

File No. 220767

Committee Item No. 13

Board Item No. 39

## COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date July 13, 2022

Board of Supervisors Meeting Date July 19, 2022

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | MOU                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement                    |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission          |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                 |

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>DRAFT Low/Moderate Income Declarations of Restrictions</u>         |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Exhibit O</u>  |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Exhibit P</u>  |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Planning General Plan Referral 6/2/2022</u>                        |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Board Resolution No. 238-17 6/15/2017</u>                          |

Completed by: Brent Jalipa Date July 7, 2022

Completed by: Brent Jalipa Date July 14, 2022

1 [Loan Agreements - MidPen Housing Corporation - 100% Affordable Rental Housing for  
2 SFUSD Educators and Employees - Total Loans Not to Exceed \$48,200,000]

3 **Resolution 1) approving and authorizing a Loan Agreement in an amount not to exceed**  
4 **\$2,656,208 for a minimum loan term of 57 years (“Low Income Loan Agreement”) to**  
5 **finance the development and construction of a project located at 1360-43rd Avenue in**  
6 **San Francisco (“Property”) with the MP Francis Scott Key 2 Associates, L.P. in order to**  
7 **construct a 100% affordable, 35-unit multifamily rental housing development affordable**  
8 **to low-income households with priority to educators and employees of the San**  
9 **Francisco United School District (SFUSD); 2) approving and authorizing an Amended**  
10 **and Restated Loan Agreement in an amount not to exceed \$45,543,792 for a minimum**  
11 **loan term of 57 years (“Moderate Income Loan Agreement”) to finance the development**  
12 **and construction of a project located at the Property with MP Francis Scott Key 1, LLC.**  
13 **in order to construct a 100% affordable, 100-unit multifamily rental housing**  
14 **development affordable to moderate-income households with priority to educators and**  
15 **employees of the San Francisco United School District, and space for community-**  
16 **serving purposes; 3) adopting findings that the Project and proposed transactions are**  
17 **consistent with the General Plan, and the eight priority policies of Planning Code,**  
18 **Section 101.1; and 4) authorizing Mayor and the Director of MOHCD to execute the Low**  
19 **Income Loan Agreement and Moderate Income Loan Agreement, and make certain**  
20 **modifications to such agreements, as defined herein, and take certain actions in**  
21 **furtherance of this Resolution, as defined herein.**

22  
23 WHEREAS, The City, acting through MOHCD, administers a variety of housing  
24 programs that provide financing for the development of new affordable multi-family housing  
25 for low-income households in San Francisco; and

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

5 WHEREAS, The San Francisco United School District (“District”) owns that certain  
6 property located 1360 43rd Avenue in San Francisco (the “Property”) and is authorized under  
7 state law to use the Property for affordable housing for the District’s educators and  
8 employees; and

9 WHEREAS, The Board of Supervisors adopted Resolution No. 238-17 that found and  
10 and declared that it is a necessary and important public purpose to provide affordable housing  
11 to the District’s educators, found and declared that a restriction for affordable housing for  
12 District educators unable to afford market rents is necessary to achieve the important public  
13 purpose of increasing opportunities for such persons to continue to live in the City, reduce  
14 turnover of District educators, and support the educational success and stability of each  
15 school in the District and the children in the City, and urged the MOHCD to develop a pilot  
16 program to create affordable rental housing for educators of the District; and

17 WHEREAS, On October 3, 2017, MOHCD issued a Request for Proposals (“RFP”) with  
18 the District for a housing developer to work with the City to construct on the Property a  
19 residential building consisting of 35 units (including one manager’s unit) of low-income  
20 affordable rental housing units (“Low Income Project”) and 100 units of moderate-income  
21 affordable rental housing units, as well as community serving space for residents of the  
22 building and neighborhood residents (“Moderate Income Project”) , with priority given to the  
23 District’s educators and employees (all of the foregoing, collectively, the “Project”); and

24 WHEREAS, The Low-Income Project will consist of 8 units restricted at 40% of median  
25 income (“AMI”), 12 units at 50% of AMI, and 14 units restricted at 60% of AMI, plus one

1 resident manager unit, and the Moderate Income Project will consist of 33 units restricted at  
2 80% of AMI, 34 units at 100% of AMI, and 33 units restricted at 120% of AMI; and

3 WHEREAS, MidPen Housing Corporation, a California nonprofit public benefit  
4 corporation (“MIDPEN”) responded to the RFP and was selected as the developer to  
5 undertake the development and construction of the Project for the District’s educators and  
6 other employees; and

7 WHEREAS, MIDPEN has established MP Francis Scott Key 2 Associates, L.P.,  
8 a California limited partnership (the “Low Income Developer”), as a separate entity  
9 under which to develop and construct the Low-Income Project, and MP Francis Scott  
10 Key 1, LLC, a California limited liability company (the “Moderate Income Developer,”  
11 and together with the Low Income Developer, the “Developers”), as a separate entity  
12 under which to develop and construct the Moderate Income Project; and

13 WHEREAS, On May 21, 2020, by Notice of Final Approval of an SB 35 Project,  
14 the Planning Department by case No. 2018-015768PRJ determined that the  
15 development of the Project met all the standards of the Planning Code and would be  
16 eligible for ministerial approval under California Government Code, Section 65913.4  
17 (Senate Bills 35 and 765), California Public Resources Code, Section 21080, and the  
18 CEQA Guidelines, Sections 15002(i)(1), 15268 and 15369, and would therefore not be  
19 subject to the California Environmental Quality Act (“CEQA”); and

20 WHEREAS, The Planning Department determined that the Project is consistent with  
21 the General Plan, and eight priority policies of Planning Code, Section 101.1 (the “General  
22 Plan Referral”); a copy of the Planning Department’s General Plan Referral is on file with the  
23 Clerk of the Board of Supervisors in File No. 220767, and is incorporated herein by reference;  
24 and

1           WHEREAS, MOHCD is providing the Developers with new financial assistance to  
2 leverage other funding sources in order for the Developers to construct the Project; and

3           WHEREAS, On April 15, 2022, the Citywide Affordable Housing Loan Committee,  
4 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of  
5 Community Investment and Infrastructure, and the Controller’s Office of Public Finance  
6 recommended approval to the Mayor of a loan for the Low Income Project in an amount not to  
7 exceed \$2,656,000 in local funds (“Low Income Loan”) and loan for the Moderate Income  
8 Project in an amount not to exceed \$45,543,792 in local funds (“Moderate Income Loan”), for  
9 an aggregate funding amount not to exceed \$48,199,792 for the Project, a copy of which is on  
10 file with the Clerk of the Board of Supervisors in File No. 220767, and is incorporated herein  
11 by reference; and

12           WHEREAS, The City, through MOHCD, will make the Low Income Loan to the Low  
13 Income Developer under a Loan Agreement (“Low Income Loan Agreement”) and evidenced  
14 by a promissory note with the following material terms: (i) a minimum term of 57 years; (ii) an  
15 interest rate of up to three percent (3%); (iii) annual repayment of the Low Income Loan by  
16 Low Income Developer through residual receipts from the Low Income Project; (iv) the Low  
17 Income Project shall be restricted for life of the Project as affordable housing to low-income  
18 households with annual maximum rent and income established by MOHCD; and (v) the Low  
19 Income Loan Agreement shall be secured by a deed of trust recorded against the Low Income  
20 Developer’s leasehold interest in the Property; a copy of the substantially final forms of the  
21 Low Income Loan Agreement, promissory note, deed of trust, and declaration of restrictions is  
22 on file with the Clerk of the Board of Supervisors in File No. 220767, and is incorporated  
23 herein by reference; and

24           WHEREAS, The City, through MOHCD, will make the Moderate Income Loan to the  
25 Moderate Income Developer under an Amended and Restated Loan Agreement (“Moderate

1 Income Loan Agreement”) and evidenced by a promissory note with the following material  
2 terms: (i) a minimum term of 57 years; (ii) an interest rate of up to three percent (3%); (iii)  
3 annual repayment of the Moderate Income Loan by the Moderate Income Developer through  
4 residual receipts from the Moderate Income Project; (iv) the Moderate Income Project shall be  
5 restricted for life of the Project as affordable housing to moderate-income households with  
6 annual maximum rent and income established by MOHCD; and (v) the Moderate Income  
7 Loan Agreement shall be secured by a deed of trust recorded against the Moderate Income  
8 Developer’s leasehold interest in the Property; a copy of the substantially final forms of the  
9 Moderate Income Loan Agreement, promissory note, deed of trust, and declaration of  
10 restrictions is on file with the Clerk of the Board of Supervisors in File No. 220767, and is  
11 incorporated herein by reference; now, therefore, be it

12           RESOLVED, That the Board of Supervisors hereby finds that the Project (and  
13 associated actions necessary to effectuate the Project) is consistent with the General Plan,  
14 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as  
15 set forth in the General Plan Referral, and hereby incorporates such findings by reference as  
16 though fully set forth in this Resolution; and, be it

17           FURTHER RESOLVED, That the Board of Supervisors hereby approves the Low-  
18 Income Loan Agreement and the transaction contemplated thereby in substantially the form  
19 presented to the Board, and authorizes the Mayor and the Director of MOHCD, to execute  
20 and deliver the Low Income Loan Agreement and any such other documents that are  
21 necessary or advisable to complete the transaction contemplated by the Low Income Loan  
22 Agreement and to effectuate the purpose and intent of this Resolution; and, be it

23           FURTHER RESOLVED, That the Board of Supervisors hereby approves the Moderate  
24 Income Loan Agreement and the transaction contemplated thereby in substantially the form  
25 presented to the Board, and authorizes the Mayor and the Director of MOHCD, to execute

1 and deliver the Moderate Income Loan Agreement and any such other documents that are  
2 necessary or advisable to complete the transaction contemplated by the Low Income Loan  
3 Agreement and to effectuate the purpose and intent of this Resolution; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes Director of MOHCD,  
5 in consultation with the City Attorney, to enter into any additions, amendments, or other  
6 modifications to the Low Income Loan Agreement and/or Moderate Income Loan Agreement,  
7 and any other documents or instruments necessary in connection therewith (including, without  
8 limitation, preparation and attachment or, or changes to, any of all of the exhibits and ancillary  
9 agreements), that the Director of MOHCD determine are in the best interests of the City, do  
10 not materially decrease the benefits to the City with respect to the Property and the Project,  
11 do not materially increase the obligations or liabilities of the City, and are necessary or  
12 advisable to complete the transaction contemplated in the Low Income Loan Agreement and  
13 Moderate Income Loan Agreement, and that effectuate the purpose and intent of this  
14 Resolution, such determination to be conclusively evidenced by the execution and delivery by  
15 the Director of Property and/or the Director of MOHCD of any such additions, amendments, or  
16 other modifications; and, be it

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

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





<p><b>Item 13</b> <b>File 22-0767</b></p>	<p><b>Department:</b> Mayor’s Office of Housing &amp; Community Development</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would: (1) approve a \$2,656,208 loan agreement for a term of 57 years between the City and MP Francis Scott Key 2 Associates, L.P. and (2) approve a \$45,543,792 amended and restated loan agreement for a term of 57 years between the City and MP Francis Scott Key 1, LLC</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The Shirley Chisholm Village project will include a combination of 135 low-income and moderate-income affordable housing rental units including one on-site manager’s unit. The site is owned by the School District (SFUSD) and located at Irving and 43<sup>rd</sup> Avenue.</li> <li>• The project site will be subdivided into two parcels: one for the 35 low-income units and one for the 100 moderate income units. MP Francis Scott Key 1 is borrower for the moderate-income parcel and MP Francis Scott Key 2 Associates, L.P. is borrower for the low-income parcel, which is eligible for tax credits. The moderate-income units are not eligible for tax credits.</li> <li>• MOHCD will establish a tiered prioritization system for applicants: tier one includes SFUSD teachers and paraeducators (such as instructional aides), tier two includes any SFUSD employee, and a third tier for any remaining units that will be open to the general public.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The total estimated cost to develop the 135-unit project is \$104.1 million, of which the City is providing \$48.2 million, funded primarily by 2015 General Obligation Bond proceeds, ERAF funds, and inclusionary fees. The other funding sources include private mortgages, tax credit equity, and a loan from MidPen Housing Corporation, a corporate affiliate of the developer, which, as with the City loans, will be repaid by residual project income.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## MANDATE STATEMENT

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

## BACKGROUND

### Project

The Shirley Chisholm Village project will include a combination of 135 low-income and moderate-income affordable housing rental units including one on-site manager's unit: 34 units for educators and families making 40 to 60 percent area median income (AMI), 100 units for educators and their families making between 80 and 120 percent AMI, and 1 manager's unit. The unit mix will include 24 studios, 43 one-bedrooms, 58 two-bedrooms, and 9 three bedrooms. The project will be a five -story building with ground floor space that includes a lobby, community spaces, gym, and office for building management and onsite services as well as a courtyard for residents and public open space.

The site, owned by the School District (SFUSD) and located at Irving and 43<sup>rd</sup> Avenue, consists of a parking lot, skate park, community garden, playground, and the Frances Scott Key Annex, a SFUSD storage site. SFUSD will ground lease the site to the housing operator for 99 years once the developer secures construction financing.

### Target Population

MOHCD will establish a tiered prioritization system for applicants: tier one includes SFUSD teachers and paraeducators (such as instructional aides), tier two includes any SFUSD employee, and a third tier for any remaining units that will be open to the general public. Applicants within each tier will be prioritized according to Administrative Code Chapter 47.<sup>1</sup> Leasing units to the general public requires permission from the School District.

According to the Memorandum of Understanding between the City and SFUSD, School District applicants must be current SFUSD employees, though they may retain their tenancy if they later retire.

Construction is expected to take place from August 2022 to August 2024 and lease-up is anticipated to take place between October 2023 and January 2025.

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<sup>1</sup> Under Chapter 47, affordable housing applicants are selected from the lottery in the following order of priority: (1) applicants who have been displaced by Redevelopment Agency projects, (2) applicants displaced by an Ellis Act, owner move-in eviction, fire, or applicants vacating a unit that is no longer income-restricted, (3) applicants living within a half mile or the same Supervisorial District as an affordable housing unit, and (4) applicants who live or work in San Francisco. According to the Memorandum of Understanding between MOCHD and SFUSD, the School District employees 3,600 teachers and 6,000 other employees for education functions and administration.

### **Developer Selection**

The Mayor's Office of Housing and Community Development (MOHCD) issued a Request for Proposals (RFP) to develop Francis Scott Key Annex in October 2017. Proposals were evaluated based on experience with affordable housing development, development concept and preliminary site plans, and financing and cost control plans. The RFP stated that the goal of the project was to have 40 percent of units serve paraeducators making up to 60 percent of area median income (AMI) and 60 percent of units serve teachers making up to 130 percent of AMI.

A project submitted by MidPen Housing (developer and housing operator) scored the highest out of four proposals and was selected for funding in March 2018.<sup>2</sup>

### **Predevelopment Funding**

In December 2018, MOCHD provided a \$3,000,000 predevelopment loan to MidPen. That City loan was funded by \$2.95 million in 2015 General Obligation Bond proceeds and \$50,000 from the Housing Trust Fund and has been spent.

## **DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would:

- (1) approve a \$2,656,208 loan agreement for a term of 57 years between the City and MP Francis Scott Key 2 Associates, L.P.
- (2) approve a \$45,543,792 amended and restated loan agreement for a term of 57 years between the City and MP Francis Scott Key 1, LLC
- (3) find that the loan and ground lease are consistent with the City's General Plan and policy priorities in the Planning Code;

### **Legal Structure of Borrowers**

The project site will be subdivided into two parcels: one for the 35 low-income units and one for the 100 moderate income units. MP Francis Scott Key 1 is borrower for the moderate-income parcel and MP Francis Scott Key 2 Associates, L.P. is borrower for the low-income parcel, which is eligible for tax credits. The moderate-income units are not eligible for tax credits.

Under Internal Revenue Service (IRS) regulations and for the purpose of eligibility for low-income housing tax credits, the non-profit (tax exempt) partner in the limited partnership serves as the general manager and retains a nominal percentage interest, and the investors (which are not tax exempt) serve as limited partners, obtaining the majority financial interest, including profits, losses, deductions, and credits.

MP Francis Scott Key 2 Associates, L.P. is composed of MP Francis Scott Key 2 LLC., the general partner managed by Mid-Peninsula Hermanas Inc, an affiliate of MidPen Housing Corporation

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<sup>2</sup> The RFP selection panel was appointed by the MOHCD Director and composed of two staff from MOHCD, two from SFUSD, one staff from OCII, a member of the Arts Commission, and a member of the community.

and MidPen Housing Corporation, an initial limited partner that will be replaced by a tax-credit investor.

MP Francis Scott Key 1, LLC is managed by Mid-Peninsula Hermanas Inc., who will operate the entire housing project.

### Affordability Restrictions

Affordability restrictions to preserve the affordability of the housing units in the proposed development are included in each loan agreement there will be declaration of restrictions recorded. These agreements specify the affordability levels for each unit and require the non-profit housing operator to maintain these for the duration of the agreements unless agreed to by the City. The loan agreement requires that units be made available first to SFUSD educators, next to SFUSD employees, and finally to the general public (as noted above).

## FISCAL IMPACT

As noted above, the City is providing two loans: one for the low-income portion of the project and one for the moderate-income portion. The proposed \$45.5 million amended and restated loan agreement for the moderate-income units includes the original \$3.0 million predevelopment loan provided by MOHCD. The total estimated cost to develop the 135-unit project is \$104.1 million. Exhibit 1 below shows the permanent financing sources and uses of funding.

