC limits.	Yes; The lower of TCAC limit for the unit or 50% HUD AMI.
Entirely Full Time Student Household Status	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC. If ESH, may be assigned to PHR No TC Unit.	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC.
Household occupancy standard	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)
Rental history	Yes; by Developer as stated in the Marketing Plan, Section VIII.D.1 of this document, and restated in Exhibit B.	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	Yes; by Developer as stated in Section VIII.D.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.D.3 and restated in Exhibit B of this document.

Unlawful Detainer	Yes; by Developer as stated in the Marketing Plan, Section VIII.E.1 of this document, and restated in Exhibit B.	SFHA to determine if households is in eviction proceedings. Developer may <u>not</u> screen per Right to Return to Revitalized Unit Ordinance.	SFHA to determine if households is in eviction proceedings. Developer may <u>not</u> screen per Right to Return to Revitalized Unit Ordinance	SFHA to determine if households is in eviction proceedings. Developer may <u>not</u> screen per Right to Return to Revitalized Unit Ordinance.	Yes; by Developer as stated in Section VIII.E.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.E.3 and restated in Exhibit B of this document.
Credit	Yes; by Developer as stated in the Marketing Plan, Section VIII.E.1 of this document, and restated in Exhibit B.	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	Yes; by Developer as stated in Section VIII.E.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.E.3 and restated in Exhibit B of this document.
Criminal background	Yes; by Developer as stated in the Marketing Plan, Section VIII.F.1 of this document, and restated in Exhibit B.	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	Yes; by Developer as stated in Section VIII.F.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.F.3 and restated in Exhibit B of this document.



**EXHIBIT B**  
**Permissible Denial Categories**

1. Non-PBV TC Units: Applicants in unsubsidized tax credit units may be denied for the reasons listed in the Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT]. Please see sections [List all sections that contain information regarding denying potential residents.]
  - 1) Annual Income, Occupancy Standard, Entirely Fully Time Student Household Status, Regulatory Programs other than SFHA and MOHCD.
    - Non-PBV TC Applicants annual income (including assets) is not within the established restrictions for the property.
    - Non-PBV TC Applicants household size does not meet minimum or exceeds maximum occupancy standard for [NAME OF DEVELOPMENT] as provided in Section IIV.D of this document.
    - Non-PBV TC Applicants household does not meet all program regulated eligibility requirements, including Entirely Fully Time Student Household for [NAME OF DEVELOPMENT].
  - 2) Rental History
    - [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED ON RENTAL HISTORY.]
  - 2) Credit & Unlawful Detainers
    - [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED CREDIT & UNLAWFUL DETAINERS.]
  - 3) Criminal Background Check

**All items for denial below must be in compliance with the Fair Chance Ordinance.**

    - [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED ON THE CRIMINAL BACKGROUND CHECK.]
  - 4) Personal History

***HOPE SF, MOHCD, and OCII recognize that personal history checks are required by CTCAC, especially when the applicant***

*household has no rental history.*

- [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED ON PERSONAL HISTORY CHECK.]

5) Other

- Non-PBV TC Applicants and all household members not showing up for interview with [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT]. Exceptions will be granted for hospitalization, medical reasons, emergency, etc., (or some other time acceptable to Management) prior to completion of Initial Certification.
- Non-PBV TC Applicants not providing completed and signed applications, release of information, and application fee (if required).
- Non-PBV TC Applicants not providing landlord references covering the last three years of residency.
- Non-PBV TC Applicants not providing appropriate proof of all income sources and assets.
- Non-PBV TC Applicants not providing any other documents required to determine eligibility.
- Intentional falsification of any information on the application by Non-PBV TC Applicants.
- Other good cause: including, but not limited to, failure to meet any of the selection criteria in this document.
- Non-PBV TC Applicant declines an apartment offer after eligibility is determined by [NAME OF MANAGEMENT COMPANY]. Non-PBV TC Applicant's decline of an apartment is considered to be a withdrawal of the rental application for [NAME OF DEVELOPMENT] by the Non-PBV TC Applicant. [NAME OF MANAGEMENT COMPANY] will contact Non-PBV TC Applicant a minimum of two (2) times and will use all modes of communication available (phone, email, regular mail, etc.) by [DEVELOPER/MANAGEMENT STATE THE FORM OF CONTACT YOU WILL MAKE TO APPLICANTS]. Management will take into consideration cases of reasonable accommodation or other mitigating circumstances.
- Failure to update application for Waiting List A within specified times when notified no less than two times.

- [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED.]