### Exhibit 1: Sources and Uses of Development Financing

	Low Income Units	Moderate Income Units	Total
<b>Sources</b>			
Proposed City Loan	2,656,208	45,543,792	48,200,000
Mortgage	1,349,000	25,065,000	26,414,000
Tax Credit Equity	24,747,525	0	24,747,525
MidPen Loan	0	4,700,000	4,700,000
<b>Total Sources</b>	<b>28,752,733</b>	<b>75,308,792</b>	<b>104,061,525</b>
<b>Uses</b>			
Acquisition	29,816	85,186	115,002
Hard Costs	22,354,293	64,073,664	86,427,957
Soft Costs	4,968,724	10,049,942	15,018,666
Developer Fee	1,400,000	1,100,000	2,500,000
<b>Total Uses</b>	<b>28,752,833</b>	<b>75,308,792</b>	<b>104,061,625</b>

Source: MOHCD

As shown above, the proposed \$48.2 million MOHCD gap loans will be combined with a private mortgage, tax credit equity, and a loan from MidPen Housing Corporation, a corporate affiliate of the developer, which, as with the City loans, will be repaid by residual project income. Under the proposed moderate-income loan agreement, MidPen would receive 90 percent of the

project’s residual income during the loan’s 15-year term (with the remaining 10 percent to the City), after which the City would retain 2/3 of residual project income to repay the City’s loans. The MidPen loan has a five percent interest rate, and the City loan has a three percent interest rate.

The sources of funding for new MOHCD \$48.2 million gap loans include the following:

- Citywide Affordable Housing Program Funds 2,656,208
- Inclusionary Fees 6,643,792
- Excess Education Revenue Augmentation Fund 10,000,000
- Housing Trust Fund 50,000
- 2015 General Obligation Bond 28,850,000

**Total 48,200,000**

**City’s Subsidy of Development Costs**

Total development costs are \$104.1 million or \$770,827 per unit. The City’s total subsidy for the housing development costs is \$48.2 million or 46.3 percent of the total development costs. This is equal to a per unit City subsidy of \$357,037, as shown in Exhibit 2 below.

**Exhibit 2: Unit Costs**

Units	135
Residential Square Feet	130,596
Development Cost	\$104,061,625
City Funding	\$48,200,000
Development Cost / Unit	\$770,827
City Subsidy / Unit	\$357,037
Cost per square foot	\$797

Source: MOCHD

**Operating Revenues**

Operating income consists primarily of tenant rents, which is capped at 30 percent of the income level for each unit (as noted above, income levels for affordable housing units project will range from 40 percent to 120 percent of AMI), estimated at \$4 million in year one of the project.

**Operating Costs**

For the moderate-income portion of the project, building operating costs are less than operating revenues, allowing for debt payments and project reserve deposits. According to MOHCD’s cash flow projections, the project will generate sufficient income to make residual receipts payments on MidPen and City loan. After repayment of the MidPen loan in year 15 of the project, the moderate-income project will generate over \$400,000 in residual income for MOHCD. For the low-income portion of the project, MOHCD projects that the project will be able to cover operating costs, reserve deposits, and debt payments but will not generate residual income most years.

**RECOMMENDATION**

Approve the proposed resolution.

**LOAN AGREEMENT  
CITY AND COUNTY OF SAN FRANCISCO  
CITYWIDE AFFORDABLE HOUSING PROGRAM FUNDS (INCLUSIONARY FEES)**

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

**MP FRANCIS SCOTT KEY 2 ASSOCIATES, L.P.,**  
A California limited partnership

for

**Shirley Chisholm Village (Low Income)**  
[\$2,656,208]  
CITYWIDE AFFORDABLE HOUSING PROGRAM FUNDS (INCLUSIONARY):  
[\$2,656,208]

Dated as of \_\_\_\_\_, 2022

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**LOAN AGREEMENT**  
City and County of San Francisco  
Citywide Affordable Housing Program Fund (Inclusionary Fees)  
*Shirley Chisholm Village*  
(Low-Income)

**THIS LOAN AGREEMENT** ("Agreement") is entered into as of \_\_\_\_\_, 2022, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **MP FRANCIS SCOTT KEY 2 ASSOCIATES, L.P.**, a California limited partnership ("Borrower").

**RECITALS**

A. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives 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 Fees received by the Citywide Affordable Housing Fund (the "Affordable Housing Fund") to finance housing affordable to qualifying households. MOHCD administers the Affordable Housing Fund 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 originating from Inclusionary Fees under this Agreement will be referred to herein as the "Funds."

B. MOHCD issued a Developer RFP/Affordable Family Rental Housing for Educators ("RFP") on October 3, 2017, to solicit qualified affordable housing developers for construction of 35 affordable rental housing units for educators and District employees including one unrestricted manager's unit. The project site is located at 1360 43<sup>rd</sup> Avenue in San Francisco. The site is comprised of a 1.38-acre, square-shaped parcel that gently slopes and is bordered on the west side by 43<sup>rd</sup> Avenue and on the east side by 42<sup>nd</sup> Avenue. In response to the RFP, MOHCD selected MidPen Housing Corporation, a California nonprofit public benefit corporation ("MidPen") to undertake the development and construction of affordable housing for educators and other employees of the San Francisco Unified School District. MidPen formed the Borrower for the purpose of undertaking the activities described in the RFP.

C. Borrower intends to acquire a leasehold interest in certain real property located at 1360 43<sup>rd</sup> Avenue, San Francisco, California (the "Land") under a Ground Lease dated as of \_\_\_\_\_, 2022 ("Ground Lease") by and between Borrower and the San Francisco Unified School District, a California public school district ("Ground Lessor"). Borrower desires to use the Funds to construct a thirty-four (34) unit multifamily rental housing development (the "Improvements") affordable to low-income households, plus 1 unrestricted manager's unit, collectively which will be known as Shirley Chisholm Village (the "Project").

D. 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

(the "Loan") in the amount of [Two million six hundred fifty-six thousand two hundred eight and No/100 Dollars] (\$[2,656,208.00]) (the "Funding Amount") under this Agreement to fund certain development and construction costs and permanent financing related to the Project.

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

1. a construction loan from Silicon Valley Bank to Borrower in the amount of [Twenty-two million five hundred thirty-four thousand nine hundred eighty thousand and No/100 Dollars] (\$[22,534,980.00]), pursuant to a loan agreement dated as of the date hereof;

2. a permanent loan from Silicon Valley Bank to Borrower in the amount of [One million three-hundred forty-nine thousand and No/100 Dollars] (\$[1,349,00.00]), pursuant to a loan agreement dated as of the date hereof;

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

F. On \_\_\_\_\_ 2022, the City's Board of Supervisors and the Mayor approved this Agreement by Resolution No. \_\_\_\_\_ for the purpose of developing the Project.

G. Concurrently with this Agreement, the Ground Lessor and MOHCD are entering into an Operations Memorandum of Understanding substantially in form attached hereto as **Exhibit M** ("MOU") that, among other things, delegates to MOHCD the monitoring and enforcement of certain obligations by Borrower, including, but not limited to, compliance with affordable housing requirements and construction of the Project, including procedures to assure (1) priority for lease up and filling of residential unit vacancies for current Educators and District Employees (as each is defined in the Ground Lease) and (2) that to the greatest extent permitted under applicable (if any) federal and state law, Educators and District Employees are permitted to renew leases and remain in their units only for so long as they remain currently employed by the District, or are retired, as otherwise provided in the Ground Lease, Declaration of Restrictions or MOU.



## AGREEMENT

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

### ARTICLE 1 DEFINITIONS.

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

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

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

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

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

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

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

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

"Borrower" means MP Francis Scott Key 2 Associates, L.P., a California limited partnership whose general partner is MP Francis Scott Key 2 LLC, a California limited liability company ("General Partner"), and its authorized successors and assigns.

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

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or

statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement.

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

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

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

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

"CNA Policy" means MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

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

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

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

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

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

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

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

"Developer" means MidPen Housing Corporation, a California nonprofit public benefit corporation, and its 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 October 16, 2020, 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**.

"District" has the meaning specified in **Recital B**.

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

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

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

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

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

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

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

"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 D**.

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

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

"General Partner" means MP Francis Scott Key 2 LLC, a California limited liability company, whose managing member is Mid-Peninsula Hermanas, Inc., a California nonprofit public benefit corporation.

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

"Ground Lease" has the meaning set forth in **Recital C**.

"Ground Lessor" has the meaning specified in **Recital C**.

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

“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 C**.

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

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

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

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

“Limited Partner” means NEF Assignment Corporation, and its permitted successors and assigns.

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

"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 Resident 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**.

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

“Note” means collectively, the City Note in the total amount of the Funding Amount.

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

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

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

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

“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of \_\_\_\_\_, 2022, as amended from time to time.

“Partnership Fees” means annual partnership management fees in the amount of \$25,999, escalated at 3.5% per year, and annual investor services fees in the amount of \$5,000 per year with no annual escalation, as each is shown in the Annual Operating Budget and approved by the City.

"Payment Date" means the first June 30th following the Completion Date and each succeeding June 30th until the Maturity Date.

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

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

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

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

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

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including, but not limited to, the following: (a) rents, fees, charges, and deposits (other than tenant's refundable security deposits); (b) Section 8 or other rental subsidy payments received for the Project, resident services funding (if applicable); (c) price index adjustments and any other rental adjustments to leases or rental agreements; (d) proceeds from vending and laundry room machines; (e) the proceeds of business interruption or similar insurance; (f) any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established; (g) reimbursements and other charges paid to Borrower in connection with the Project; and (h) other consideration actually received from the operation of the Project, including non-residential uses of the Site. Project Income does not include interest accruing on any portion of the Funding Amount or tenant's refundable security deposits.

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

"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**.

"Resident Services" means one (1) FTE resident family coordinator, see also **Section 3.7**.

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

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

"Retention" has the meaning set forth in **Section 4.7**.

"Section 8" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 137f) or any successor or similar rent subsidy programs.

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

"Site" means the Land and the Improvements.

"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.

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

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

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

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

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

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

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

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

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

(d) The terms and conditions of this Agreement and the other City Documents are the result of arms'-length negotiations between and among sophisticated parties who were

represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the City Documents. The language of this Agreement will be construed as a whole according to its fair meaning.

## ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance demolition of existing improvements on the site and construction of thirty-five (35) units including one unrestricted unit for a manager. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

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

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

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

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

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

3.1 Maturity Date. Borrower will repay all amounts owing under the City Documents on the date that is the 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 no event later than December 31, 2081 (the "Maturity Date").

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

3.3 Interest. Except as provided in Section 3.4, the outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Note. Except as provided in Section 3.4.

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 3.5.1 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.5.1 Notification and Repayment of Excess Proceeds. Borrower will notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its Limited Partner or other financing sources. Borrower will repay all Excess Proceeds to the City no later than sixty (60) days after the later of the date of receipt of such Form 8609 or receipt of Excess Proceeds, unless the City has elected to waive such payment. The City will use such Excess Proceeds to reduce the balance of the Loan as provided in Section 4.2 of 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, but significant changes do not include a reduction in anticipated rental income or reasonable delay in lease-up of the Project.

3.7 Failure to Provide Budgeted Resident Services. If Borrower fails to provide Resident Services in the amount shown in the approved 20-Year Cash Flow Proforma, Borrower will provide notice to the City within 10 business days of the date the Resident Services were terminated, which notice will include, at a minimum, a proposed plan to restore the Resident 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 Resident Service, Borrower will include in the notice a detailed explanation as to the cause of the termination of Resident Services and the reasons why it would not be feasible to restore the Resident Services within a reasonable period of time.

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

#### ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

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

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

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

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

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

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

(f) Borrower will have 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 will have been recorded as valid liens in the official records of San Francisco County, subject only to the Permitted Exceptions.

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

(i) Borrower will submit an updated services plan and budget for MOHCD review and approval.

(j) Ground Lessor will have consented to Borrower's encumbrance of Borrower's leasehold interest by the Deed of Trust and the Declaration of Restrictions by instrument satisfactory in form and substance to the City.

(i) Borrower will have delivered to the City a fully executed Joint Use Agreement for the Site dated no later than (30) days before closing.

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

4.5 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 will have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, the City will approve all requested reallocations of Funds for line items previously approved by the City, including, but not limited to, change orders approved under Section 5.3.

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

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

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

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

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

(iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not provided by a lodging, ground transportation expenses for travel to or from regional airports will

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

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

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

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

(e) The Loan will be in balance.

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

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. The remaining ten percent (10%) of approved budgeted hard costs or tenant improvement costs associated with rehabilitation or construction will be held by the City and/or other Project lenders (the "Retention") and may be released only upon satisfaction of all requirements listed in the Construction Manager's Checklist for Release of Retention 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. Borrower's procurement procedures, contracts, and subcontracts will comply, and where applicable, require its contractors and subcontractors to comply, with the applicable labor requirements under **Exhibit E** of this Agreement, including, but not limited to, the selection of all contractors and professional consultants for the Project and payment of prevailing wage.

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

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

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

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

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower will: (a) commence demolition, rehabilitation or construction by a date no later than December 31, 2022; (b) complete demolition, rehabilitation or construction by a date no later than December 31, 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 one hundred percent (100%) of the Units by a date no later than December 31, 2025.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction will be performed in a first-class manner, substantially in accordance with final plans and specifications approved by the City, as such may have been modified in accordance with Section 5.3, and in accordance with all applicable codes.

## ARTICLE 6 MARKETING.

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

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan will address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. Subject to the tenancy occupancy (initial and continuing) restrictions in the Ground Lease and MOHCD OMOU, the Marketing and Tenant Selection Plan will include as many of the following elements as are appropriate to the Project, as determined by the City:

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

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

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

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

(e) A plan that gives priority to Educators and all other District Employees, as required and as defined under the Ground Lease and MOU.

(f) Notices to MOHCD.

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

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

### 6.3 Marketing and Resident Selection Plan & Resident Screening Criteria Requirements:

(a) Subject to the tenancy occupancy (initial and continuing) restrictions in the Ground Lease and Subject to the tenancy occupancy (initial and continuing) restrictions in the Ground Lease and MOU, Borrower's Marketing and Tenant Selection Plan will comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Marketing and Tenant Selection Plan will be kept on file at the Project at all times.

(b) Subject to the tenancy occupancy (initial and continuing) restrictions in the Ground Lease and, Borrower's resident screening criteria will comply with the Resident Screening Criteria Policy set forth in the attached Exhibit I.

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

6.5 Waiting List. Subject to the occupancy (initial and continuing) restrictions in the Ground Lease and, 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 in compliance with the Marketing and Tenant Selection Plan and MOU. 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**.

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

### 7.3 Rent Restrictions.

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

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

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent

permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses will not be unreasonably withheld.

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

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

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

#### 7.4 Certification.

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

(b) Borrower will require each Qualified Tenant in the Project to recertify on an annual basis his/her household income in accordance with applicable tax credit requirements, and continuing employment by or retirement from the District (except for tenants who were never District educators or employees).

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

7.5 Form of Lease. Subject to the Ground Lease and MOU, the form of lease for Tenants will provide for termination of the lease and consent to immediate eviction for failure to: (i) qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the

initial income certification, (ii) submit to Borrower an annual recertification of income and/or employment, or (iii) breach of other lease terms. . The initial term of the lease will be for a period of not less than one (1) year. Subject to the Ground Lease and MOU, Borrower will not terminate the tenancy or refuse to renew any lease of a Unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Laws, termination of employment connected to SFUSD, other good cause. Any termination or refusal to renew the lease for a Unit will be preceded by not less than thirty (30) days' written notice to the Tenant specifying the grounds for the action.

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

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

7.8 Requirements under the Ground Lease and MOU. The parties agree that the Project will be operated and leased under the terms of the Ground Lease and MOU, including, but not limited to, targeted marketing to Educators and District Employees, a priority for occupancy by Educators and District Employees and certain employment requirements related to the tenancy of Educators and District Employees. The parties agree to cooperate in the implementation of the Ground Lease and MOU.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

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

8.2 Contracting With Management Agent.

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

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

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

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

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

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

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

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

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

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

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



10.3 Annual Reporting.

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ARTICLE 11 USE OF INCOME FROM OPERATIONS.

##### 11.1 Project Operating Account.

(a) Borrower will deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and 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 will keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower will provide copies of the records to the City upon request.

#### ARTICLE 12 REQUIRED RESERVES.

##### 12.1 Replacement Reserve Account.

(a) Commencing no later than the Conversion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15<sup>th</sup> day of each month following establishment of the Replacement Reserve Account,

Borrower will make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary. All reserves held by any lenders or equity providers with respect to the Project will be credited toward the applicable City reserve requirement hereunder on a dollar for dollar basis.

(b) Monthly deposits will equal the lesser of: (i) 1/12<sup>th</sup> of 0.6% of Replacement Cost; or (ii) 1/12<sup>th</sup> of the following amount: \$14,000. After the Project's first five (5) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval, which approval will 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 will establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

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

(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, which approval will not be unreasonably withheld, conditioned or delayed.

## 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 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**. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

#### ARTICLE 14 SYNDICATION PROCEEDS.

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

#### ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees to the Developer in an amount not to exceed One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00) for developing the Project ("Developer Fees"), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement between the City and Developer.

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

#### ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower 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 in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project; (f) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been

previously approved in writing by the City; or (g) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner approved in advance by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

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

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

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

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other

obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower will answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The Indemnitee will give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnitee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnitee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnitee and Borrower. An Indemnitee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower will seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnitee shares in liability with respect thereto.

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

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

## ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I Environmental Site Assessment performed by Essel Environmental and dated April 19, 2022, the Phase II Soil Characterization Report performed by Essel Environmental and dated January 21, 2020, the Demolition Survey performed by Essel Environmental and dated January 29, 2021, and the Soil Vapor Survey performed by Essel Environmental and dated June 28, 2021 or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional

Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

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

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

#### ARTICLE 19 DEFAULT.

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

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

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



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

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

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

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

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

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

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

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

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment

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

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

The limited partner of Borrower shall be entitled to cure any default described in this Section 19.1 on behalf of Borrower, and the City shall accept such cure on the same terms as cure 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; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls, including, but not limited to, government health orders related to a pandemic or epidemic; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

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

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, including the City, 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 will be made in writing and may be communicated by personal delivery, by a nationally recognized courier that obtains receipts, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices will be addressed as follows:

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

To Borrower:               MP Francis Scott Key 2 Associates, L.P.  
303 Vintage Park Drive, Suite 250  
Foster City, CA 94404  
Attn: Assistant Secretary & President

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

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) 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 below at the same time and in the same manner as notice is delivered to Borrower. The City's failure to deliver notice under this Section will not affect or impair the City's right to enforce its rights at law or in equity arising by reason of an Event of Default.

To:                               NEF Assignment Corporation  
10 S. Riverside Plaza, Suite 1700  
Chicago, IL 60606  
Attn: Asset Management

## ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval. Pursuant to San Francisco Administrative Code Chapter 120, the Declaration of Restrictions will not be subordinated to any financing secured by and used for the Project.

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

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

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

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

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

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

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

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

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

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

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

22.12 Reserved.

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

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

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

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

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

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

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

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

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

#### EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report



H Tenant Selection Plan Policy  
I MOHCD Resident Screening Criteria Policy  
J Developer Fee Policy  
K Hold Harmless Policy  
L Insurance Requirements  
M Operations Memorandum of Understanding  
N Reserved  
O Reserved  
P MOHCD Residual Receipts Policy

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

**THE CITY:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

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

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

APPROVED AS TO FORM:

DAVID CHIU  
City Attorney

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

**BORROWER:**

MP Francis Scott Key 2 Associates, L.P.,  
A California limited partnership

By: MP Francis Scott Key 2, LLC,  
a California limited liability company,  
its general partner

By: Mid-Peninsula Hermanas, Inc.,  
a California nonprofit public benefit  
corporation,  
its sole member/manager

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

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

1. **Income and Rent Restrictions.** Maximum rent is 30% of maximum income level. As used in this Agreement, the term "Qualified Tenant" includes each category of Tenant included below ("Median Income" is defined in Section 1.1 above and is determined by MOHCD):

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum MOHCD Income Level</b>
0BR	6	80% of Median Income
1BR	12	80% of Median Income
2BR	15	80% of Median Income
0BR	6	100% of Median Income
1BR	13	100% of Median Income
2BR	15	100% of Median Income
0BR	6	120% of Median Income
1BR	12	120% of Median Income
2BR	15	120% of Median Income

All Units will be made available to Qualified Tenants; provided, however, priority will be given Educators (first priority) and District Employees (second priority) as defined and required under the Ground Lease and MOU ("Educator and District Employee Priority"), and only then to other Qualified Tenants. Educator and District Employee Priority will apply during initial lease-up and to any post-lease up lotteries, as required by the Ground Lease and MOU with which Borrower agrees to comply with in good faith. In addition, Qualified Tenants will be subject to, and Borrower will implement the "Continuous Employment Requirement" as defined in Exhibit C Principles for Employment-Based Housing attached to the MOU; provided, however, such Continuous Employment Requirement will not apply to Educators or District Employees who are eligible for retirement and terminate their employment solely for retirement with good standing.

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

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

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

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

**EXHIBIT B-1**  
**Table of Sources and Uses of Funds**

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

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

**EXHIBIT C**  
**Form of Moderate Tenant Income Certification**

## 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) as incorporated into MOHCD's Section 3 Plan.

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83).

Borrower will, or will require its general contractor to, separately execute a First Source Hiring Agreement with the City as set forth below, although the lack of such a separate execution will not affect the requirements of Chapter 83 as incorporated herein.

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

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

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

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

E. Liquidated Damages. Borrower agrees:

1. To be liable to the City for liquidated damages as provided in this Section;
2. To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this Section;
3. That the Borrower's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the



contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to \$5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

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

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

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

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

6. That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set

forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

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

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

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

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

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

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

3. Conflict of Interest.

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

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

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

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

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

6. Relocation. Borrower will 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 will include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

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

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

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

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

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

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

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

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

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

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

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

- (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;
- (b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;
- (c) conspires to defraud the City by getting a false claim allowed or paid by the City;

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

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

13. Sunshine Ordinance.

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

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

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

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

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

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

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



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

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

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

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

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

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

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

date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

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

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

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

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

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

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

22. Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Borrower will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code Chapter 14B (“LBE Ordinance”) and will incorporate such requirements in contracts with any Contractors and Subcontractors.

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

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

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

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

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

MP FRANCIS SCOTT KEY 1, LLC:

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

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

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

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

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



**EXHIBIT H**  
**Resident 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, and subject** to the occupancy (initial and continuing) restrictions in the Ground Lease and MOU.

**Application Process**

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

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

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

### **Reasonable Accommodation and Modification Policy**

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

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

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

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

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

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

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



## **Notice of Denial and Appeal Process**

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

**EXHIBIT I**  
**Resident Selection Screening Criteria Policy**

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

**Screening Criteria**

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

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

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

employer, teacher, social worker, medical professional, or community leader;

- (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**

**EXHIBIT K**  
**Hold Harmless Policy**

**EXHIBIT L**  
**Insurance Requirements**

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

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

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

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

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

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

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy-Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Twenty-Five Thousand Dollars (\$25,000) each loss, including the City as additional obligee or loss payee;

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

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

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

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 Twenty-Five Thousand Dollars (\$25,000) each loss, including the City and all subcontractors as loss payees.

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

(c) Upon completion of construction:

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

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

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

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

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

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

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

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

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

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

4. General Requirements.

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



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

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

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

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

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

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

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

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

(i) for builder’s risk, continuously for a period ending no less than three (3) years after recordation of a notice of completion without lapse, to the effect that, if any occurrences give rise to claims made after completion of the Project, then those claims will be covered by the claims-made policies; or

(ii) for all other insurance under this Exhibit L, continuously through the Compliance Term and, without lapse, for a period of no less than three (3) years beyond the expiration of the Compliance Term, to the effect that, if any occurrences during the Compliance

Term give rise to claims made after expiration of the Agreement, then those claims will be covered by the claims-made policies.

(e) Additional Requirements.

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

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

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

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

**Exhibit M**

Operations Memorandum of Understanding

**EXHIBIT N**  
Reserved

**EXHIBIT O**  
**MOHCD Commercial Underwriting Guidelines**

**EXHIBIT P**  
Residual Receipts Policy

Free Recording Requested Pursuant to  
Government Code Section 27383

Recording requested by and  
when recorded mail to:  
City and County of San Francisco  
Mayor's Office of Housing  
and Community Development  
1 South Van Ness Avenue, 5th Floor  
San Francisco, California 94103  
Attn: Agnes Defiesta  
APN#: 1797/007  
Address: 1360 43<sup>rd</sup> Avenue

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

**DECLARATION OF RESTRICTIONS AND  
AFFORDABLE HOUSING COVENANTS**  
1360 43<sup>rd</sup> Avenue  
(Low Income)

**THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING COVENANTS** (this "Declaration") is made as of \_\_\_\_\_, 2022, by **MP FRANCIS SCOTT KEY 2 ASSOCIATES, L.P.**, a California Limited Partnership ("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (the "City").

**RECITALS**

A. The Borrower and the San Francisco United School District ("District") have entered that certain Ground Lease for the purpose of developing and constructing affordable housing for Educators and District Employees (each as defined in the Ground Lease). Under the Ground Lease, Borrower has acquired a leasehold interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the land and the leasehold interest, the "Property"). The City and District have concurrently entered into that certain Operations Memorandum of Understanding ("MOHCD MOU"). Both the Ground Lease and MOHCD MOU, among other things, establish various tenancy occupancy (initial and continuing) restrictions, including without limitation a continuous employment requirement for Educators and District Employees (each as defined in the Ground Lease).

B. The City is making a loan (the "Loan") to Borrower of Affordable Housing Inclusionary Funds to finance costs associated with the development of the Property as low-income affordable housing (the "Project"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated as of the date of this Declaration, as it may be amended from time to time (the "Agreement").

The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

C. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability covenants and other use and occupancy restrictions set forth in the Agreement (collectively, the "Regulatory Obligations"), commencing on the date the Deed of Trust is recorded in the Official Records of San Francisco County, and continuing for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed, except as otherwise provided herein.

**AGREEMENT**

Now, therefore, in consideration of the City providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower will comply with the Regulatory Obligations and this Declaration through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:
  - 1.1. With the exception of one unrestricted Unit reserved for the manager of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically ("Median Income" is defined in Section 1.1 of the Agreement and is determined by MOHCD):

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum MOHCD Income Level</b>
0BR	2	40% of Median Income
1BR	2	40% of Median Income
2BR	2	40% of Median Income
3BR	2	40% of Median Income
0BR	4	50% of Median Income
1BR	4	50% of Median Income
2BR	2	50% of Median Income
3BR	2	50% of Median Income
2BR	9	60% of Median Income
3BR	5	60% of Median Income
2BR	1	Manager's Unit

- 1.2. All Units will be made available to Qualified Tenants; provided, however, that priority will be given to Educators (first priority) and District Employees (second priority) ("Educator and District Employee Priority") as defined and required under the Ground Lease and MOHCD MOU, and only then to other Qualified Tenants. Educator and District Employee Priority will apply during lease-up and to any post-lease up lotteries, as required by the Ground Lease and MOHCD



MOU with which Borrower agrees to comply with in good faith. In addition, Qualified Tenants will be subject to, and Borrower will implement, the “Continuous Employment Requirement” as defined in **Exhibit B** Principles for Employment-Based Housing, attached hereto and incorporated herein by reference; provided, however, such Continuous Employment Requirement will not apply to Educators or District Employees who are eligible for retirement and terminate their employment solely for retirement with good standing.

- 1.3. The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:
  - i. thirty percent (30%) of the applicable maximum income level, adjusted for household size; or
  - ii. the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

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

- 1.4. To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered, 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. One hundred percent (100%) of the Units must at all times be occupied by Qualified Households whose adjusted income does not exceed sixty percent (60%) of area median income as determined by TCAC, and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of area median income as determined by TCAC (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 area median income as determined by TCAC and shall be subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. 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.
- 1.5. For the avoidance of any doubt, notwithstanding any repayment of the Loan or otherwise satisfied or if the Deed of Trust is reconveyed, Borrower will comply with the applicable terms of the Agreement as if fully set forth herein, including, without limitation, Article 6 (Marketing), Article 7 (Affordability and Other Leasing Restrictions), Article 8 (Maintenance and Management of the Project), Article 9 (Governmental Approvals and Requirements), Article 10 (Project Monitoring, Reports, Books and Records), Article 11 (Use of Income From Operations), Article 12 (Required Reserves), Article 16 (Transfers), Article 17

(Insurance and Bonds; Indemnity), Article 18 (Hazardous Substances), and Article 19 (Default).

2. Borrower hereby subjects the Property to the covenants, reservations and restrictions set forth in this Declaration and the Agreement. This Declaration and the Regulatory Obligations constitute covenants running with the land, including the leasehold interest and bind successors and assigns of Borrower and any non-borrower owner and lessee of the Property and will pass to and be binding upon Borrower's successors in title to the Property. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof will conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions in this Declaration, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.
  
3. If Borrower fails to (i) comply with the Regulatory Obligations and this Declaration to the City's satisfaction, in its sole discretion, and (ii) cure such default as set forth in **Section 19.1(c)** of the Agreement, the City will have the right to pursue any available remedy at equity or in law, including as set forth in **Section 19.2** of the Agreement, to enforce this Declaration. Notwithstanding the foregoing, Borrower's limited partner shall have the right to cure any default hereunder, and the City shall accept or reject such cure on the same terms as if rendered by the Borrower. The City shall provide notice of any default hereunder to Borrower's limited partner pursuant to Section 21.3 of the Agreement. During the Compliance Term, the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. Borrower will pay the City's reasonable costs in connection with the City's enforcement of the terms of this Declaration and Regulatory Obligations, including, without limitation, the City's attorneys' fees and costs.

**SIGNATURES ON THE NEXT PAGE**

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

**"BORROWER"**

MP FRANCIS SCOTT KEY 2 ASSOCIATES, L.P.,  
a California limited partnership

By: MP Francis Scott Key 2 LLC,  
a California limited liability company  
Its General Partner

By: Mid-Peninsula Hermanas, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

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

[ALL SIGNATURES MUST BE NOTARIZED.]

**EXHIBIT A**

(Legal Description of the Property)

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

Parcel \_ as shown on the map of Parcel Map \_\_\_ filed \_\_\_\_\_, 2022, Book \_\_\_ of Parcel Maps, Pages \_\_\_ and \_\_\_\_\_, San Francisco County Records.

The subject property consists of a single rectangular shaped assessor's parcel located mid-block on 42<sup>nd</sup> Avenue between Judah and Irving Streets. The site has approximately 250 feet of frontage along 42<sup>nd</sup> and 43<sup>rd</sup> Avenues and a depth between the streets of 240 feet. The total site area is approximately 60,000 square feet, based on public records.

Portion of Assessor's Lot 007; Block 1797

Street Address: 1360 43<sup>rd</sup> Avenue

**Exhibit B**  
**Principles for Employment-Based Housing**

All marketing information, including but not limited to the Resident Selection Criteria and Marketing Plan, and leases, for Educators and District Employees shall include language to the effective of, thereby ensuring compliance with the below central principles, and which the Borrower agrees to enforce in good faith:

1. Borrower and Educator and District Employee tenants shall acknowledge that the Project is to provide housing for District Educators and Employees who are currently employed by the District at commencement of his or her residency at the Project.
2. Educator and District Employee (or his or her household's) eligibility for a unit in the Project is dependent upon the Educator and District Employee tenant being a current District Educator or Employee at the time of application, commencement of his or her residency, and on each annual recertification, except when tenant is a Retired Educator and District Employee as defined below ("**Continuous Employment Requirement**"). A "Retired Educator and District Employee" means any Educator or District Employee who, after entering into a lease for a unit at the Property, has separated from District with the reason of retirement from work, including submitting a formal retirement request which was approved by the District. Compliance with the Continuous Employment Requirement is a substantial and material term of each lease for an Educator and District Employee tenant.
3. Borrower and Educator and District Employee tenants shall agree, except as may be provided by any applicable federal or state or local law, that if the Educator and District Employee tenant is no longer in compliance with the Continuous Employment Requirement, that the Educator and District Employee tenant (and his or her household if any) will vacate their unit within the remaining term of the existing lease or six months after the Educator and District Employee is no longer in compliance with the Continuous Employment Requirement, whichever is greater. The failure of any Educator and District Employee tenant (and his or her household, if any) to vacate their unit in accordance with such terms shall be "good cause" for landlord to terminate the tenancy of the Educator and District Employee tenant (and his or her household, if any) through eviction or other legal procedures. The Borrower, District and MOHCD agree that failure by an Educator or District Employee tenant to comply with the Continuous Employment Requirement would be considered a default of a substantial and material term under their lease, provided that the Borrower, District and MOHCD further acknowledge that a court order may be required to complete an eviction of a defaulting tenant.
4. Borrower and Educator and District Employee tenants shall acknowledge and agree that (a) nothing in Educator and District Employee tenant's lease

or occupancy of a Project unit will affect, impact, alter, or amend their employment relationship if any with the District and (b) that Educator and District Employee tenant's lease or occupancy of a Project unit will not act as any representation or promise to the Educator and District Employee tenant or otherwise confer any rights or guarantees on the Educator and District Employee tenant regarding their employment with the District, and (c) that Educator and District Employee tenant's lease or occupancy of a Project unit will not restrict, impair, or impact District's ability/authority to manage/terminate employment to the extent otherwise permitted by law or any other applicable agreements.

5. The Continuous Employment Requirement will not apply to any tenant who, on initial occupancy of a residential unit, is not a District Educator or Employee as permitted by the Ground Leases.
6. Any changes to these principles are subject to District review and approval.
7. The provisions of this Exhibit B will survive any repayment of the Loan or reconveyance of the Deed of Trust for the entire Compliance Term or term of the Ground Lease, whichever is longer, except as otherwise expressly agreed in writing by District.

**SECURED PROMISSORY NOTE**  
(Affordable Housing Bond Program;  
Citywide Affordable Housing Fund  
Inclusionary Fees)

Principal Amount: [\$2,656,208]

San Francisco, CA

Date: \_\_\_\_\_, 2022

FOR VALUE RECEIVED, the undersigned, MP Francis Scott Key 2 Associates, L.P., a California Limited Partnership/ ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "City" or "Holder"), the principal sum of [TWO MILLION SIX HUNDRED FIFTY-SIX THOUSAND TWO HUNDRED EIGHT AND NO/100 Dollars (\$2,656,208.00)] (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. Agreement. This Secured Promissory Note ("Note") is given under the terms of a Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement and Fixture Filing dated as of the date of this Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

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

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

4. Repayment of Funding Amount.

4.1 Subject to Section 13.4 of the Agreement, Maker will make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first June 30<sup>th</sup> after the end of the calendar year of the Completion Date, and continuing each June 30<sup>th</sup> thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will

be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later of (a) the Fifty-Seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty-Fifth (55th) anniversary of the Conversion Date, but in no event later than December 31, 2081 (the "Maturity Date").