2. PHR:

- a. On-site Applicants: Only On-site Applicants that are in good standing, per the Right to Return ordinance, will be referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] by SFHA. On-site Applicants referred to [NAME OF MANAGEMENT COMPANY] are assumed to be in good standing and may not be denied placement into a PHR unit.
- b. Off-site Applicants: Only Off-site Applicants that are in good standing, per the Right to Return ordinance, will be referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] by SFHA. Off-site Applicants referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] are assumed to be in good standing. [NAME OF MANAGEMENT COMPANY] may deny Off-site Applicants if one of the the three following occurs: *[Property Management Agents, please note that the prompts below are permanent requirements and may not be changed without permission from your MOHCD Project Manager or OCII Development Specialist. If you must change the language below or your process is different, please show your proposed request using Word redline function and state the reason for your proposed change. In addition, the denial letter must clearly state the reason for denial, and it must state the time period a resident has to appeal the denial. The denial letter must be provided to the MOHCD Project Manager or OCII Development Specialist for review and approval along with this document. Any and all denial letters sent to a HOPE SF Off-Site Applicant must include the completed HOPE SF “Encouragement Letter.” Please make sure to request the current version of the “Encouragement Letter” from your MOHCD Project Manager or OCII Development Specialist.]*
  - 1) Eligibility income exceeding the maximum allowed;
  - 2) Family composition not appropriate for available bedroom sizes at [NAME OF DEVELOPMENT];
  - 3) Intentional falsification of any information on the application;
  - 4) All members of household are full-time students and do not meet any of the criteria outlined in the Entirely Full-Time Student Household, as defined in this document.
  - 5) Failure to present all members of the family at the full family interview, except for hospitalization, medical reasons, emergency, etc.,

(or some other time acceptable to management) prior to completion of Initial Certification;

- 6) Declines an apartment offer after being contacted three (3) times;
- c. Cross-site Applicants: Only Cross-site Applicants that are in good standing, per the Right to Return ordinance, will be referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] by SFHA. Cross-site Applicants referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] are assumed to be in good standing. [NAME OF MANAGEMENT COMPANY] may deny Cross-site Applicants for any of the following: *[Property Management Agents, please note that the prompts below are permanent requirements and may not be changed without permission from your MOHCD Project Manager or OCII Development Specialist. If you must change the language below or your process is different, please show your proposed request using Word redline function and state the reason for your proposed change. In addition, the denial letter must clearly state the reason for denial, and it must state the time period a resident has to appeal the denial. The denial letter must be provided to the MOHCD Project Manager or OCII Development Specialist for review and approval along with this document. Any and all denial letters sent to a HOPE SF Cross-Site Applicant must include the completed HOPE SF “Encouragement Letter.” Please make sure to request the current version of the “Encouragement Letter” from your MOHCD Project Manager or OCII Development Specialist.]*
- 1) Annual Income, Occupancy Standard, Entirely Fully Time Student Household Status, Regulatory Programs other than SFHA and MOHCD.
    - Cross-site Applicants annual income (including assets) is not within the established restrictions for the property.
    - Cross-site Applicants household size does not meet minimum or exceeds maximum occupancy standard for [NAME OF DEVELOPMENT] as provided in Section IIV.D of this document.
    - Cross-site Applicants household does not meet all program regulated eligibility requirements, including Entirely Fully Time Student Household for [NAME OF DEVELOPMENT].
  - 2) Rental History
    - May not have a judgement against the the Cross-site Applicants head-of-household(s) obtained by the current or previous landlord within the last two (2) years. No fault events will not count against Cross-site Applicants.

- Cross-site Applicants may not have an unmet obligation owed to a previous landlord within the last two (2) years.
- Cross-site Applicants who have not made timely payments ninety (90) days prior to the date of processing may be denied. Cross-site Applicants who have three (3) or more unpaid late payments twelve (12) months prior to the application processing date for [NAME OF DEVELOPMENT] may be denied. Cross-site Applicants who have late fees paid off in any period of time prior to the application processing date for [NAME OF DEVELOPMENT] may not be denied.
- [MANAGEMENT LIST ANY OTHER REASONS A CROSS-SITE APPLICANT WILL BE DENIED BASED ON RENTAL HISTORY IF NOT CAPTURED IN ABOVE BULLETS.]

3) Credit & Unlawful Detainers

- Total unmet credit problems, including governmental tax liens, within the last three (3) years, must not be in excess of \$2,500.
- Cross-Site Applicants may not have bankruptcy discharged within the last three (3) years.
- Cross-Site Applicants may not have seven (7) or more unmet credit problems of any value within the last three (3) years.

4) Criminal Background Check

**All items for denial below must be in compliance with the Fair Chance Ordinance.**

- Any adult, age 18 or over, Cross-Site Applicant who is subject to any states sex offender lifetime registration requirement.
- Felony conviction.
- An established documented pattern of criminal activity.
- The documented manufacturing, selling or possession of any drugs or illegal substances, or documented established pattern of manufacturing, selling or possession of any drugs or illegal substances.
- Documented incidences of physical violence to person or property, violent criminal activity, sexual abuse, illegal weapons possession, any form of assault, breaking and entering, burglary or drug related criminal activity, or any

act that would threaten the health, safety or right to peaceful enjoyment by other residents, or employees and contractors who work with the community.