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

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

6. Terms of Payment.

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

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

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

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

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

7. Default.

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

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

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

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



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

7.3 Notwithstanding Section 7.2 and subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, provided, however, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

8. Waivers.

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

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

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

9. Miscellaneous Provisions.

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

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

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

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

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

**"MAKER"**

MP FRANCIS SCOTT KEY 2 ASSOCIATES, L.P.,  
A California Limited Partnership,

By: MP Francis Scott Key 2, LLC,  
a California limited liability company,  
its general partner

By: Mid-Peninsula Hermanas, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Jan M. Lindenthal  
Assistant Secretary

**AMENDED AND RESTATED LOAN AGREEMENT  
CITY AND COUNTY OF SAN FRANCISCO  
CITYWIDE AFFORDABLE HOUSING PROGRAM FUNDS  
(INCLUSIONARY FEES), EDUCATION REVENUE AUGMENTATION FUNDS,  
HOUSING TRUST FUNDS, 2015 GO BONDS FUNDS**

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

**MP FRANCIS SCOTT KEY 1, LLC,**  
A California limited liability company

for

**Shirley Chisholm Village (Moderate Income)**  
[\$45,543,792]  
CITYWIDE AFFORDABLE HOUSING PROGRAM FUNDS  
INCLUSIONARY FEES: [\$6,643,792]  
EDUCATION REVENUE AUGMENTATION FUNDS (ERAF): [\$10,000,000]  
HOUSING TRUST FUNDS (HTF): [\$50,000]  
2015 GO BOND FUNDS: [\$28,850,000]

Dated as of \_\_\_\_\_, 2022

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- P MOHCD Residual Receipts Policy

**AMENDED AND RESTATED LOAN AGREEMENT**  
City and County of San Francisco  
Citywide Affordable Housing Program Funds  
(Inclusionary Fees), ERAF, HTF , and 2015 GO Bond Funds  
*Shirley Chisholm Village*  
(Moderate-Income)

**THIS AMENDED AND RESTATED LOAN AGREEMENT** ("Agreement") is entered into as of \_\_\_\_\_, 2022, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **MP FRANCIS SCOTT KEY 1, LLC**, a California limited liability company ("Borrower").

**RECITALS**

A. MOHCD issued a Developer RFP/Affordable Family Rental Housing for Educators ("RFP") on October 3, 2017, to solicit qualified affordable housing developers for construction of 100 affordable rental housing units for educators and District employees. The project site is located at 1360 43<sup>rd</sup> Avenue in San Francisco. The site is comprised of a 1.38-acre, square-shaped parcel that gently slopes and is bordered on the west side by 43<sup>rd</sup> Avenue and on the east side by 42<sup>nd</sup> Avenue. In response to the RFP, MOHCD selected MidPen Housing Corporation, a California nonprofit public benefit corporation ("MidPen") to undertake the development and construction of affordable housing for educators and other employees of the San Francisco Unified School District, a California public school district ("District"). MidPen formed the Borrower for the purpose of undertaking the activities described in the RFP.

B. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives impact Affordable Housing Fees ("Inclusionary Fees") paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. The City may use the Inclusionary Fees received by the Citywide Affordable Housing Fund (the "Affordable Housing Fund") to finance housing affordable to qualifying households. MOHCD administers the Affordable Housing Fund 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 will be referred to herein as the "Inclusionary 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 Housing Fund"). MOHCD administers the ERAF Housing Fund for the purpose of funding land acquisition and production of new 100% affordable housing projects and acquisition and preservation of existing housing to make that housing permanently affordable. MOHCD is authorized to provide funds from the ERAF Housing Fund under this Agreement to Borrower for the development of affordable housing. The funds provided from the ERAF Housing Fund under this Agreement will be referred to herein as the "ERAF Funds."

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

E. 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 Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing. The funds provided under this Agreement will be referred to herein as the “2015 GO Bond Funds,” and together with the Inclusionary Funds, the ERAF Funds, and the HTF Funds, collectively, the “Funds.”

F. Borrower intends to acquire a leasehold interest in certain real property located at 1360 43rd Avenue, San Francisco, California (the “Land”) under a Ground Lease dated as of June 14, 2022 (“Ground Lease”) by and between Borrower and the San Francisco Unified School District, a California public school district (“Ground Lessor”). Borrower desires to use the Funds to construct a one hundred (100) unit multifamily rental housing development (the “Improvements”) affordable to moderate-income households, including to construct the warm shell of a community-serving space to support service programming, including an onsite services staff office (134 SF), community room (1,176 SF), workspace lounge for residents (1,154 SF), workout room (468 SF), and learning center (1,158 SF) (the "Community-Serving Space"), collectively which will be known as Shirley Chisholm Village (the “Project”). In conjunction with the Project, 35 units (including 1 manager’s unit of low-income affordable housing will be constructed within the same building as the Project. If the context requires, the term "Improvements" will include the Community-Serving Space.

G. The City previously made a loan of 2015 GO Bond Funds (“Original Loan”) in the amount of Three Million and No/100 Dollars (\$3,000,000.00) (the “Original Loan Amount”) to Borrower to conduct predevelopment activities in support of construction of the Project. The Original Loan is evidenced by the following documents: (1) a Loan Agreement dated as of December 13, 2018, as amended by that certain First Amendment to Loan Agreement dated December 31, 2019 (the “Original Loan Agreement”), (2) a Secured Promissory Note made by Borrower in an amount of the Original Loan to the order of the City dated as of December 13, 2018 (the “Original Note”), and (3) a Developer Fee Agreement dated as of December 13, 2018 (the “Original Developer Fee Agreement”).

H. 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 an additional loan of Funds to Borrower (the “Additional Loan”) in the amount of [Forty-Two Million Five Hundred Forty

Three Thousand Seven Hundred Ninety Two and No/100 Dollars (\$[42,543,792.00]) (“Additional Loan Amount”), for a total loan of Funds to Borrower (together with the Original Loan, the “Loan”) in the amount of [Forty-five million five hundred forty-three thousand seven hundred ninety two and No/100 Dollars] (\$[45,543,792.00]) (the "Funding Amount") under this Agreement to fund certain development and construction costs and permanent financing related to the Project. The Funding Amount is comprised of the following: (i) Inclusionary Funds in the amount of \$[6,643,792], (ii) ERAF Funds in the amount of \$[10,000,000], (iii) HTF Funds in the amount of \$[50,000], and (iv) 2015 GO Bond Funds in the amount of \$[28,850,000].

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

1. a construction loan from Silicon Valley Bank to Borrower in the amount of [Twenty-three million eight hundred forty-eight thousand seventy-one thousand and No/100 Dollars] (\$[23,848,071.00]), pursuant to a loan agreement dated as of \_\_\_\_\_, 2022;

2. a permanent loan from Silicon Valley Bank to Borrower in the amount of [Twenty-five million sixty-five thousand and No/100 Dollars] (\$[25,065,000.00]), pursuant to a loan agreement dated as of \_\_\_\_\_, 2022; and

3. a permanent loan from MidPen Housing Corporation (“MidPen”) to Borrower in the amount of [Four million seven hundred thousand] and No/100 Dollars (\$[4,700,000.00]) (“MidPen Loan”), pursuant to a loan agreement dated as of \_\_\_\_\_, 2022.

J. On \_\_\_\_\_ 2022, the City’s Board of Supervisors and the Mayor approved this Agreement by Resolution No. \_\_\_\_\_ for the purpose of developing the Project.

K. The Ground Lessor and MOHCD entered into an Operations Memorandum of Understanding dated \_\_\_\_\_, 2022, attached hereto as **Exhibit M** (“MOU”) that, among other things, delegates to MOHCD the monitoring and enforcement of certain obligations by Borrower, including, but not limited to, compliance with affordable housing requirements and construction of the Project, including procedures to assure (1) priority for lease up and filling of residential unit vacancies for current Educators and District Employees (as each is defined in the Ground Lease) and (2) that to the greatest extent permitted under applicable (if any) federal and state law, Educators and District Employees are permitted to renew leases and remain in their units only for so long as they remain currently employed by the District, or are retired, as otherwise provided in the Ground Lease, Declaration of Restrictions or MOU.

L. On the Agreement Date, this Agreement will amend, restate, supersede and replace the Original Agreement. Concurrently herewith, Borrower will also execute an amended and restated promissory note in the original principal amount of the Funding Amount 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 such amended and restated note, and (iii) execute and record a new

declaration of restriction. As of the Agreement Date, the City will cancel and return the Original Note.

## **AGREEMENT**

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

### ARTICLE 1 DEFINITIONS.

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

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

"Additional Loan" has the meaning set forth in **Recital H**.

"Agreement" means this Amended and Restated Loan Agreement.

"Agreement Date" means the date first written above.

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

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

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

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

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

"Borrower" means MP Francis Scott Key 1, LLC, a California limited liability company whose managing member is Mid-Peninsula Hermanas, Inc., a California nonprofit public benefit corporation ("Manager"), and its authorized successors and assigns.

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

"CFR" means the Code of Federal Regulations.

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

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

"City Documents" means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions, the Developer Fee Agreement 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.

"Community-Serving 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 that is (i) ancillary to the overall nature of Project, (ii) not exclusive to Residential Occupants, and (iii) provides a direct benefit to the District staff and students, including, but not limited to: Counseling services, client meetings, childcare, laundry, community gatherings, and nonprofit programming, and is approved by MOHCD and the District pursuant to Section 9.01(c).

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

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

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

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

"Declaration of Restrictions" means a recorded declaration of restrictions in form and substance acceptable to the City that requires Borrower and the Project to comply with the use restrictions in this Agreement for the Compliance Term or the term of the Ground Lease, whichever is longer, 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.

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

"Developer" means MidPen Housing Corporation, a California nonprofit public benefit corporation, and its 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 October 16, 2020, 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 the proceeds of all 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**.

"District" has the meaning specified in **Recital A**.

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

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

"Environmental Laws" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any

Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 ("NEPA") (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

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

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

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

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

"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 H**.

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

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

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

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

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

"Manager" means Mid-Peninsula Hermanas, Inc., a California nonprofit public benefit corporation.

"Marketing and Resident 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."

"MidPen Loan" has the meaning set forth in **Recital I(3)**.

"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**.

"MOU" has the meaning set forth in **Recital K**.

"Non-Residential Expenses" means commercial debt service (if applicable) solely related to the Community-Serving Space, operating expenses for the Community-Serving Space, and reserve deposits for the Community-Serving Space, but excludes depreciation, amortization, depletion, other non-cash expenses or expenditures from reserve accounts.

"Non-Residential Income" means all receipts received by Borrower from the operation of the Community-Serving 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 Community-Serving Space.

"Non-Residential Surplus Cash" means Non-Residential Income remaining after payment of the sum of Non-Residential Expenses.

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

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

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

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

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

"Payment Date" means the first June 30th following the Completion Date and each succeeding June 30th until the Maturity Date.

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

“Preferences and Lottery Manual” means MOHCD’s Housing Preferences and Lottery Procedures Manual dated October 19, 2020, as amended from time to time.

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

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

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) Annual Base Rent under the Ground Lease; (f) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (g) the approved annual asset management fees indicated in the Annual Operating

Budget and approved by the City; (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); and (i) Resident Services. Project Expenses does not include Non-Residential Expenses.

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including, but not limited to, the following: (a) rents, fees, charges, and deposits (other than tenant's refundable security deposits); (b) Section 8 or other rental subsidy payments received for the Project, resident services funding (if applicable); (c) price index adjustments and any other rental adjustments to leases or rental agreements; (d) proceeds from vending and laundry room machines; (e) the proceeds of business interruption or similar insurance; (f) any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established; (g) reimbursements and other charges paid to Borrower in connection with the Project; and (h) other consideration actually received from the operation of the Project, including non-residential uses of the Site. Project Income does not include Non-Residential Income, interest accruing on any portion of the Funding Amount or tenant's refundable security deposits.

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

"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**.

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

"Resident Services" means one (1) FTE resident family coordinator, see also **Section 3.7**.

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

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

"Retention" has the meaning set forth in **Section 4.7**.

"Section 8" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 137f) or any successor or similar rent subsidy programs.

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

"Site" means the Land and the Improvements.

"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.

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

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

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

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

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

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

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No

listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

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

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

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

## ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance demolition of existing improvements on the site and construction of one hundred (100) Units and the warm shell of the Community-Serving Space. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to August 17, 2018 related to the Original Loan, or the Agreement Date related to the Additional Loan. Notwithstanding the foregoing, City will not approve any expenditure of 2015 GO Bond Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the 2015 GO Bond.

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

accounts, Borrower will use any interest earned on funds in any Account for the benefit of the Project.

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

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

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

3.1 Maturity Date. Borrower will repay all amounts owing under the City Documents on the date that is the 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 no event later than December 31, 2081 (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower will comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and continuing for the Life of the Project (the "Compliance Term") or the term of the Ground Lease, whichever is longer, 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. Except as provided in **Section 3.4**, the outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Note.

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 3.5.1 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.5.1 Notification and Repayment of Excess Proceeds. Borrower will notify the City in writing within thirty (30) days after the date on which Borrower receives Excess Proceeds related to the Project. Borrower will pay all Excess Proceeds to MidPen to repay the MidPen Loan no later than sixty (60) days after the receipt of Excess Proceeds, and if any Excess Proceeds remain thereafter, pay any remaining Excess Proceeds to the City, unless the City has elected to waive such payment. The City will use such Excess Proceeds, if any, to reduce the balance of the Loan as provided in Section 4.2 of 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, but significant changes do not include a reduction in anticipated rental income or reasonable delay in lease-up of the Project.

3.7 Failure to Provide Budgeted Resident Services. If Borrower fails to provide Resident Services in the amount shown in the approved 20-Year Cash Flow Proforma, Borrower will provide notice to the City within 10 business days of the date the Resident Services were terminated, which notice will include, at a minimum, a proposed plan to restore the Resident 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 Resident Service, Borrower will include in the notice a detailed explanation as to the cause of the termination of Resident Services and the reasons why it would not be feasible to restore the Resident Services within a reasonable period of time.

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



unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

#### ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

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

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

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

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

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

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

(f) Borrower will have 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 will have been recorded as valid liens in the official records of San Francisco County, subject only to the Permitted Exceptions.

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

(i) Borrower will have submitted an updated services plan and budget for MOHCD review and approval.

(j) Ground Lessor will have consented to Borrower's encumbrance of Borrower's leasehold interest by the Deed of Trust and the Declaration of Restrictions by instrument satisfactory in form and substance to the City.

(i) Borrower will have delivered to the City a fully executed Joint Use Agreement for the Site.

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 will have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, the City will approve all requested reallocations of Funds for line items previously approved by the City, including, but not limited to, change orders approved under Section 5.3.

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

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

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

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

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

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

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

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

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

(e) The Loan will be in balance.

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

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. The remaining ten percent (10%) of approved budgeted hard costs or tenant improvement costs associated with rehabilitation or construction will be held by the City and/or other Project lenders (the “Retention”) and may be released only upon satisfaction of all requirements listed in the Construction Manager’s Checklist for Release of Retention 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. Borrower's procurement procedures, contracts, and subcontracts will comply, and where applicable, require its contractors and subcontractors to comply, with the applicable labor requirements under **Exhibit E** of this Agreement, including, but not limited to, the selection of all contractors and professional consultants for the Project and payment of prevailing wage.

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

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

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

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

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower will: (a) commence demolition, rehabilitation or construction by a date no later than December 31, 2022; (b) complete demolition, rehabilitation or construction by a date no later than December 31, 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 one hundred percent (100%) of the Units by a date no later than December 31, 2025.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction will be performed in a first-class manner, substantially in accordance with final plans and specifications approved by the City, as such may have been modified in accordance with Section 5.3, and in accordance with all applicable codes.

## ARTICLE 6 MARKETING.

6.1 Marketing and Resident Selection Plan. No later than twelve (12) months before the Completion Date, Borrower will deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written resident selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and resident selection plan (the "Marketing and Resident Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City, subject to the occupancy (initial and continuing) restrictions in the Ground Lease and MOU. Borrower will obtain the City's approval of reasonable alterations to the Marketing and Resident Selection Plan. Borrower will market and rent the Units in the manner set forth in the Marketing and Resident Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Resident Selection Plan Requirements. Borrower's Marketing and Resident Selection Plan will address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in **Section 6.5**. Subject to the occupancy (initial and continuing) restrictions in the Ground Lease and MOU, the Marketing and Resident Selection Plan will include as many of the following elements as are appropriate to the Project, as determined by the City:

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

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

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

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

(e) A plan that gives priority to Educators and all other District Employees, as required and as defined under the Ground Lease and MOU.

(f) Notices to MOHCD.

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

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

### 6.3 Marketing and Resident Selection Plan & Resident Screening Criteria Requirements:

(a) Subject to the occupancy (initial and continuing) restrictions in the Ground Lease and Subject to the occupancy (initial and continuing) restrictions in the Ground Lease and MOU, Borrower's Marketing and Resident Selection Plan will comply with the requirements of the Resident Selection Plan Policy as set forth in the attached Exhibit H. The Marketing and Resident Selection Plan will be kept on file at the Project at all times.

(b) Subject to the occupancy (initial and continuing) restrictions in the Ground Lease and MOU, Borrower's resident screening criteria will comply with the Resident Screening Criteria Policy set forth in the attached Exhibit I.

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

6.5 Waiting List. Subject to the occupancy (initial and continuing) restrictions in the Ground Lease and MOU, Borrower's Marketing and Resident 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 Resident Selection Plan (the "Waiting List"). The Marketing and Resident 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 Resident for such Unit from the Waiting List, and shall only market the Unit in compliance with the Marketing and Resident Selection Plan and MOU. 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.

### 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**.

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

### 7.3 Rent Restrictions.

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

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

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

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



the maximum Rent permitted under **Section 7.3(a)**. There is no limit on the number of Rent adjustments that can be made in a year under this provision.

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

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

#### 7.4 Certification.

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

(b) Borrower will require each Qualified Tenant in the Project to recertify information presented on the moderate tenant income certification form as true and correct as set forth in the attached Exhibit C, on an annual basis his/her household income, and continuing employment by or retirement from the District (except for tenants who were never District educators or employees).

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

7.5 Form of Lease. Subject to the Ground Lease and MOU, the form of lease for Tenants will provide for termination of the lease and consent to immediate eviction for failure to: (i) qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification, (ii) submit to Borrower an annual recertification of income and/or employment, or (iii) breach of other lease terms. The initial term of the lease will be for a period of not less than one (1) year. Subject to the Ground Lease and MOU, Borrower will not terminate the tenancy or refuse to renew any lease of a Unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Laws, termination of employment connected to SFUSD, and other good cause. Any termination or refusal to renew

the lease for a Unit will be preceded by not less than thirty (30) days' written notice to the Tenant specifying the grounds for the action.