5) Personal History

***HOPE SF, MOHCD, and OCII recognize that personal history checks are required by CTCAC, especially when the applicant household has no rental history. As Cross-Site Applicants will have a rental history of 12 months within the last three years or longer at a HOPE SF property, personal history checks are NOT allowed as a reason for denial in a PHR unit.***

6) Other

- Cross-Site Applicants and all household members not showing up for interview with [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT]. Exceptions will be granted for hospitalization, medical reasons, emergency, etc., (or some other time acceptable to Management) prior to completion of Initial Certification.
- Cross-Site Applicants not providing completed and signed applications, release of information, and application fee (if required).
- Cross-Site Applicants not providing landlord references covering the last three years of residency.
- Cross-Site Applicants not providing appropriate proof of all income sources and assets.
- Cross-Site Applicants not providing any other documents required to determine eligibility.
- Intentional falsification of any information on the application by Cross-Site Applicants.
- Other good cause: including, but not limited to, failure to meet any of the selection criteria in this document.
- Cross-Site Applicant declines an apartment offer after eligibility is determined by [NAME OF MANAGEMENT COMPANY]. Cross-Site Applicant's decline of an apartment is considered to be a withdrawal of the rental application for [NAME OF DEVELOPMENT] by the Cross-Site Applicant. [NAME OF MANAGEMENT COMPANY] will contact Cross-Site Applicant a minimum of two (2) times and will use all modes of communication available (phone, email, regular mail, etc.) by [DEVELOPER/MANAGEMENT STATE THE FORM OF

CONTACT YOU WILL MAKE TO APPLICANTS].

Management will take into consideration cases of reasonable accommodation or other mitigating circumstances.

- [MANAGEMENT LIST ANY OTHER REASONS A CROSS-SITE APPLICANT WILL BE DENIED.]

Consideration may be given for extenuating/mitigating circumstances where any of the denial items above would be required as a reasonable accommodation when determining the acceptability of tenancy. Cross-Site Applicants with disabilities have the right to request reasonable accommodations to participate in the informal hearing process for [NAME OF DEVELOPMENT].

3. Expired PHR: [MANAGEMENT STATES WHICH DENIAL PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

***For PHR units, it is the Off-Site, Cross-Site, and PBV/TC (including expired PHR) Applicant's responsibility to provide SFHA with current household configuration and total household income information.***

**EXHIBIT C**  
**Encouragement Letter**

Encouragement letter follows this cover



**EXHIBIT D**  
**Violence Against Women Reauthorization Act of 2013 (VAWA)**

- A. **Protections.** VAWA protections apply to individuals and families applying for or residing in housing governed by the project-based Section 8 program, various HUD programs, and other affordable housing programs. The law protects victims or survivors of domestic violence, dating violence, sexual assault, or stalking, as well as their immediate family members generally, from being evicted or being denied housing assistance on the basis that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault or stalking if the applicant or tenant otherwise qualifies for admission, assistance, participation or occupancy. VAWA also provides that an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking, does not qualify as a serious or repeated violation of the lease nor does it constitute good cause for terminating the assistance, tenancy, or occupancy rights of the victim or survivor. Furthermore, criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking is not grounds for terminating the victim’s or survivor’s tenancy. If permitted by applicable law, including, but not limited to Article 49 of the San Francisco Police Code “Procedures for Considering Arrests or Convictions and Related Information in Employment and Housing Decisions” commonly referred to as the Fair Chance Ordinance (“FCO”), [NAME OF PROPERTY MANAGEMENT AGENT] (“Management”) may bifurcate (divide a lease as a matter of law) in order to evict, remove, or terminate the assistance of the offender while allowing the victim or survivor, who is a tenant or lawful occupant, to remain in the unit, with [Property Management Agent to state the position of the staff that will grant approval] approval.

VAWA ensures that victims are not denied housing and housing assistance solely because the person is a victim of a VAWA crime or incident; however, being a victim of a VAWA crime or incident is not reason to change the eligibility or applicant screening requirements set forth in the Resident Selection Criteria, unless such requirements interfere with protections provided under VAWA.

For example: Management may waive the requirement to review landlord history if the victim has provided necessary documentation to certify their status as a victim and if contacting a previous landlord would put the applicant’s location at risk of exposure to the accused perpetrator.

- B. **Definitions.** The following definitions are provided as assistance in understanding and implementing VAWA protections. The definitions for domestic violence, dating violence, sexual assault, or stalking and affiliated individual have been incorporated into the United States Housing Act.

- **Domestic Violence** includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, or intimate partner of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with

or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

- **Dating Violence** means violence committed by a person: (A) who is or has been in a social relationship of a romantic or intimate nature with the victim, and (B) where the existence of such a relationship shall be determined based on a consideration of the following factors: (i) the length of the relationship; (ii) the type of relationship; and (iii) the frequency of interaction between the persons involved in the relationship.
- **Sexual Assault** means any nonconsensual sexual act proscribed by Federal, tribal or State law, including when the victim lacks capacity to consent.
- **Stalking** means engaging in a course of conduct directed at a specific person that would cause a reasonable person to (1) fear for the person's individual safety or the safety of others, or (2) suffer substantial emotional distress.
- **Affiliated Individual** means, with respect to a person: (a) a spouse, parent, brother, sister, or child of that person, or an individual to whom that person stands in the place of a parent to a child (for example, the affiliated person is a child in the care, custody, or control of that individual); or (b) any individual, tenant, or lawful occupant living in the household of that person.
- **Bifurcate** means to divide a lease as a matter of law, subject to the permissibility of such process under the requirements of the applicable program and State or local law, such that certain tenants or lawful occupants can be evicted or removed while the remaining household members can continue to reside in the unit under the same lease requirements or as may be revised depending upon the eligibility for continued occupancy of the remaining tenants and lawful occupants.