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

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

7.8 Requirements under the Ground Lease and MOU. The parties agree that the Project will be operated and leased under the terms of the Ground Lease and MOU, including, but not limited to, targeted marketing to Educators and District Employees, a priority for occupancy by Educators and District Employees and certain employment requirements related to the tenancy of Educators and District Employees. The parties agree to cooperate in the implementation of the Ground Lease and MOU. Borrower will implement the "Continuous Employment Requirement" as defined in Exhibit C Principles for Employment-Based Housing attached to the MOU; provided, however, such Continuous Employment Requirement will not apply to Educators or District Employees who are eligible for retirement and terminate their employment solely for retirement with good standing.

7.9 Community-Serving Space. At least sixty (60) days prior to the date that build-out of the Community-Serving Space begins, Borrower will obtain MOHCD's review and approval of proposed leases and development plans for the Community-Serving Space. Borrower will obtain MOHCD's review and approval of any new leases, renewal of leases, assignment of leases, or change in permitted use of a sublease. All leases of Community-Serving Space will be to bona fide third-party tenants capable of performing their financial obligations under their leases, which will reflect arms'-length transactions at the then-current market rental rate for comparable space, provided that, leases for Public Benefit Purposes or Community-Serving Purposes may be at below-market rates so long as the sum of Project Income and Non-Residential Income meets approved cash flow requirements for the Project. Borrower will cause its tenants to make available its services to all residents of Shirley Chisholm Village, including residents at [1360 43<sup>rd</sup> Avenue] in San Francisco. Allowed uses of Community-Serving Space will be consistent with all applicable local planning and building codes and be reasonably compatible with the design and purpose of the Project. Each lease of the Community-Serving Space will restrict its use to Public Benefit Purposes or Community-Serving Purposes approved by MOHCD in advance. Borrower will not lease the Community-Serving Space for any other

purpose without the prior written consent of MOHCD and District, in each its sole and absolute discretion. All Non-Residential Surplus Cash will be subject to the MOHCD Policy on the Use of Residual Receipts. Each lease of Community-Serving Space will comply with the MOHCD Commercial Underwriting Guidelines as set forth in **Exhibit O** herein.

## ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

### 8.1 Borrower's Responsibilities.

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

### 8.2 Contracting With Management Agent.

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

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

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

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

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

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

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

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

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

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

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

10.3 Annual Reporting.

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE 11 USE OF INCOME FROM OPERATIONS.

### 11.1 Project Operating Account.

(a) Borrower will deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and 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 will keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower will provide copies of the records to the City upon request.

## ARTICLE 12 REQUIRED RESERVES.

### 12.1 Replacement Reserve Account.

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

(b) Monthly deposits will equal the lesser of: (i) 1/12<sup>th</sup> of 0.6% of Replacement Cost; or (ii) 1/12<sup>th</sup> of the following amount: \$40,000. After the Project's first five (5) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval, which approval will 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 will establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

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

(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, which approval will not be unreasonably withheld, conditioned or delayed.

#### 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 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. While the MidPen Loan is outstanding, the parties agree that ninety percent (90%) of Residual Receipts will be used by Borrower to repay the MidPen Loan, and the remaining ten percent (10%) of Residual Receipts will be used to repay the Loan. Commencing after full repayment of the MidPen Loan, to the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

ARTICLE 14 RESERVED

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 One Million One Hundred Thousand and No/100 Dollars (\$1,100,000.00) for developing the Project ("Developer Fees"), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement between the City and Developer.

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

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower 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 Community Serving Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

## ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

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

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

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower will answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion,

but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The Indemnitee will give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnitee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnitee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnitee and Borrower. An Indemnitee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower will seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnitee shares in liability with respect thereto.

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

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

#### ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I Environmental Site Assessment performed by Essel Environmental and dated April 19, 2022, the Phase II Soil Characterization Report performed by Essel Environmental and dated January 21, 2020, the Demolition Survey performed by Essel Environmental and dated January 29, 2021, and the Soil Vapor Survey performed by Essel Environmental and dated June 28, 2021 or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

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

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

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

#### ARTICLE 19 DEFAULT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) The City, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action the City

deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project the City deems appropriate.

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

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

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

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

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

## ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, including the City, nor has Borrower, any of its principals or its general contractor have 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 will be made in writing and may be communicated by personal delivery, by a nationally recognized courier that obtains receipts, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices will be addressed as follows:

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

To Borrower:                 MP Francis Scott Key 1, LLC  
303 Vintage Park Drive, Suite 250  
Foster City, CA 94404  
Attn: Assistant Secretary & President



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

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

## ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval. Pursuant to San Francisco Administrative Code Chapter 120, the Declaration of Restrictions will not be subordinated to any financing secured by and used for the Project.

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

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

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

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

22.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all

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

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

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

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

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

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

22.12 Reserved.

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

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

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

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

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

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

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

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

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

## EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Moderate 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 Resident Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M Operations Memorandum of Understanding
- N Reserved
- O MOHCD Commercial Underwriting Guidelines
- P MOHCD Residual Receipts Policy

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

**THE CITY:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

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

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

APPROVED AS TO FORM:

DAVID CHIU  
City Attorney

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

**BORROWER:**

MP Francis Scott Key 1, LLC,  
A California limited liability company

By: Mid-Peninsula Hermanas, Inc.,  
a California nonprofit public benefit  
corporation,  
its sole member/manager

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

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

1. **Income and Rent Restrictions.** Maximum rent is 30% of maximum income level. As used in this Agreement, the term "Qualified Tenant" includes each category of Tenant included below ("Median Income" is defined in Section 1.1 above and is determined by MOHCD):

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum MOHCD Income Level</b>
0BR	6	80% of Median Income
1BR	12	80% of Median Income
2BR	15	80% of Median Income
0BR	6	100% of Median Income
1BR	13	100% of Median Income
2BR	15	100% of Median Income
0BR	6	120% of Median Income
1BR	12	120% of Median Income
2BR	15	120% of Median Income

All Units will be made available to Qualified Tenants; provided, however, priority will be given Educators (first priority) and District Employees (second priority) as defined and required under the Ground Lease and MOU ("Educator and District Employee Priority"), and only then to other Qualified Tenants. Educator and District Employee Priority will apply during initial lease-up and to any post-lease up lotteries, as required by the Ground Lease and MOU with which Borrower agrees to comply with in good faith. In addition, Qualified Tenants will be subject to, and Borrower will implement the "Continuous Employment Requirement" as defined in Exhibit C Principles for Employment-Based Housing attached to the MOU; provided, however, such Continuous Employment Requirement will not apply to Educators or District Employees who are eligible for retirement and terminate their employment solely for retirement with good standing.

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

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

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

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

**EXHIBIT B-1**  
**Table of Sources and Uses of Funds**

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



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

**EXHIBIT C**  
**Form of Moderate Tenant Income Certification**

## 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) as incorporated into MOHCD's Section 3 Plan.

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83).

Borrower will, or will require its general contractor to, separately execute a First Source Hiring Agreement with the City as set forth below, although the lack of such a separate execution will not affect the requirements of Chapter 83 as incorporated herein.

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

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

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

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

E. Liquidated Damages. Borrower agrees:

1. To be liable to the City for liquidated damages as provided in this Section;
2. To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this Section;
3. That the Borrower's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the

contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to \$5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

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

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

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

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

6. That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set

forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

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

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

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

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

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

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

3. **Conflict of Interest.**

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

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

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

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

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

6. Relocation. Borrower will 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 will include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

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

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

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

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

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

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



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

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

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

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

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

- (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;
- (b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;
- (c) conspires to defraud the City by getting a false claim allowed or paid by the City;

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

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

13. Sunshine Ordinance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

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

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

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

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

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

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

22. Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Borrower will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code Chapter 14B ("LBE Ordinance") and will incorporate such requirements in contracts with any Contractors and Subcontractors.

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

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

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

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

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

MP FRANCIS SCOTT KEY 1, LLC:

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

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

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

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

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





**EXHIBIT H**  
**Resident 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, and subject** to the occupancy (initial and continuing) restrictions in the Ground Lease and MOU.

**Application Process**

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

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

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

### **Reasonable Accommodation and Modification Policy**

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

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

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

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

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

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

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

## **Notice of Denial and Appeal Process**

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

**EXHIBIT I**  
**Resident Selection Screening Criteria Policy**

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

**Screening Criteria**

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

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

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

employer, teacher, social worker, medical professional, or community leader;

- (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**

**EXHIBIT K**  
**Hold Harmless Policy**



**EXHIBIT L**  
**Insurance Requirements**

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

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

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

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

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

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

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy-Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Twenty-Five Thousand Dollars (\$25,000) each loss, including the City as additional obligee or loss payee;

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

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

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

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 Twenty-Five Thousand Dollars (\$25,000) each loss, including the City and all subcontractors as loss payees.

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

(c) Upon completion of construction:

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

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

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

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

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

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

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

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

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

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

4. General Requirements.

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

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

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

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

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

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

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

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

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

(i) for builder’s risk, continuously for a period ending no less than three (3) years after recordation of a notice of completion without lapse, to the effect that, if any occurrences give rise to claims made after completion of the Project, then those claims will be covered by the claims-made policies; or

(ii) for all other insurance under this Exhibit L, continuously through the Compliance Term and, without lapse, for a period of no less than three (3) years beyond the expiration of the Compliance Term, to the effect that, if any occurrences during the Compliance

Term give rise to claims made after expiration of the Agreement, then those claims will be covered by the claims-made policies.

(e) Additional Requirements.

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

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

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

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

**Exhibit M**

Operations Memorandum of Understanding

**EXHIBIT N**  
Reserved

**EXHIBIT O**  
**MOHCD Commercial Underwriting Guidelines**



**EXHIBIT P**  
Residual Receipts Policy

Free Recording Requested Pursuant to  
Government Code Section 27383

Recording requested by and  
when recorded mail to:  
City and County of San Francisco  
Mayor's Office of Housing  
and Community Development  
1 South Van Ness Avenue, 5th Floor  
San Francisco, California 94103  
Attn: Agnes Defiesta  
APN#: 1797/007  
Address: 1360 43<sup>rd</sup> Avenue

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

**DECLARATION OF RESTRICTIONS AND  
AFFORDABLE HOUSING COVENANTS**  
[1360 43<sup>rd</sup> Avenue]  
(Moderate Income)

**THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING COVENANTS** (this "Declaration") is made as of \_\_\_\_\_, 2022, by **MP FRANCIS SCOTT KEY 1, LLC.**, a California Limited Partnership ("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (the "City").

**RECITALS**

A. The Borrower and the San Francisco United School District ("District") have entered that certain Ground Lease for the purpose of developing and constructing affordable housing for Educators and District Employees (each as defined in the Ground Lease). Under the Ground Lease, Borrower has acquired a leasehold interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the land and the leasehold interest, the "Property"). The City and District have concurrently entered into that certain Operations Memorandum of Understanding ("MOHCD MOU"). Both the Ground Lease and MOHCD MOU, among other things, establish various tenancy occupancy (initial and continuing) restrictions, including without limitation a continuous employment requirement for Educators and District Employees (each as defined in the Ground Lease).

B. The City is making a loan (the "Loan") to Borrower of Housing Inclusionary Funds, HTF Funds, ERAF Funds, and General Obligation Funds to finance costs associated with the development of the Property as moderate-income affordable housing (the "Project"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated as of the date of this Declaration, as it

may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

C. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability covenants and other use and occupancy restrictions set forth in the Agreement (collectively, the "Regulatory Obligations"), commencing on the date the Deed of Trust is recorded in the Official Records of San Francisco County, and continuing for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed, except as otherwise provided herein.

**AGREEMENT**

Now, therefore, in consideration of the City providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower will comply with the Regulatory Obligations and this Declaration through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

1.1. Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically (“Median Income” is defined in Section 1.1 of the Agreement and is determined by MOHCD):

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum MOHCD Income Level</b>
0BR	6	80% of Median Income
1BR	12	80% of Median Income
2BR	15	80% of Median Income
0BR	6	100% of Median Income
1BR	13	100% of Median Income
2BR	15	100% of Median Income
0BR	6	120% of Median Income
1BR	12	120% of Median Income
2BR	15	120% of Median Income

1.2. All Units will be made available to Qualified Tenants; provided, however, that priority will be given to Educators (first priority) and District Employees (second priority) (“Educator and District Employee Priority”) as defined and required under the Ground Lease and MOHCD MOU, and only then to other Qualified Tenants. Educator and District Employee Priority will apply during lease-up and to any post-lease up lotteries, as required by the Ground Lease and MOHCD MOU with which Borrower agrees to comply with in good faith. In addition, Qualified Tenants will be subject to, and Borrower will implement, the “Continuous Employment Requirement” as defined in **Exhibit B** Principles for

Employment-Based Housing, attached hereto and incorporated herein by reference; provided, however, such Continuous Employment Requirement will not apply to Educators or District Employees who are eligible for retirement and terminate their employment solely for retirement with good standing.

- 1.3. The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:
  - i. thirty percent (30%) of the applicable maximum income level, adjusted for household size; or
  - ii. the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

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

- 1.4. For the avoidance of any doubt, notwithstanding any repayment of the Loan or otherwise satisfied or if the Deed of Trust is reconveyed, Borrower will comply with the applicable terms of the Agreement as if fully set forth herein, including, without limitation, Article 6 (Marketing), Article 7 (Affordability and Other Leasing Restrictions), Article 8 (Maintenance and Management of the Project), Article 9 (Governmental Approvals and Requirements), Article 10 (Project Monitoring, Reports, Books and Records), Article 11 (Use of Income From Operations), Article 12 (Required Reserves), Article 16 (Transfers), Article 17 (Insurance and Bonds; Indemnity), Article 18 (Hazardous Substances), and Article 19 (Default).
2. Borrower hereby subjects the Property to the covenants, reservations and restrictions set forth in this Declaration and the Agreement. This Declaration and the Regulatory Obligations constitute covenants running with the land, including the leasehold interest and bind successors and assigns of Borrower and any non-borrower owner and lessee of the Property and will pass to and be binding upon Borrower's successors in title to the Property. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof will conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions in this Declaration, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.
3. If Borrower fails to (i) comply with the Regulatory Obligations and this Declaration to the City's satisfaction, in its sole discretion, and (ii) cure such default as set forth in **Section 19.1(c)** of the Agreement, the City will have the right to pursue any available remedy at equity or in law, including as set forth in **Section 19.2** of the Agreement, to enforce this Declaration. During the Compliance Term, the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. Borrower will pay the City's reasonable costs in

connection with the City's enforcement of the terms of this Declaration and Regulatory Obligations, including, without limitation, the City's attorneys' fees and costs.

**SIGNATURES ON THE NEXT PAGE**

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

**"BORROWER"**

MP FRANCIS SCOTT KEY 1, LLC,  
a California limited liability company

By: Mid-Peninsula Hermanas, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

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

[ALL SIGNATURES MUST BE NOTARIZED.]

**EXHIBIT A**

(Legal Description of the Property)

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

Parcel \_ as shown on the map of Parcel Map \_\_\_ filed \_\_\_\_\_, 2022, Book \_\_\_ of Parcel Maps, Pages \_\_\_ and \_\_\_\_\_, San Francisco County Records.

The subject property consists of a single rectangular shaped assessor's parcel located mid-block on 42<sup>nd</sup> Avenue between Judah and Irving Streets. The site has approximately 250 feet of frontage along 42<sup>nd</sup> and 43<sup>rd</sup> Avenues and a depth between the streets of 240 feet. The total site area is approximately 60,000 square feet, based on public records.

Portion of Assessor's Lot 007; Block 1797

Street Address: 1360 43<sup>rd</sup> Avenue

**Exhibit B**  
**Principles for Employment-Based Housing**

All marketing information, including but not limited to the Resident Selection Criteria and Marketing Plan, and leases, for Educators and District Employees shall include language to the effective of, thereby ensuring compliance with the below central principles, and which the Borrower agrees to enforce in good faith:

1. Borrower and Educator and District Employee tenants shall acknowledge that the Project is to provide housing for District Educators and Employees who are currently employed by the District at commencement of his or her residency at the Project.
2. Educator and District Employee (or his or her household's) eligibility for a unit in the Project is dependent upon the Educator and District Employee tenant being a current District Educator or Employee at the time of application, commencement of his or her residency, and on each annual recertification, except when tenant is a Retired Educator and District Employee as defined below ("**Continuous Employment Requirement**"). A "Retired Educator and District Employee" means any Educator or District Employee who, after entering into a lease for a unit at the Property, has separated from District with the reason of retirement from work, including submitting a formal retirement request which was approved by the District. Compliance with the Continuous Employment Requirement is a substantial and material term of each lease for an Educator and District Employee tenant.
3. Borrower and Educator and District Employee tenants shall agree, except as may be provided by any applicable federal or state or local law, that if the Educator and District Employee tenant is no longer in compliance with the Continuous Employment Requirement, that the Educator and District Employee tenant (and his or her household if any) will vacate their unit within the remaining term of the existing lease or six months after the Educator and District Employee is no longer in compliance with the Continuous Employment Requirement, whichever is greater. The failure of any Educator and District Employee tenant (and his or her household, if any) to vacate their unit in accordance with such terms shall be "good cause" for landlord to terminate the tenancy of the Educator and District Employee tenant (and his or her household, if any) through eviction or other legal procedures. The Borrower, District and MOHCD agree that failure by an Educator or District Employee tenant to comply with the Continuous Employment Requirement would be considered a default of a substantial and material term under their lease, provided that the Borrower, District and MOHCD further acknowledge that a court order may be required to complete an eviction of a defaulting tenant.
4. Borrower and Educator and District Employee tenants shall acknowledge and agree that (a) nothing in Educator and District Employee tenant's lease



or occupancy of a Project unit will affect, impact, alter, or amend their employment relationship if any with the District and (b) that Educator and District Employee tenant's lease or occupancy of a Project unit will not act as any representation or promise to the Educator and District Employee tenant or otherwise confer any rights or guarantees on the Educator and District Employee tenant regarding their employment with the District, and (c) that Educator and District Employee tenant's lease or occupancy of a Project unit will not restrict, impair, or impact District's ability/authority to manage/terminate employment to the extent otherwise permitted by law or any other applicable agreements.

5. The Continuous Employment Requirement will not apply to any tenant who, on initial occupancy of a residential unit, is not a District Educator or Employee as permitted by the Ground Leases.
6. Any changes to these principles are subject to District review and approval.
7. The provisions of this Exhibit B will survive any repayment of the Loan or reconveyance of the Deed of Trust for the entire Compliance Term or term of the Ground Lease, whichever is longer, except as otherwise expressly agreed in writing by District.

Free Recording Requested Pursuant to  
Government Code Section 27383 and 27388.1

When recorded, mail to:  
Mayor's Office of Housing and Community Development  
of the City and County of San Francisco  
1 South Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, California 94103  
Attn: Agnes Defiesta  
Block/Lot: 3783/010

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

**LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**  
(Property Address: 1360 43<sup>rd</sup> Avenue)

**THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING** ("Deed of Trust") is made as of \_\_\_\_\_, 2022, by **MP FRANCIS SCOTT KEY 1 , LLC**, a California Limited Liability Company ("Trustor"), whose address is 303 Vintage Park Drive, Suite 250, Foster City, CA 94404, to **OLD REPUBLIC TITLE COMPANY**, a California corporation ("Trustee"), whose address is 555 12th Street, Suite 2000, Oakland, CA 94607 , for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to an Amended and Restated Loan Agreement by and between Trustor and Beneficiary dated as of \_\_\_\_\_, 2022, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

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

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct an affordable housing development consisting of 100 units with a priority for households of educators and school district employees (the "Project"); and

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

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

(d) all of Trustor's interest in and under that certain Ground Lease as dated for convenience as of \_\_\_\_\_ 2022, by and between San Francisco United School District, as lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

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

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

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

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

(i) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records

relating to the application and allocation of any federal, state or local tax credits or benefits;  
and

(j) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

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

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

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

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of \_\_\_\_\_ and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, that certain Amended and Restated Secured Promissory Note dated \_\_\_\_\_, 2022, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Note"), and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of [Forty-five million five hundred forty-three thousand seven hundred ninety-two and No/100 Dollars] (\$45,543,792.00), with interest, according to the terms of the Agreement and the Note;

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

3. Assignment of Rents.

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) should Trustor fail to make any payment or to do any act as herein provided, then, subject to the notice and cure provisions included in the Agreement, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or

lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

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

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

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

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

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

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of

the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

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

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

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

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

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is 83-1714628. Secured Party's name and mailing address are set above.

#### 6. Insurance and Condemnation Proceeds.

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

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to



the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

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

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

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

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

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

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

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of

proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

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

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

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

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

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

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

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

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

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

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

**"TRUSTOR:"**

MP FRANCIS SCOTT KEY 1, LLC,  
a California Limited Liability Company

By: Mid-Peninsula Hermanas, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Jan M. Lindenthal  
Assistant Secretary

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A  
Legal Description of the Land

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

Street Address: 1360 43<sup>rd</sup> Avenue

EXHIBIT A

**AMENDED AND RESTATED  
SECURED PROMISSORY NOTE**  
Citywide Affordable Housing Fund  
(Inclusionary Fees), HTF, ERAF, 2015 GO BOND FUNDS)

Principal Amount: [\$45,543,792]

San Francisco, CA

Date: \_\_\_\_\_, 2022

FOR VALUE RECEIVED, the undersigned, MP Francis Scott Key 1, LLC, a California Limited Liability Company/ ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "City" or "Holder"), the principal sum of [FORTY FIVE MILLION FIVE HUNDRED FORTY-THREE THOUSAND SEVEN HUNDRED NINETY-TWO AND NO/100 Dollars (\$45,543,792.00)] (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. Agreement.

1.1 Pursuant to a Loan Agreement dated \_\_\_\_\_, by and between Holder and Maker (the "Original Loan Agreement"), Holder previously made a loan of 2015 GO Bond Funds (the "Original Loan") of \$3,000,000.00 ("Original Loan Amount") to Maker to conduct predevelopment activities in support of the construction of the Project. The Original Loan is further evidenced by a Secured Promissory Note dated \_\_\_\_\_ ("Original Note").

1.2 This Amended and Restated Secured Promissory Note (this "Note") amends, restates, and replaces in its entirety the Original Note and is given under the terms of an Amended and Restated Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement and Fixture Filing dated as of the date of this Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control. Upon execution of this Note, the Original Note will be cancelled and returned to Maker.

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

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and

inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount.

4.1 Subject to Section 13.4 of the Agreement, Maker will make annual payments of principal and interest (each, a "Payment") in an amount equal to ten percent (10%) of the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30<sup>th</sup> thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date") during the period the MidPen Loan is outstanding and not fully repaid. Commencing after repayment of the MidPen Loan, Maker will make annual Payments in accordance with Section 13.4 of the Agreement, in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, on each Payment Date thereafter up to and including the Maturity Date, as defined below. All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later of (a) the Fifty-Seventh (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 no event later than December 31, 2081 (the "Maturity Date").

4.2 Subject to Section 3.5.1 and Section 13.4 of the Agreement, Maker will make a payment of principal and interest (an "Excess Proceeds Payment") in an amount equal to any remaining Excess Proceeds, if any, after repayment of the MidPen Loan on the date that is no later than sixty (60) days after Maker receives Excess Proceeds related to the Project (the "Excess Proceeds Payment Date"). All Excess Proceeds Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan.

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

6. Terms of Payment.

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

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

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

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

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

7. Default.

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

- (a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or
- (b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

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

7.3 Notwithstanding Section 7.2 and subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, provided, however, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

8. Waivers.

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

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

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



9. Miscellaneous Provisions.

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

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

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

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

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

**"MAKER"**

MP FRANCIS SCOTT KEY 1, LLC,  
A California Limited Liability Company ,

By: Mid-Peninsula Hermanas, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Jan M. Lindenthal  
Assistant Secretary

Application Date: 4/15/22 # Units: 35  
 Project Name: Shirley Chisholm Village # Bedrooms: 67  
 Project Address: 1360 43rd Ave # Beds:  
 Project Sponsor: MidPen Housing Corporation

SOURCES	2,656,208	1,349,000	24,747,525	100	-	-	Total Sources	28,752,834	Comments
Name of Sources: MOHCD/OCII	Bank	Silicon Valley	NEF Tax Credit Equity	General Partner Equity					

USES

ACQUISITION

Acquisition cost or value	1								1
Legal / Closing costs / Broker's Fee	29,815								29,815
Holding Costs	0								0
Transfer Tax	0								0
<b>TOTAL ACQUISITION</b>	<b>29,816</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,816</b>

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab	1,332,923		15,936,690						17,269,573	Include FF&E
* Commercial Shell Construction									0	
* Demolition			116,667						116,667	MidPen Note - Includes environmental remediation (e.g. demo and disposal of lead and asbestos of existing structures to be demolished)
Environmental Remediation									0	
* Onsite Improvements/Landscaping			747,353						747,353	
* Offsite Improvements			315,278						315,278	
* Infrastructure Improvements									0	HOPE SF/OCII costs for streets etc.
Parking									0	MidPen Note - Costs of parking are included in line 20 - unit construction/rehab
GC Bond Premium/GC Insurance/GC Taxes			727,274						727,274	
GC Overhead & Profit			544,960						544,960	3.4%
CG General Conditions			1,367,851						1,367,851	2.6%
										6.5%
<b>Sub-total Construction Costs</b>	<b>1,332,923</b>	<b>0</b>	<b>19,756,033</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,088,956</b>	
Design Contingency (remove at DD)									0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)									0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)									0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency			1,265,337						1,265,337	5% new construction / 15% rehab
<b>Sub-total Construction Contingencies</b>	<b>0</b>	<b>0</b>	<b>1,265,337</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,265,337</b>	<b>6.0%</b>
<b>TOTAL CONSTRUCTION COSTS</b>	<b>1,332,923</b>	<b>0</b>	<b>21,021,370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,354,293</b>	

SOFT COSTS

Architecture & Design

Architect design fees	445,926								445,926	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)									0	
Architect Construction Admin	58,794		93,132						151,926	
Reimbursables									0	
Additional Services									0	
<b>Sub-total Architect Contract</b>	<b>504,720</b>	<b>0</b>	<b>93,132</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>597,852</b>	
Other Third Party design consultants (not included under Architect contract)									0	
									42,389	Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>547,109</b>	<b>0</b>	<b>93,132</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>640,241</b>	

Engineering & Environmental Studies

Survey	81,667								81,667	MidPen note - includes cost of civil and survey
Geotechnical studies	20,098								20,098	
Phase I & II Reports	52,821								52,821	MidPen note - includes cost of Phase 1 & 2 Reports, Environmental Consultant to prepare Soil Management Plan, and services during construction as needed
CEQA / Environmental Review consultants									0	
NEPA / 106 Review									0	
CNA/PNA (rehab only)									0	
Other environmental consultants									0	MidPen Note - Costs of environmental consultant are included above in line 52; consultants include Esset Environmental and AEI Consultants
<b>Total Engineering &amp; Environmental Studies</b>	<b>154,586</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>154,586</b>	

Financing Costs

<b>Construction Financing Costs</b>										
Construction Loan Origination Fee			135,210						135,210	
Construction Loan Interest			1,745,109						1,745,109	
Title & Recording			25,926						25,926	
CDLAC & CDJAC fees									0	
Bond Issuer Fees									0	
Other Bond Cost of Issuance									0	
Other Lender Costs	30,000		23,400						53,400	MidPen Note - includes appraisal, environmental review, cost analysis, and construction inspections
<b>Sub-total Const. Financing Costs</b>	<b>30,000</b>	<b>0</b>	<b>1,929,645</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,959,645</b>	
<b>Permanent Financing Costs</b>										
Permanent Loan Origination Fee									0	
Credit Enhance. & Appl. Fee									0	
Title & Recording			23,333						23,333	
<b>Sub-total Perm. Financing Costs</b>	<b>0</b>	<b>0</b>	<b>23,333</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,333</b>	
<b>Total Financing Costs</b>	<b>30,000</b>	<b>0</b>	<b>1,952,978</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,982,978</b>	

Legal Costs

Borrower Legal fees		75,000							75,000	MidPen Note - Borrower's legal attorney is Gubb & Barshay LLP
Land Use / CEQA Attorney fees		19,963							19,963	MidPen Note - Land use attorney is Lupin Olson & Niewiadomski LLP
Tax Credit Counsel			75,741	100					75,741	
Bond Counsel									0	
Construction Lender Counsel		80,000							80,000	
Permanent Lender Counsel		5,185							5,185	
Other Legal (specify)		19,963							19,963	MidPen Note - Includes legal expenses for environmental counsel from Holland & Knight LLP, telecom contract counsel from Davis Craig PLLC, license agreement and negotiations with adjacent neighbors from Lupin Olson & Niewiadomski LLP, and construction contract review from Farella Braun + Martel LLP.
<b>Total Legal Costs</b>	<b>0</b>	<b>200,111</b>	<b>75,741</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>275,982</b>	

Other Development Costs

Appraisal	4,667								4,667	
Market Study	6,481								6,481	
Insurance	3,400	395,658	93,535						492,593	
Property Taxes		25,000							25,000	
Accounting / Audit		10,370							10,370	
Organizational Costs									0	
Entitlement / Permit Fees	311,450								311,450	
Marketing / Rent-up		103,704							103,704	
Furnishings		70,000							70,000	
PGE / Utility Fees		77,778							77,778	
TCAC App / Alloc / Monitor Fees	174,182								174,182	
Financial Consultant Fees		24,630							24,630	
Construction Management fees / Owner's Rep		80,370							80,370	
Security during Construction									0	
Relocation									0	
Prevailing Wage Monitor, Special Inspections/Testing		61,296							61,296	
Public Art		97,943							97,943	
Other (specify)									0	
<b>Total Other Development Costs</b>	<b>500,180</b>	<b>946,749</b>	<b>93,535</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,540,464</b>	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	61,594	84,698	110,769	0	0	0	0	0	257,062	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>1,293,469</b>	<b>1,231,558</b>	<b>2,326,155</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,851,283</b>	<b>6.6%</b>

RESERVES

Operating Reserves		117,442							117,442	
Replacement Reserves									0	
Tenant Improvements Reserves									0	
Other (specify)									0	
Other (specify)									0	
Other (specify)									0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>117,442</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117,442</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones			1,400,000						1,400,000	
Developer Fee - Cash-out At Risk									0	
Commercial Developer Fee									0	
Developer Fee - GP Equity (also show as source)									0	
Developer Fee - Deferred (also show as source)									0	
Development Consultant Fees									0	Need MOHCD approval for this cost. N/A for most projects
Other (specify)									0	
<b>TOTAL DEVELOPER COSTS</b>	<b>0</b>	<b>0</b>	<b>1,400,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,400,000</b>	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	75,892	38,543	707,072	3	0	0	0	0	821,510	
Development Cost/Unit as % of TDC by Source	9.2%	4.7%	86.1%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/Unit By Source

	38,084	0	600,611	0	0	0	0	0	638,694	
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Construction Cost (inc Const Contingency)/SF

	31.11	0.00	490.62	0.00	0.00	0.00	0.00	0.00	521.73	
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\*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	1,336,323									
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Tax Credit Equity Pricing:

Construction Bond Amount:	0.990									
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Construction Loan Term (in months):

	N/A									
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Construction Loan Interest Rate (as %):

	3.84%									
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Application Date: 4/15/2022 Project Name: Shirley Chisholm Village  
 Total # Units: 35 Project Address: 1360 43rd Ave  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2025 Project Sponsor: MidPen Housing Corporation

INCOME	Total	Comments
Residential - Tenant Rents	526,680	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	5,304	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: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)	0	
<b>Gross Potential Income</b>	<b>531,984</b>	
Vacancy Loss - Residential - Tenant Rents	(26,334)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	#DIV/0!
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>EFFECTIVE GROSS INCOME</b>	<b>505,650</b>	<b>PUPA: 14,447</b>

**OPERATING EXPENSES**

Management		
Management Fee	25,200	1st Year to be set according to HUD schedule - \$25,200 (\$60 pupm for 35 units), \$72,000
Asset Management Fee		
<b>Sub-total Management Expenses</b>	<b>25,200</b>	<b>PUPA: 720</b>
Salaries/Benefits		
Office Salaries	39,239	Prorated salaries to tax credit project - 25% for 1 onsite community manager, 1 assistant
Manager's Salary		
Health Insurance and Other Benefits	26,401	Prorated staff benefits to tax credit project - 0.25% for 1 onsite community manager, 1
Other Salaries/Benefits	31,847	Prorated staff benefits to tax credit project - 0.25% for 1 onsite community manager, 1
Administrative Rent-Free Unit		
<b>Sub-total Salaries/Benefits</b>	<b>99,487</b>	<b>PUPA: 2,842</b>
Administration		
Advertising and Marketing		
Office Expenses		
Office Rent		
Legal Expense - Property	455	Estimated legal expense based off of MidPen portfolio
Audit Expense	15,450	Estimated audit expense based off of MidPen portfolio and MidPen bookkeeping fee
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous	25,059	Estimated miscellaneous admin costs (e.g. applicant screening expense, staffing development)
<b>Sub-total Administration Expenses</b>	<b>40,964</b>	<b>PUPA: 1,170</b>
Utilities		
Electricity	16,676	Estimated based off of MidPen portfolio and planned project design and planned PV system
Water	11,247	Estimate based off of family properties in MidPen portfolio; assumes tenant billback for water
Gas		
Sewer	32,140	Estimate based off of family properties in MidPen portfolio
<b>Sub-total Utilities</b>	<b>60,063</b>	<b>PUPA: 1,716</b>
Taxes and Licenses		
Real Estate Taxes	1,068	Estimate for supplemental taxes; tax credit project eligible for welfare tax exemption
Payroll Taxes		
Miscellaneous Taxes, Licenses and Permits	800	Estimate based off of properties in MidPen portfolio
<b>Sub-total Taxes and Licenses</b>	<b>1,868</b>	<b>PUPA: 53</b>
Insurance		
Property and Liability Insurance	43,365	Estimate based off of permanent property and liability insurance estimate provided from
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
<b>Sub-total Insurance</b>	<b>43,365</b>	<b>PUPA: 1,239</b>
Maintenance & Repair		
Payroll		
Supplies		
Contracts		
Garbage and Trash Removal	15,258	Estimate provided by project's trash and waste design consultant and design specific to this
Security Payroll/Contract		
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	34,416	Estimate based off of MidPen portfolio; includes painting, repairs, exterminating, elevator, fire
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>49,674</b>	<b>PUPA: 1,419</b>
<b>Supportive Services</b>	<b>31,243</b>	<b>Prorated staffing costs of approx 25% for tax credit project - 1 MidPen Services Coordinator</b>
<b>Commercial Expenses</b>	<b>0</b>	<b>from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>351,864</b>	<b>PUPA: 10,053</b>

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

Ground Lease Base Rent	1	Francisco Unified School	Provide additional comments here, if needed.
Bond Monitoring Fee	0		
Replacement Reserve Deposit	14,000	\$400 PUPY for 35 units	
Operating Reserve Deposit	0		
Other Required Reserve 1 Deposit	0		
Other Required Reserve 2 Deposit	0		
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>14,001</b>	<b>PUPA: 400</b>	

<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>	<b>365,865</b>	<b>PUPA: 10,453</b>	Min DSCR: 1.34 Mortgage Rate: 4.67%
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>	<b>139,785</b>	<b>PUPA: 3,994</b>	Term (Years): 20 Supportable 1st Mortgage Pmt: 104,317 Supportable 1st Mortgage Amt: \$1,354,355 Proposed 1st Mortgage Amt: \$1,349,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)			
Hard Debt - First Lender	103,905	Silicon Valley Bank	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	0		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
<b>TOTAL HARD DEBT SERVICE</b>	<b>103,905</b>	<b>PUPA: 2,969</b>	