C. **Protections for Victims or Survivors of Domestic Violence, Dating Violence, Sexual Assault, or Stalking.** The law offers the following protections against eviction or denial of housing based on domestic violence, dating violence, sexual assault, or stalking:

1. An applicant's or program participant's status as a victim or survivor of domestic violence, dating violence, sexual assault, or stalking is not a basis for denial of rental assistance or for denial of admission, if the applicant otherwise qualifies for assistance or admission.
2. An incident or incidents of actual or threatened domestic violence, dating violence, sexual assault, or stalking will not be construed as serious or repeated violations of the lease or other "good cause" for terminating the assistance, tenancy, or occupancy rights of a victim or survivor of abuse.

3. Criminal activity directly related to domestic violence, dating violence, sexual assault, or stalking, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, shall not be cause for termination of assistance, tenancy, or occupancy rights of the victim or survivor of the criminal acts.
  4. Assistance may be terminated or a lease "bifurcated" in order to remove an offending household member from the home. Whether or not the individual is a signatory to the lease and lawful tenant, if he/she engages in physical violence against family members or others, he/she stands to be evicted, removed, or have his/her occupancy rights terminated. This action is taken while allowing the victim or survivor, who is a tenant or a lawful occupant, to remain. Decisions to bifurcate a lease or evict a tenant under VAWA will be made consistent with the requirements of the FCO, including, but not limited to, Sections 4907(f) and (g).
  5. The provisions protecting victims or survivors of domestic violence, dating violence, sexual assault, or stalking engaged in by a member of the household, may not be construed to limit Management, when notified, from honoring various court orders issued to either protect the victim or survivor or address the distribution of property in case a family breaks up.
  6. The authority to evict or terminate assistance is not limited with respect to a victim or survivor that commits unrelated criminal activity. Furthermore, if Management can show an actual and imminent threat to other tenants or those employed at or providing service to the property if an unlawful tenant's residency is not terminated, then evicting a victim or survivor is an option, VAWA notwithstanding. Ultimately, Management may not subject victims or survivors to more demanding standards than other tenants.
  7. VAWA protections shall not supersede any provision of any federal, state, or local law that provides greater protection for victims or survivors of domestic violence, dating violence, sexual assault, or stalking. The laws offering greater protection are applied in instances of domestic violence, dating violence, sexual assault, or stalking.
- D. **Confidentiality**. The Notice of Occupancy Rights under VAWA provides notice to the resident/applicant of the confidentiality of information about a person seeking to exercise VAWA protections and the limits thereof. The identity of the victim and all information provided to Management relating to the incident(s) of abuse covered under VAWA will be retained in confidence. Information will not be entered into any shared database nor provided to a related entity, except to the extent that the disclosure is:
1. Requested or consented to by the victim in writing; or
  2. Required for use in an eviction proceeding or termination of assistance; or
  3. Otherwise required by applicable law.

Management will retain all documentation relating to an individual's domestic violence,

dating violence, sexual assault and/or stalking in a separate file that is kept in a separate secure location from other applicant or resident files.

- E. **Certification.** Management response to an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking that could potentially have an impact on a tenant's participation in the housing program may request in writing that an individual complete, sign, and submit within 14 business days of the request, the HUD-approved VAWA certification form.

Alternatively, in lieu of the certification form or in addition to it, Management may accept a) a federal, state, tribal, territorial, or local police record or court record or b) documentation signed and attested to by a professional (employee, agent or volunteer of a victim service provider, an attorney, medical personnel, etc.) from whom the victim or survivor has sought assistance in addressing domestic violence, dating violence, sexual assault, or stalking or the effects of the abuse. The signatory attests under penalty of perjury (28 U.S.C. § 1746) to his/her belief that the incident in question represents bona fide abuse, and the victim or survivor of domestic violence, dating violence, sexual assault, or stalking has signed or attested to the documentation. Such information may not be sufficient to bifurcate a lease or evict a household member under the FCO and Management will comply with all applicable laws when making decisions to terminate a tenancy or take other action against a household member under VAWA.

The victim is not required to name his/her accused perpetrator if doing so would result in imminent threat or if the victim does not know the name of his/her accused perpetrator.

- F. **Tenants' Rights and Responsibilities.** Tenants and family members of tenants who are victims or survivors of domestic violence, dating violence, sexual assault, or stalking are protected by VAWA from being evicted or from housing assistance being terminated because of the acts of violence against them.

If requested, tenants are required to submit to Management, a completed Certification of Domestic Violence, Dating Violence or Stalking, Form HUD-91066 (*currently, a new Certification form is in use until HUD notification*), or other supporting documentation as described in E., above, within 14 business days of Management's request, or any extension of that date provided by the Management. If the certification or other supporting documentation is not provided within the specified timeframe, the landlord may begin eviction proceedings.