<b>CASH FLOW (NOI minus DEBT SERVICE)</b>	<b>35,880</b>	
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>	<b>1.35</b>	

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)	25,999		2
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000		1
Other Payments			
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)			Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0%	Provide additional comments here, if needed.
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>30,999</b>	<b>PUPA: 886</b>	

<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>	<b>4,881</b>	
<b>Residual Receipts Calculation</b>		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?
Will Project Defer Developer Fee?	No	No
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%	
% of Residual Receipts available for distribution to soft debt lenders in	67%	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OClI - Soft Debt Loans	All MOHCD/OClI Loans payable from res. recs	\$2,656,208	100.00%
MOHCD/OClI - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$10	0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	3,254	67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	3,254	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

<b>REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>	<b>1,627</b>	
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NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>0</b>	

REMAINDER (Should be zero unless there are distributions below)		
Owner Distributions/Incentive Management Fee	1,627	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
<b>Final Balance (should be zero)</b>	<b>0</b>	

Application Date: 4/15/2022 Project Name: Shirley Chisholm Village  
 Total # Units: 100 Project Address: 1360 43rd Ave  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2025 Project Sponsor: MidPen Housing Corporation

INCOME	Total	Comments
Residential - Tenant Rents	2,908,428	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	15,600	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: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)	0	
<b>Gross Potential Income</b>	<b>2,924,028</b>	
Vacancy Loss - Residential - Tenant Rents	(145,421)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	#DIV/0!
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>EFFECTIVE GROSS INCOME</b>	<b>2,778,607</b>	<b>PUPA: 27,786</b>

**OPERATING EXPENSES**

Management		
Management Fee	72,000	1st Year to be set according to HUD schedule - \$25,200 (\$60 pumpr for 35 units), \$72,000
Asset Management Fee		
<b>Sub-total Management Expenses</b>	<b>72,000</b>	<b>PUPA: 720</b>
<b>Salaries/Benefits</b>		
Office Salaries	91,312	Prorated salaries to moderate income project - 0.75% for 1 onsite community manager, 1
Manager's Salary		
Health Insurance and Other Benefits	76,623	Prorated salaries to moderate income project - 0.75% for 1 onsite community manager, 1
Other Salaries/Benefits	90,971	Prorated salaries to moderate income project - 0.75% for 1 onsite community manager, 1
Administrative Rent-Free Unit		
<b>Sub-total Salaries/Benefits</b>	<b>258,906</b>	<b>PUPA: 2,589</b>
<b>Administration</b>		
Advertising and Marketing		
Office Expenses		
Office Rent		
Legal Expense - Property	1,295	Estimated legal expense based off of MidPen portfolio
Audit Expense	25,200	Estimated audit expense based off of MidPen portfolio and MidPen bookkeeping fee
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous	58,607	Estimated miscellaneous admin costs (e.g. applicant screening expense, staffing development)
<b>Sub-total Administration Expenses</b>	<b>85,102</b>	<b>PUPA: 851</b>
<b>Utilities</b>		
Electricity	47,583	Estimated based off of MidPen portfolio and planned project design and planned PV system
Water	57,616	Estimate based off of family properties in MidPen portfolio; assumes tenant billback for water
Gas		
Sewer	91,830	Estimate based off of family properties in MidPen portfolio
<b>Sub-total Utilities</b>	<b>197,029</b>	<b>PUPA: 1,970</b>
<b>Taxes and Licenses</b>		
Real Estate Taxes	3,083	Estimate for supplemental taxes; moderate income project eligible for public school exemption
Payroll Taxes		
Miscellaneous Taxes, Licenses and Permits	800	
<b>Sub-total Taxes and Licenses</b>	<b>3,883</b>	<b>PUPA: 39</b>
<b>Insurance</b>		
Property and Liability Insurance	123,424	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
<b>Sub-total Insurance</b>	<b>123,424</b>	<b>PUPA: 1,234</b>
<b>Maintenance &amp; Repair</b>		
Payroll		
Supplies		
Contracts		
Garbage and Trash Removal	43,427	Estimate provided by project's trash and waste design consultant and design specific to this
Security Payroll/Contract		
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	90,962	Estimate based off of MidPen portfolio; includes painting, repairs, exterminating, elevator, fire
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>134,389</b>	<b>PUPA: 1,344</b>
<b>Supportive Services</b>	<b>89,267</b>	<b>Prorated staffing costs of approx 75% for tax credit project - 1 MidPen Services Coordinator</b>
<b>Commercial Expenses</b>	<b>0</b>	<b>from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>964,000</b>	<b>PUPA: 9,640</b>

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Francisco Unified School Provide additional comments here, if needed.
Bond Monitoring Fee	0	
Replacement Reserve Deposit	40,000	
Operating Reserve Deposit	0	
Other Required Reserve 1 Deposit	0	
Other Required Reserve 2 Deposit	0	
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>55,000</b>	<b>PUPA: 550</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>	<b>1,019,000</b>	<b>PUPA: 10,190</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>	<b>1,759,607</b>	<b>PUPA: 17,596</b>
		Min DSCR: 1.2 Mortgage Rate: 4.72% Term (Years): 35 Supportable 1st Mortgage Pmt: 1,466,339 Supportable 1st Mortgage Amt: \$25,092,777 Proposed 1st Mortgage Amt: \$25,065,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	1,464,716	Silicon Valley Bank Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	0	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
<b>TOTAL HARD DEBT SERVICE</b>	<b>1,464,716</b>	<b>PUPA: 14,647</b>

<b>CASH FLOW (NOI minus DEBT SERVICE)</b>	<b>294,891</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>	<b>1.20</b>

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	24,250	1
Partnership Management Fee (see policy for limits)		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	265,402	MidPen Sponsor Tranche C L1 Repayment in 15 years
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0% Provide additional comments here, if needed.
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>289,652</b>	<b>PUPA: 2,897</b>

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		
<b>Residual Receipts Calculation</b>	<b>5,239</b>	
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? No
Will Project Defer Developer Fee?	No	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%	
% of Residual Receipts available for distribution to soft debt lenders in	67%	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OClI - Soft Debt Loans	All MOHCD/OClI Loans payable from res. recs	\$45,543,792	90.38%
MOHCD/OClI - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.30%
HCD (soft debt loan) - Lender 3	MidPen Sponsor Tranche C Loan	\$4,700,000	9.33%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	3,167	67% of residual receipts, multiplied by 90.67% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	3,167	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

<b>REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>	<b>2,072</b>
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NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	326	67% of residual receipts, multiplied by 9.33% -- MidPen Sponsor Tranche C Loan's pro rata sh
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>326</b>	

REMAINDER (Should be zero unless there are distributions below)		
Owner Distributions/Incentive Management Fee	1,746	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
<b>Final Balance (should be zero)</b>	<b>0</b>	

Shirley Chisholm Village

Total # Units: 35

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>INCOME</b>												
Residential - Tenant Rents	2.0%	2% escalation per lender and investor requirements	526,680	537,214	547,958	558,917	570,095	581,497	593,127	604,990	617,090	629,431
Residential - Tenant Assistance Payments (Non-LOSP)	n/a		-	-	-	-	-	-	-	-	-	-
Commercial Space	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.0%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.0%		5,304	5,410	5,518	5,629	5,741	5,856	5,973	6,093	6,214	6,339
Tenant Charges	2.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.0%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			531,984	542,624	553,476	564,546	575,837	587,353	599,100	611,082	623,304	635,770
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(26,334)	(26,861)	(27,398)	(27,946)	(28,505)	(29,075)	(29,656)	(30,249)	(30,854)	(31,472)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>			505,650	515,763	526,078	536,600	547,332	558,278	569,444	580,833	592,450	604,298
<b>OPERATING EXPENSES Management</b>												
Management Fee	3.0%	1st Year to be set according to HUD schedule.	25,200	25,956	26,735	27,537	28,363	29,214	30,090	30,993	31,923	32,880
Asset Management Fee	3.0%	3% escalation per lender and investor requirements	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Management Expenses</b>			25,200	25,956	26,735	27,537	28,363	29,214	30,090	30,993	31,923	32,880
<b>Salaries/Benefits</b>												
Office Salaries	3.0%		39,239	40,416	41,629	42,878	44,164	45,489	46,853	48,259	49,707	51,198
Manager's Salary	3.0%		-	-	-	-	-	-	-	-	-	-
Health Insurance and Other Benefits	3.0%		28,401	29,253	30,131	31,035	31,966	32,925	33,912	34,930	35,978	37,057
Other Salaries/Benefits	3.0%		31,847	32,802	33,786	34,800	35,844	36,919	38,027	39,168	40,343	41,553
Administrative Rent-Free Unit	3.0%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>			99,487	102,472	105,546	108,712	111,973	115,333	118,793	122,356	126,027	129,808
<b>Administration</b>												
Advertising and Marketing	3.0%		-	-	-	-	-	-	-	-	-	-
Office Expenses	3.0%		-	-	-	-	-	-	-	-	-	-
Office Rent	3.0%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.0%		455	469	483	497	512	527	543	560	576	594
Audit Expense	3.0%		15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159
Bookkeeping/Accounting Services	3.0%		-	-	-	-	-	-	-	-	-	-
Bad Debts	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.0%		25,059	25,811	26,585	27,383	28,204	29,050	29,922	30,819	31,744	32,698
<b>Sub-total Administration Expenses</b>			40,964	42,193	43,459	44,762	46,105	47,489	48,913	50,381	51,892	53,449
<b>Utilities</b>												
Electricity	3.0%		16,676	17,176	17,692	18,222	18,769	19,332	19,912	20,509	21,125	21,758
Water	3.0%		11,247	11,584	11,932	12,290	12,659	13,038	13,430	13,832	14,247	14,675
Gas	3.0%		-	-	-	-	-	-	-	-	-	-
Sewer	3.0%		32,140	33,104	34,097	35,120	36,174	37,259	38,377	39,528	40,714	41,935
<b>Sub-total Utilities</b>			60,063	61,865	63,721	65,632	67,601	69,629	71,718	73,870	76,086	78,369
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.0%		1,068	1,100	1,133	1,167	1,202	1,238	1,275	1,314	1,353	1,393
Payroll Taxes	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.0%		800	824	849	874	900	927	955	984	1,013	1,044
<b>Sub-total Taxes and Licenses</b>			1,868	1,924	1,982	2,041	2,102	2,166	2,230	2,297	2,366	2,437
<b>Insurance</b>												
Property and Liability Insurance	3.0%		43,365	44,666	46,006	47,386	48,808	50,272	51,780	53,333	54,933	56,581
Fidelity Bond Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.0%		-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			43,365	44,666	46,006	47,386	48,808	50,272	51,780	53,333	54,933	56,581
<b>Maintenance &amp; Repair</b>												
Payroll	3.0%		-	-	-	-	-	-	-	-	-	-
Supplies	3.0%		-	-	-	-	-	-	-	-	-	-
Contracts	3.0%		-	-	-	-	-	-	-	-	-	-
Garbage and Trash Removal	3.0%		15,258	15,716	16,187	16,673	17,173	17,688	18,219	18,765	19,328	19,908
Security Payroll/Contract	3.0%		-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.0%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.0%		34,416	35,448	36,512	37,607	38,736	39,898	41,095	42,327	43,597	44,905
<b>Sub-total Maintenance &amp; Repair Expenses</b>			49,674	51,164	52,699	54,280	55,909	57,586	59,313	61,093	62,926	64,813
<b>Supportive Services</b>												
Commercial Expenses	3.0%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	31,243	32,180	33,146	34,140	35,164	36,219	37,306	38,425	39,578	40,765
<b>TOTAL OPERATING EXPENSES</b>			351,864	362,420	373,293	384,491	396,026	407,907	420,144	432,748	445,731	459,103
<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>												
Ground Lease Base Rent			1	1	1	1	1	1	1	1	1	1
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			14,001	14,001	14,001	14,001	14,001	14,001	14,001	14,001	14,001	14,001
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			365,865	376,421	387,294	398,492	410,027	421,908	434,145	446,749	459,732	473,104
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			139,785	139,342	138,785	138,108	137,305	136,371	135,299	134,084	132,718	131,195
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender		Enter comments re: annual increase, etc.	103,905	103,905	103,905	103,905	103,905	103,905	103,905	103,905	103,905	103,905
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>			103,905	103,905	103,905	103,905	103,905	103,905	103,905	103,905	103,905	103,905
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>			35,880	35,437	34,880	34,203	33,400	32,466	31,394	30,179	28,813	27,290
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>												
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.0%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	25,999	26,909	27,851	28,826	29,840	30,894	31,979	33,094	34,240	35,417
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-	-
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>			30,999	31,909	32,851	33,826	34,840	35,894	36,979	38,094	39,240	40,417
<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>			4,881	3,528	2,029	377	-	-	-	-	-	-
Does Project have a MOHCD Residual Receipt Obligation?			Yes									
Will Project Defer Developer Fee?			No									
Residual Receipts split for all years - Lender/Owner			67% / 33%									
<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>												
MOHCD Residual Receipts Amount Due	100.00%	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	3,254	2,352	1,353	251	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment			3,254	2,352	1,353	251	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment	-	-	-	-	-	-	-	-	-	-
<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>			</									

Shirley Chisholm Village

Total # Units: 35

			Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
<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>	<b>Total</b>	<b>Total</b>
Residential - Tenant Rents	2.0%	2% escalation per lender and investor requirements	642,020	654,860	667,958	681,317	694,943	708,842	723,019	737,479	752,229	767,273
Residential - Tenant Assistance Payments (Non-LOSP)	n/a											
Commercial Space	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.0%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.0%		6,466	6,595	6,727	6,861	6,999	7,138	7,281	7,427	7,575	7,727
Tenant Charges	2.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.0%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable										
<b>Gross Potential Income</b>			<b>648,486</b>	<b>661,455</b>	<b>674,684</b>	<b>688,178</b>	<b>701,942</b>	<b>715,980</b>	<b>730,300</b>	<b>744,906</b>	<b>759,804</b>	<b>775,000</b>
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(32,101)	(32,743)	(33,398)	(34,066)	(34,747)	(35,442)	(36,151)	(36,874)	(37,611)	(38,364)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>			<b>616,385</b>	<b>628,712</b>	<b>641,286</b>	<b>654,112</b>	<b>667,194</b>	<b>680,538</b>	<b>694,149</b>	<b>708,032</b>	<b>722,193</b>	<b>736,637</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.0%	1st Year to be set according to HUD schedule.	33,867	34,883	35,929	37,007	38,117	39,261	40,439	41,652	42,901	44,188
Asset Management Fee	3.0%	3% escalation per lender and investor requirements	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Management Expenses</b>			<b>33,867</b>	<b>34,883</b>	<b>35,929</b>	<b>37,007</b>	<b>38,117</b>	<b>39,261</b>	<b>40,439</b>	<b>41,652</b>	<b>42,901</b>	<b>44,188</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.0%		52,734	54,316	55,945	57,624	59,353	61,133	62,967	64,856	66,802	68,806
Manager's Salary	3.0%		-	-	-	-	-	-	-	-	-	-
Health Insurance and Other Benefits	3.0%		38,169	39,314	40,493	41,708	42,959	44,248	45,575	46,943	48,351	49,801
Other Salaries/Benefits	3.0%		42,800	44,084	45,406	46,768	48,171	49,617	51,105	52,638	54,217	55,844
Administrative Rent-Free Unit	3.0%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>			<b>133,702</b>	<b>137,713</b>	<b>141,845</b>	<b>146,100</b>	<b>150,483</b>	<b>154,998</b>	<b>159,647</b>	<b>164,437</b>	<b>169,370</b>	<b>174,451</b>
<b>Administration</b>												
Advertising and Marketing	3.0%		-	-	-	-	-	-	-	-	-	-
Office Expenses	3.0%		-	-	-	-	-	-	-	-	-	-
Office Rent	3.0%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.0%		611	630	649	668	688	709	730	752	775	798
Audit Expense	3.0%		20,764	21,386	22,028	22,689	23,370	24,071	24,793	25,536	26,303	27,092
Bookkeeping/Accounting Services	3.0%		-	-	-	-	-	-	-	-	-	-
Bad Debts	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.0%		33,677	34,688	35,728	36,800	37,904	39,041	40,212	41,419	42,661	43,941
<b>Sub-total Administration Expenses</b>			<b>55,052</b>	<b>56,704</b>	<b>58,405</b>	<b>60,157</b>	<b>61,962</b>	<b>63,821</b>	<b>65,735</b>	<b>67,707</b>	<b>69,738</b>	<b>71,831</b>
<b>Utilities</b>												
Electricity	3.0%		22,411	23,083	23,776	24,489	25,224	25,981	26,760	27,563	28,390	29,241
Water	3.0%		15,115	15,568	16,036	16,517	17,012	17,522	18,048	18,590	19,147	19,722
Gas	3.0%		-	-	-	-	-	-	-	-	-	-
Sewer	3.0%		43,193	44,489	45,824	47,199	48,615	50,073	51,575	53,123	54,716	56,358
<b>Sub-total Utilities</b>			<b>80,720</b>	<b>83,141</b>	<b>85,635</b>	<b>88,205</b>	<b>90,851</b>	<b>93,576</b>	<b>96,383</b>	<b>99,275</b>	<b>102,253</b>	<b>105,321</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.0%		1,435	1,478	1,523	1,568	1,615	1,664	1,714	1,765	1,818	1,873
Payroll Taxes	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.0%		1,075	1,107	1,141	1,175	1,210	1,246	1,284	1,322	1,362	1,403
<b>Sub-total Taxes and Licenses</b>			<b>2,510</b>	<b>2,586</b>	<b>2,663</b>	<b>2,743</b>	<b>2,826</b>	<b>2,910</b>	<b>2,998</b>	<b>3,088</b>	<b>3,180</b>	<b>3,276</b>
<b>Insurance</b>												
Property and Liability Insurance	3.0%		58,279	60,027	61,828	63,683	65,593	67,561	69,588	71,676	73,826	76,041
Fidelity Bond Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.0%		-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			<b>58,279</b>	<b>60,027</b>	<b>61,828</b>	<b>63,683</b>	<b>65,593</b>	<b>67,561</b>	<b>69,588</b>	<b>71,676</b>	<b>73,826</b>	<b>76,041</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.0%		-	-	-	-	-	-	-	-	-	-
Supplies	3.0%		-	-	-	-	-	-	-	-	-	-
Contracts	3.0%		-	-	-	-	-	-	-	-	-	-
Garbage and Trash Removal	3.0%		20,505	21,121	21,754	22,407	23,079	23,771	24,485	25,219	25,976	26,755
Security Payroll/Contract	3.0%		-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.0%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.0%		48,252	47,640	49,089	50,541	52,057	53,619	55,228	56,884	58,591	60,349
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>68,758</b>	<b>68,760</b>	<b>70,823</b>	<b>72,948</b>	<b>75,136</b>	<b>77,390</b>	<b>79,712</b>	<b>82,104</b>	<b>84,567</b>	<b>87,104</b>
<b>Supportive Services</b>	3.0%		41,988	43,248	44,545	45,881	47,258	48,676	50,136	51,640	53,189	54,785
<b>Commercial Expenses</b>		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>			<b>472,876</b>	<b>487,062</b>	<b>501,674</b>	<b>516,724</b>	<b>532,226</b>	<b>548,193</b>	<b>564,638</b>	<b>581,578</b>	<b>599,025</b>	<b>616,996</b>
<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>												
Ground Lease Base Rent			1	1	1	1	1	1	1	1	1	1
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>14,001</b>	<b>14,001</b>	<b>14,001</b>	<b>14,001</b>	<b>14,001</b>	<b>14,001</b>	<b>14,001</b>	<b>14,001</b>	<b>14,001</b>	<b>14,001</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			<b>486,877</b>	<b>501,063</b>	<b>515,675</b>	<b>530,725</b>	<b>546,227</b>	<b>562,194</b>	<b>578,639</b>	<b>595,579</b>	<b>613,026</b>	<b>630,997</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>129,508</b>	<b>127,649</b>	<b>125,612</b>	<b>123,387</b>	<b>120,968</b>	<b>118,345</b>	<b>115,510</b>	<b>112,453</b>	<b>109,167</b>	<b>105,640</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender			103,905	103,905	103,905	103,905	103,905	103,905	103,905	103,905	103,905	103,905
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>			<b>103,905</b>	<b>103,905</b>	<b>103,905</b>	<b>103,905</b>	<b>103,905</b>	<b>103,905</b>	<b>103,905</b>	<b>103,905</b>	<b>103,905</b>	<b>103,905</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>			<b>25,603</b>	<b>23,744</b>	<b>21,707</b>	<b>19,482</b>	<b>17,063</b>	<b>14,440</b>	<b>11,605</b>	<b>8,548</b>	<b>5,262</b>	<b>1,735</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>												
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.0%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	20,603	18,744	16,707	14,482	12,063	12,485	11,605	8,548	5,262	1,735
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-								