If the tenant has sought assistance in addressing domestic violence, dating violence, sexual assault, or stalking from a federal, state, tribal, territorial jurisdiction, local police or court, the tenant may submit written proof of this outreach.

It is possible for someone lawfully occupying the unit, who is also a victim or survivor, to be evicted or removed from the home. If the victim or survivor commits separate criminal activity, a landlord may evict them for engaging in crime. Furthermore, if a victim or survivor poses "an actual and imminent threat to other tenants or those employed at or

providing service to the property,” they could be evicted, despite VAWA. Of paramount consideration within VAWA is that the landlord may not hold the victim or survivor to a more demanding standard than other tenants.

Victims are encouraged to seek police/legal protection from their accused perpetrator. In some cases, Management may file a restraining order against the accused perpetrator to prevent the accused perpetrator from entering the property.

**EXHIBIT N**  
**Intentionally Omitted**

**EXHIBIT O**  
**Commercial Underwriting Guidelines**

# Mayor's Office of Housing and Community Development Commercial Space Underwriting Guidelines

Effective February 2, 2018

## A. Applicability

The following Commercial Space Underwriting Guidelines (Guidelines) are intended to assist applicants for capital financing to prepare financing requests to the Mayor's Office of Housing and Community Development (MOHCD). They apply to new construction projects only. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee for consideration. The Loan Committee maintains the right to set final terms and conditions for commitment of funds based on the actual circumstances of each project. MOHCD reserves the right to review and approve any requests for variations to these Guidelines. These Guidelines are subject to change.

## B. Goals

1. To repay the City for costs related to the development of commercial spaces located within City-funded affordable housing properties.
2. To create vibrant neighborhoods, especially for those experiencing displacement of low-income residents, by facilitating the development of commercial space for Public Benefit and Community Serving Commercial Uses.
3. To recognize the dynamism and relationship to market conditions in commercial real estate that is not found in affordable housing while also mitigating against the market risk inherent in this dynamism.

## C. Definitions

1. **Affiliated Entity:** An entity that is either controlled by the Housing Owner, controls the Housing Owner, or is under common control with Housing Owner. Control, as used in the previous sentence, means the ownership, directly or indirectly, of the right to vote in or direct the ordinary operations of the entity.
2. **Commercial Space:** An entire undifferentiated commercial area for Public Benefit Use, Community Serving Commercial Use, or Commercial Use. If the Project is subdivided, then the Commercial Space would be a condominium or air rights parcel, separate from the Residential Space. It is possible to have more than one Commercial Space in a Project because the developer intends different uses (for example, a space finished to Warm Shell and where use will be Public Benefit Use, while another area is finished to Cold Shell and Commercial Use is intended). A Commercial Space may be demised into more than one Individual Tenant Space as appropriate.
3. **Commercial Use:** A land use, typically retail or other sales and services use, with the sole or chief emphasis on making financial gain and that is not a Public Benefit Use or Community Serving Commercial Use as defined below. Commercial Uses shall not include uses that, in MOHCD's sole discretion, are inconsistent with fostering a stable environment for families and children, including, but not limited to, bars, liquor stores,



tobacco product stores, recreational cannabis shops (medical cannabis dispensaries may be permitted in MOHCD's sole discretion, but only to the extent permitted by funding sources and applicable local, state, and federal law) or other uses that cater exclusively to adults.

4. **Commercial Entity:** A legal entity, separate from the Housing Owner, who may either master lease the Commercial Space from the Housing Owner or ground lease the Commercial Space directly from the City, as provided in Permitted Legal Structures, below.
5. **Commercial Project Costs:** The total of all hard and soft costs associated with the development of the Commercial Space.
6. **Community Serving Commercial Use:** A land use, typically retail or other sales and services use, that provides a direct benefit to the community, e.g. a food market with affordable and healthy produce and other goods, community banking, or other neighborhood serving uses that have a demonstrated benefit to the residents of the Project, as determined by MOHCD in its sole discretion.
7. **Commercial Space Master Tenant:** A Commercial Entity that is an Affiliated Entity and that leases the Commercial Space from the Housing Owner and subleases Individual Tenant Space(s) to Individual Commercial Tenant(s).
8. **Housing Owner:** The owner of the residential improvements at the Project.
9. **Cold Shell:** Commercial Space improvements as defined in detail under Item 18.
10. **Individual Commercial Tenant:** An occupant of Commercial Space rented from the Housing Owner or Commercial Entity (depending on legal structure).
11. **Individual Tenant Space:** Demised portion of the Commercial Space for lease to an Individual Commercial Tenant.
12. **Net Commercial Cash Flow:** Commercial Operating Income less the Commercial Operating Expenses for a Lease Year (or portion thereof). **Commercial Operating Expenses** means the reasonable and customary expenses of reasonable operating and routine maintenance and repair expenses incurred by the Housing Owner or Commercial Entity (depending on legal structure) in the operation of the Commercial Space, debt service, and MOHCD-approved reserves. **Commercial Operating Income** means all income and receipts in any form received by the Housing Owner or Commercial Entity (depending on legal structure) from the operation of the Commercial Space, including rents, fees, deposits, and reimbursements.
13. **Project:** A mixed-use, multifamily residential and commercial project built with substantial reliance on City funding, which may include one or more subdivided residential condominium/air rights parcels and commercial condominium/air rights parcels.
14. **Public Benefit Use:** A land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit

corporations, and has been identified by the City or community as a priority use. Examples include, but are not limited to, childcare centers, adult day health centers, nonprofit office space, public libraries, supportive services for the residents of the affordable housing development, health clinics that serve the local community at no or low cost, arts-related spaces that provide programs, and classes and/or exhibition spaces available to community members at no or low cost.

- 15. Residential Space:** The entire undifferentiated residential area for future demising and occupancy by residential tenants. If the Project is subdivided, then the Residential Space would be a condominium or air rights parcel, separate from the Commercial Space(s).
- 16. Tenant Improvement Allowance:** A budget allowance sized to accommodate the build out of Warm Shell improvements, which MOHCD may approve when the Individual Commercial Tenant/s is unknown at construction loan closing.
- 17. Warm Shell:** Commercial Space improvements as defined in detail under Item 18.
- 18. *Detailed definition of Cold Shell and Warm Shell improvements (see next page)***

<b><u>Scope/Trade</u></b>	<b><u>Cold Shell</u></b>	<b><u>Warm Shell (Cold Shell plus the following)</u></b> (Note: The cost of Warm Shell improvements should be included in the development budget either as a specific scope of work, if known, or as a Tenant Improvement Allowance, subject to MOHCD approval.)
<b>Walls/Doors</b>	Exterior/perimeter walls and doors. Exterior/perimeter walls must be finished with gyp and fire taping to Code.  No partition walls or doors.	Partition walls and doors to Individual Tenant Space/s. Partition walls, doors and locks for bathrooms based on Individual Commercial Tenants and Code requirements.
<b>Finish</b>	Exposed concrete slab with rough-in Plumbing, depressed to allow for anticipated use (floor sinks, drains). Temporary ramps for Certificate of Completion, as required.	Finished floor to minimum specification of Individual Commercial Tenant or exposed slab with clearance to install flooring to level landing at door. Wall and ceiling finish, lighting and finish specialties in bathrooms.
<b>Specialties</b>	Code required signage. Exterior commercial signage program developed and approved by Planning and MOHCD.	Bathroom accessories. Exterior signage design, infrastructure, fabrication and installation.
<b>Structural</b>	Anchors for drop-ceiling. Anchors must be cast-in slab 4' on center in each direction. Coring or block-out for assumed HVAC rough-in.	Code required ramps and railings to assumed final finish floor and level landing at entrance(s).
<b>Elevator</b>	No	As required.

<b>Mechanical</b>	Stub out for heat-pump, space on roof for equipment, and pad (or sidewall where possible). Fire rated shaft for later ducting of restaurant hood(s); supply air / louver on exterior wall.	Venting of bathrooms and all other plumbing fixtures. Ductwork to connect location of heatpump to exterior. Code required smoke control. In the case of an approved restaurant use, minimum of one (1) grease duct plus make up air (MUA) duct to accommodate Type 1 hood. Type 2 hood shaft and venting may be considered.  Does not include water heating and all other mechanical equipment.
<b>Gas</b>	Stub-out for gas and gas meter in meter room.	Submeters based on establishment of Individual Tenant Space/s.
<b>Plumbing</b>	Stub-out for domestic water supply and water meter in meter room. Storm sewer 4". Stub out all plumbing (supply and waste) to bathroom location(s).  No finish.	Water meters based on establishment of Individual Commercial Tenant/s. Distribute domestic water, waste and vents to plumbing fixture locations within Individual Tenant Space/s. Finish plumbing.
<b>Electrical</b>	200A-600A 3 phase service. Meter in electrical room with service to Commercial Space. Stub out and conduit on ceiling for mechanical. Perimeter walls to have wall receptacles. Light fixtures in space connected to house meter to meet Certificate of Completion requirements only. Emergency lighting battery back-up.	Submeters based on established Individual Commercial Tenant/s and extension of stub-outs to Individual Tenant Space/s. Installation of sub panel at Individual Tenant Space/s.
<b>Telco</b>	Two (2) 2" conduits from MPOE to space for telecom/data/security. Temporary security camera connected to residential system until Commercial Space is occupied.	

<p><b>Fire Protection/ Alarm</b></p>	<p>Building Fire Alarm shall be sized and zoned to include Commercial Space. State and Local SFFD Code requirements for Completion and Certificate of Occupancy must be met. Sprinkler shall be installed, activated and monitored.</p>	<p>Zoning of Fire Alarm to Individual Tenant Space/s and re-configuration / programming of main building fire panel.</p>
<p><b>Site Work</b></p>	<p>No</p>	<p>No</p>

#### **D. Permitted Legal Structures**

a. Each of the following legal structures may be used for a Project, as permitted by MOHCD, taking into account the location of the Project, the community that the Project intends to serve, financing requirements and restrictions, and the capacity and expertise of the developer and Housing Owner. These Guidelines assume MOHCD owns the land on which the Project is located. In the rare scenario in which that is not the case, MOHCD and the Housing Owner will adjust these Guidelines accordingly to achieve the Goals articulated in Paragraph B and the same financing principles related to the use of MOHCD funds.

1. No Subdivision; Single Ground Lease. The real property is not subdivided and the entire property is ground leased to Housing Owner.

a. Direct Leases: Housing Owner leases directly to Individual Commercial Tenant(s); or

b. Commercial Master Lease: Housing Owner leases the Commercial Space to the Commercial Entity (which must be an Affiliated Entity) (the “Commercial Space Master Tenant”). The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

2. Subdivision. The real property is subdivided into a separate residential condominium or air rights parcel and a separate commercial condominium or air rights parcel (or subdivided into more than one separate parcels of either use).

a. Single Ground Lease. The real property is subdivided, and the City ground leases the entire property to the Housing Owner.

(i) Direct Leases: Housing Owner retains ownership of the leasehold for the Commercial Space and leases directly to Individual Commercial Tenant(s); or

(ii) Commercial Master Lease: Housing Owner retains ownership of the leasehold for the Commercial Space and leases the Commercial Space to a Commercial Space Master Tenant. The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

b. Separate Ground Leases.

(i) The City ground leases the Residential Space to the Housing Owner. The City separately ground leases the Commercial Space to the Commercial Entity. The Commercial Entity may or may not be an Affiliated Entity.

(ii) Where the Commercial Entity is a for-profit company, not related to the Housing Owner, and the Commercial Space will be used for Commercial Use, the City’s strong preference is that the subdivision be in the form of a condominium as opposed to an air rights parcel.

## **E. Underwriting Guidelines for All Permitted Legal Structures**

1. The eligible uses of MOHCD Funds for Commercial Project Costs are:
  - a. Hard Costs: Subject to approval by MOHCD, Borrower may request the use of MOHCD funds for the following:
    - i. Commercial Uses: Cold Shell only. However, MOHCD may provide funding for Warm Shell improvements required to be installed concurrent with residential construction (e.g. restaurant flue shafts with grease ducts and access panels on each floor, drain lines and anchor bolts installed in PT floor and ceiling slabs). If Housing Owner is working with the Commercial Entity or an Individual Commercial Tenant before or during construction, Housing Owner may install ducting to the exterior (roof or louvers on building exterior) as a reimbursable cost to Housing Owner by the Commercial Entity or the Individual Commercial Tenant. Costs for all Cold Shell and Warm Shell improvements must be repaid to MOHCD, in full or in part, through non-housing sources, according to the requirements set forth in Section I below.
    - ii. Community Serving Commercial Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources, such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc., as appropriate for the proposed use for the purpose of reducing funding required from MOHCD.
    - iii. Public Benefit Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc. as appropriate for the proposed use, for the purpose of reducing funding required from MOHCD.
  - b. Soft Costs: Subject to MOHCD approval and evaluated based on industry standards and market conditions for comparable projects and uses, including:
    - Construction management and consulting fees for coordination of tenant improvements with shell construction
    - Commercial broker fee
    - Commercial space lease-up reserve
    - Commercial space replacement reserve
    - Commercial space developer fee (see developer fee policy below)
    - Market analysis as is required by MOHCD
    - Future tenant improvements reserve
    - Pro rata share of Project development costs associated with Commercial Space (for example, financing costs and legal fees)

## 2. Conditions of MOHCD Funds.

- a. Market Analysis: Developer shall provide MOHCD a third party prepared market analysis (e.g. from a broker, appraiser, or market analyst) to determine appropriate terms for Market Rents, Rent Growth, Annual Rent Adjustments, Rent Concessions and/or Tenant Improvement Allowances, Vacancy, Expenses, Expense Growth, Management Fees, Leasing Agent Fees, and Reserves.
- b. Operating Budget. Developer shall provide the Housing Owner's or Commercial Entity's (depending on legal structure) commercial operating budget based on proposed use and market conditions consistent with the third party prepared Market Analysis provided for the project as defined above in 2.a. Commercial rents charged must be sufficient to cover all direct, shared, and allocated costs attributable to commercial use, including, but not limited to: pro-rata share of cleaning, maintenance and utility costs for shared bathrooms and hallways; pro-rata share of maintenance of fire sprinkler and fire alarm systems; pro-rata share of cleaning, maintenance and repair of the trash room; pro-rata share of maintenance and repair of the sidewalk, street trees and bike racks; pro-rata share of hydro-jetting of the sewer laterals; and pro-rata share of back-flow testing of the water lines. Commercial operating expenses shall include all utilities payable by the property for the Commercial Space, commercial property management and asset management fees, commercial operating and replacement reserves, and property taxes and insurance attributable to the Commercial Space.
- c. Leases and Letters of Intent. The Commercial Master Lease and business terms for Direct Leases and subleases are subject to review and approval by MOHCD, in accordance with the Market Analysis and these Guidelines.

### **F. Commercial Space Developer Fee**

1. Commercial Uses: The lesser of \$100,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 incremental fee will be allowed for completion of the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. The Commercial Space Developer Fee is payable only from non-MOHCD sources, e.g. commercial loan proceeds or transfer of the leasehold estate in the Commercial Space, etc.
2. Public Benefit Uses and Community Serving Uses: The lesser of \$250,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 in fee will be allowed for completing the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. Half of the Commercial Space Developer Fee is payable



only from non-MOHCD sources, e.g. commercial loan proceeds, grants, or transfer of the leasehold estate in the Commercial Space.

3. Commercial Space Developer Fee; Net Developer Fee Maximums. To the extent allowable by TCAC, the Commercial Space Developer Fee is in addition to the net developer fee maximums pursuant to MOHCD Developer Fee Guidelines.

#### **G. Change in Use**

Change in use from Public Benefit Use or Community Serving Commercial Use to Commercial Use requires approval by MOHCD and will result in required repayment of the costs of Warm Shell improvements funded by MOHCD loan(s). Repayment will be calculated by amortizing the MOHCD-funded costs over the useful life of the improvements and sized based on the number of years the improvements did not serve a Public Benefit or Community Serving Commercial Use.

#### **H. Single Ground Lease Additional Guidelines**

The following ground lease terms apply where the City ground leases the entire property to the Housing Owner, whether or not the property has been subdivided.

1. Direct Lease
  - a. **40% City/60% Housing Owner:** 40% of Net Commercial Cash Flow will be paid by Housing Owner to City in the form of increased ground lease payment of Residual Rent (see MOHCD Policy on Ground Leases for defined terms). Housing Owner will retain 60% of Net Commercial Cash Flow.
  - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.
2. Commercial Master Lease
  - a. **40% City/60% Affiliated Entity:** 40% of Net Commercial Cash Flow will be paid by Commercial Entity to Housing Owner and subsequently paid to City in the form of increased ground lease payment of Residual Rent. 60% of Net Commercial Cash Flow is payable to the Commercial Entity (ie. the Commercial Space Master Tenant). The Commercial Entity must be an Affiliated Entity.
  - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.

#### **I. Separate Ground Leases Additional Guidelines**

The following MOHCD commercial loan repayment and commercial ground lease terms apply where the property has been subdivided, the City ground leases the Residential Space to the Housing Owner, and the City ground leases the Commercial Space(s) to the Commercial Entity(ies).

1. Reimbursement to MOHCD of Commercial Project Costs depends on the ownership structure and the type of use, as follows:

- a. Public Benefit Uses, Community Serving Commercial Uses, and Commercial Uses when the Commercial Entity is an Affiliated Entity:

Within the earlier of 90 days after 75% occupancy is achieved for Commercial Space or one year after the issuance of a Temporary Certificate of Occupancy or Certificate of Occupancy for the Commercial Space, the Commercial Entity must obtain a commercial loan commitment to repay MOHCD for all Commercial Project Costs included in MOHCD financing. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval. The commercial loan must close within 90 days following the issuance of a loan commitment. In the event that the commercial loan is not large enough to fully repay MOHCD for Commercial Project Costs, MOHCD will retain a second position Deed of Trust against the Commercial Space, securing a Note in the amount of any unpaid balance. Any outstanding balance on a MOHCD commercial loan will be payable upon refinance or transfer of the Commercial Space.

- b. Commercial Uses when the Commercial Entity is an unrelated third-party:

The Commercial Entity must repay MOHCD for all Commercial Project Costs included in MOHCD financing at close of purchase of the leasehold interest in the commercial condominium/air rights parcel and/or execution of the commercial ground lease. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval.

2. Commercial Space Ground Lease Payment and Payment on Any Outstanding MOHCD Commercial Loan

- a. Public Benefit Uses & Community Serving Commercial Uses: Annual ground lease payment equal to 40% of Net Commercial Cash Flow. However, if there is an outstanding MOHCD commercial loan, the 40% Net Commercial Cash Flow will first be used to pay down the MOHCD commercial loan and then to the annual ground lease payment. Commercial Entity will retain 60% of Net Commercial Cash Flow.

- b. Commercial Uses: Annual ground lease payment equal to market rent based on current comparable leases. Sizing of Base Rent and Residual Rent to be negotiated. If there is an outstanding MOHCD commercial loan (only applicable when the Commercial Entity is an Affiliated Entity), 40% Net Commercial Cash Flow will be used to pay off the MOHCD commercial loan and then go towards payment of Residual Rent, if applicable. Commercial Entity will retain 60% of Net Commercial Cash Flow.

3. Any transfer or sale of the Housing Owner's or Commercial Owner's ground lease interest in the Commercial Space parcel is subject to MOHCD approval as ground lessor. If the Project was developed as air rights parcels, MOHCD may require that the air rights subdivision be converted to condominiums before the Commercial Space may be transferred to an unaffiliated for-profit entity for Commercial Use.

4. Ground Lease Term: To be negotiated based on Market Analysis (see section E.2.a. for requirements for Market Analysis.)

**EXHIBIT P**  
Residual Receipts Policy

# Mayor's Office of Housing and Community Development

## Residual Receipts Policy

### Effective April 1, 2016

#### INTRODUCTION

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

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

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

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

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

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

**I. Definition of Residual Receipts**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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