Shirley Chisholm Village

Total # Units: 100

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>INCOME</b>												
Residential - Tenant Rents	2.0%	(related to annual inc assumptions)	2,908,428	2,966,597	3,025,928	3,086,447	3,148,176	3,211,140	3,275,362	3,340,870	3,407,687	3,475,841
Residential - Tenant Assistance Payments (Non-LOSP)	n/a		-	-	-	-	-	-	-	-	-	-
Commercial Space	2.5%	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.0%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.0%		15,600	15,912	16,230	16,555	16,886	17,224	17,568	17,919	18,278	18,643
Tenant Charges	2.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.0%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			<b>2,924,028</b>	<b>2,982,509</b>	<b>3,042,159</b>	<b>3,103,002</b>	<b>3,165,062</b>	<b>3,228,363</b>	<b>3,292,930</b>	<b>3,358,789</b>	<b>3,425,965</b>	<b>3,494,484</b>
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy, annual incrementing usually not appropriate	(145,421)	(148,330)	(151,296)	(154,322)	(157,409)	(160,557)	(163,768)	(167,043)	(170,384)	(173,792)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>			<b>2,778,607</b>	<b>2,834,179</b>	<b>2,890,862</b>	<b>2,948,680</b>	<b>3,007,653</b>	<b>3,067,806</b>	<b>3,129,162</b>	<b>3,191,746</b>	<b>3,255,580</b>	<b>3,320,692</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.0%	1st Year to be set according to HUD schedule	72,000	74,160	76,385	78,676	81,037	83,468	85,972	88,551	91,207	93,944
Asset Management Fee	3.0%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Management Expenses</b>			<b>72,000</b>	<b>74,160</b>	<b>76,385</b>	<b>78,676</b>	<b>81,037</b>	<b>83,468</b>	<b>85,972</b>	<b>88,551</b>	<b>91,207</b>	<b>93,944</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.0%		91,312	94,051	96,873	99,779	102,772	105,856	109,031	112,302	115,671	119,141
Manager's Salary	3.0%		-	-	-	-	-	-	-	-	-	-
Health Insurance and Other Benefits	3.0%		76,623	78,922	81,289	83,728	86,240	88,827	91,492	94,237	97,064	99,976
Other Salaries/Benefits	3.0%		90,971	93,700	96,511	99,406	102,389	105,460	108,624	111,883	115,239	118,697
Administrative Rent-Free Unit	3.0%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>			<b>258,906</b>	<b>266,673</b>	<b>274,673</b>	<b>282,914</b>	<b>291,401</b>	<b>300,143</b>	<b>309,147</b>	<b>318,422</b>	<b>327,974</b>	<b>337,814</b>
<b>Administration</b>												
Advertising and Marketing	3.0%		-	-	-	-	-	-	-	-	-	-
Office Expenses	3.0%		-	-	-	-	-	-	-	-	-	-
Office Rent	3.0%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.0%		1,295	1,334	1,374	1,415	1,458	1,501	1,546	1,593	1,640	1,690
Audit Expense	3.0%		25,200	25,956	26,735	27,537	28,363	29,214	30,090	30,993	31,923	32,880
Bookkeeping/Accounting Services	3.0%		-	-	-	-	-	-	-	-	-	-
Bad Debts	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.0%		58,607	60,365	62,176	64,041	65,963	67,942	69,980	72,079	74,242	76,469
<b>Sub-total Administration Expenses</b>			<b>85,102</b>	<b>87,655</b>	<b>90,285</b>	<b>92,993</b>	<b>95,783</b>	<b>98,657</b>	<b>101,616</b>	<b>104,665</b>	<b>107,805</b>	<b>111,039</b>
<b>Utilities</b>												
Electricity	3.0%		47,583	49,010	50,481	51,995	53,555	55,163	56,817	58,521	60,277	62,085
Water	3.0%		57,616	59,344	61,125	62,959	64,847	66,793	68,797	70,860	72,986	75,176
Gas	3.0%		-	-	-	-	-	-	-	-	-	-
Sewer	3.0%		91,830	94,585	97,422	100,345	103,355	106,456	109,650	112,939	116,327	119,817
<b>Sub-total Utilities</b>			<b>197,029</b>	<b>202,940</b>	<b>209,028</b>	<b>215,299</b>	<b>221,758</b>	<b>228,411</b>	<b>235,263</b>	<b>242,321</b>	<b>249,590</b>	<b>257,078</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.0%		3,083	3,175	3,271	3,369	3,470	3,574	3,681	3,792	3,905	4,023
Payroll Taxes	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.0%		800	824	849	874	900	927	955	984	1,013	1,044
<b>Sub-total Taxes and Licenses</b>			<b>3,883</b>	<b>3,999</b>	<b>4,119</b>	<b>4,243</b>	<b>4,370</b>	<b>4,501</b>	<b>4,637</b>	<b>4,776</b>	<b>4,919</b>	<b>5,066</b>
<b>Insurance</b>												
Property and Liability Insurance	3.0%		123,424	127,127	130,941	134,869	138,915	143,082	147,375	151,796	156,350	161,040
Fidelity Bond Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.0%		-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			<b>123,424</b>	<b>127,127</b>	<b>130,941</b>	<b>134,869</b>	<b>138,915</b>	<b>143,082</b>	<b>147,375</b>	<b>151,796</b>	<b>156,350</b>	<b>161,040</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.0%		-	-	-	-	-	-	-	-	-	-
Supplies	3.0%		-	-	-	-	-	-	-	-	-	-
Contracts	3.0%		-	-	-	-	-	-	-	-	-	-
Garbage and Trash Removal	3.0%		43,427	44,730	46,072	47,454	48,877	50,344	51,854	53,410	55,012	56,662
Security Payroll/Contract	3.0%		-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.0%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.0%		90,962	93,691	96,502	99,397	102,379	105,450	108,613	111,872	115,228	118,685
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>134,389</b>	<b>138,421</b>	<b>142,573</b>	<b>146,850</b>	<b>151,256</b>	<b>155,794</b>	<b>160,467</b>	<b>165,282</b>	<b>170,240</b>	<b>175,347</b>
<b>Supportive Services</b>	3.0%		89,267	91,945	94,703	97,544	100,471	103,485	106,589	109,787	113,081	116,473
<b>Commercial Expenses</b>												
<b>TOTAL OPERATING EXPENSES</b>			<b>964,000</b>	<b>992,920</b>	<b>1,022,708</b>	<b>1,053,389</b>	<b>1,084,990</b>	<b>1,117,540</b>	<b>1,151,066</b>	<b>1,185,598</b>	<b>1,221,166</b>	<b>1,257,801</b>
<b>PUPA (w/o Reserves/GL Base Rent/Bond Fees)</b>			<b>9,640</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	15,000	15,000
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			<b>1,019,000</b>	<b>1,047,920</b>	<b>1,077,708</b>	<b>1,108,389</b>	<b>1,139,990</b>	<b>1,172,540</b>	<b>1,206,066</b>	<b>1,240,598</b>	<b>1,276,166</b>	<b>1,312,801</b>
<b>PUPA (w/ Reserves/GL Base Rent/Bond Fees)</b>			<b>10,190</b>									
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>1,759,607</b>	<b>1,786,259</b>	<b>1,813,155</b>	<b>1,840,291</b>	<b>1,867,663</b>	<b>1,895,266</b>	<b>1,923,096</b>	<b>1,951,147</b>	<b>1,979,414</b>	<b>2,007,891</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender			1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>			<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>			<b>294,891</b>	<b>321,543</b>	<b>348,439</b>	<b>375,575</b>	<b>402,947</b>	<b>430,550</b>	<b>458,380</b>	<b>486,431</b>	<b>514,698</b>	<b>543,175</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>												
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	24,250	25,099	25,977	26,886	27,827	28,801	29,809	30,853	31,933	33,050
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	-	-	-	-	-	-	-	-	-	-
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	265,402	266,800	290,215	313,819	337,607	36				

Shirley Chisholm Village

Total # Units: 100

			Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
<b>INCOME</b>	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.0%		3,545,358	3,616,265	3,688,590	3,762,362	3,837,609	3,914,361	3,992,648	4,072,501	4,153,951	4,237,030
Residential - Tenant Assistance Payments (Non-LOSP)	n/a											
Commercial Space	2.5%	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%										
Residential Parking	2.0%											
Miscellaneous Rent Income	2.0%											
Supportive Services Income	2.0%											
Interest Income - Project Operations	2.0%											
Laundry and Vending	2.0%		19,016	19,397	19,785	20,180	20,584	20,996	21,415	21,844	22,281	22,726
Tenant Charges	2.0%											
Miscellaneous Residential Income	2.0%											
Other Commercial Income	2.5%	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%										
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable										
<b>Gross Potential Income</b>			<b>3,564,374</b>	<b>3,635,661</b>	<b>3,708,375</b>	<b>3,782,542</b>	<b>3,858,193</b>	<b>3,935,357</b>	<b>4,014,064</b>	<b>4,094,345</b>	<b>4,176,232</b>	<b>4,259,757</b>
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH schedule	(177,268)	(180,813)	(184,429)	(188,118)	(191,880)	(195,718)	(199,632)	(203,625)	(207,698)	(211,852)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	policy, annual incrementing usually not appropriate										
Vacancy Loss - Commercial	n/a											
<b>EFFECTIVE GROSS INCOME</b>			<b>3,387,106</b>	<b>3,454,848</b>	<b>3,523,945</b>	<b>3,594,424</b>	<b>3,666,312</b>	<b>3,739,639</b>	<b>3,814,431</b>	<b>3,890,720</b>	<b>3,968,534</b>	<b>4,047,905</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.0%	1st Year to be set according to HUD schedule	96,762	99,665	102,655	105,734	108,906	112,174	115,539	119,005	122,575	126,252
Asset Management Fee	3.0%	per MOHCD policy										
<b>Sub-total Management Expenses</b>			<b>96,762</b>	<b>99,665</b>	<b>102,655</b>	<b>105,734</b>	<b>108,906</b>	<b>112,174</b>	<b>115,539</b>	<b>119,005</b>	<b>122,575</b>	<b>126,252</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.0%		122,716	126,397	130,189	134,095	138,118	142,261	146,529	150,925	155,453	160,116
Manager's Salary	3.0%											
Health Insurance and Other Benefits	3.0%		102,975	106,064	109,246	112,523	115,899	119,376	122,957	126,646	130,446	134,359
Other Salaries/Benefits	3.0%		122,257	125,925	129,703	133,594	137,602	141,730	145,982	150,361	154,872	159,518
Administrative Rent-Free Unit	3.0%											
<b>Sub-total Salaries/Benefits</b>			<b>347,948</b>	<b>358,386</b>	<b>369,138</b>	<b>380,212</b>	<b>391,619</b>	<b>403,367</b>	<b>415,468</b>	<b>427,932</b>	<b>440,770</b>	<b>453,993</b>
<b>Administration</b>												
Advertising and Marketing	3.0%											
Office Expenses	3.0%											
Office Rent	3.0%											
Legal Expense - Property	3.0%		1,740	1,793	1,846	1,902	1,959	2,018	2,078	2,140	2,205	2,271
Audit Expense	3.0%		33,867	34,883	35,929	37,007	38,117	39,261	40,439	41,652	42,901	44,188
Bookkeeping/Accounting Services	3.0%											
Bad Debts	3.0%											
Miscellaneous	3.0%		78,763	81,126	83,560	86,066	88,648	91,308	94,047	96,868	99,774	102,768
<b>Sub-total Administration Expenses</b>			<b>114,370</b>	<b>117,801</b>	<b>121,335</b>	<b>124,975</b>	<b>128,724</b>	<b>132,686</b>	<b>136,864</b>	<b>140,661</b>	<b>144,880</b>	<b>149,227</b>
<b>Utilities</b>												
Electricity	3.0%		63,948	65,866	67,842	69,877	71,974	74,133	76,357	78,647	81,007	83,437
Water	3.0%		77,431	79,754	82,147	84,611	87,149	89,764	92,457	95,230	98,087	101,030
Gas	3.0%											
Sewer	3.0%											
<b>Sub-total Utilities</b>			<b>264,791</b>	<b>272,734</b>	<b>280,916</b>	<b>289,344</b>	<b>298,024</b>	<b>306,965</b>	<b>316,174</b>	<b>325,659</b>	<b>335,429</b>	<b>345,492</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.0%		4,143	4,268	4,396	4,527	4,663	4,803	4,947	5,096	5,249	5,406
Payroll Taxes	3.0%											
Miscellaneous Taxes, Licenses and Permits	3.0%		1,075	1,107	1,141	1,175	1,210	1,246	1,284	1,322	1,362	1,403
<b>Sub-total Taxes and Licenses</b>			<b>5,218</b>	<b>5,375</b>	<b>5,536</b>	<b>5,702</b>	<b>5,873</b>	<b>6,050</b>	<b>6,231</b>	<b>6,418</b>	<b>6,611</b>	<b>6,809</b>
<b>Insurance</b>												
Property and Liability Insurance	3.0%		165,872	170,848	175,973	181,252	186,690	192,291	198,059	204,001	210,121	216,425
Fidelity Bond Insurance	3.0%											
Worker's Compensation	3.0%											
Director's & Officers' Liability Insurance	3.0%											
<b>Sub-total Insurance</b>			<b>165,872</b>	<b>170,848</b>	<b>175,973</b>	<b>181,252</b>	<b>186,690</b>	<b>192,291</b>	<b>198,059</b>	<b>204,001</b>	<b>210,121</b>	<b>216,425</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.0%											
Supplies	3.0%											
Contracts	3.0%											
Garbage and Trash Removal	3.0%		58,362	60,113	61,917	63,774	65,687	67,658	69,688	71,778	73,932	76,150
Security Payroll/Contract	3.0%											
HVAC Repairs and Maintenance	3.0%											
Vehicle and Maintenance Equipment Operation and Repairs	3.0%											
Miscellaneous Operating and Maintenance Expenses	3.0%		122,245	125,913	129,600	133,581	137,588	141,716	145,967	150,346	154,857	159,502
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>180,608</b>	<b>186,026</b>	<b>191,607</b>	<b>197,355</b>	<b>203,275</b>	<b>209,374</b>	<b>215,655</b>	<b>222,125</b>	<b>228,788</b>	<b>235,652</b>
<b>Supportive Services</b>	3.0%		119,967	123,566	127,273	131,092	135,024	139,075	143,247	147,545	151,971	156,530
<b>Commercial Expenses</b>		from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%										
<b>TOTAL OPERATING EXPENSES</b>			<b>1,295,535</b>	<b>1,334,401</b>	<b>1,374,433</b>	<b>1,415,666</b>	<b>1,458,136</b>	<b>1,501,881</b>	<b>1,546,937</b>	<b>1,593,345</b>	<b>1,641,145</b>	<b>1,690,380</b>
<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>												
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
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												
Replacement Reserve Deposit			40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Operating Reserve Deposit												
Other Required Reserve 1 Deposit												
Other Required Reserve 2 Deposit												
Required Reserve Deposit/s, Commercial												
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>			<b>1,350,535</b>	<b>1,389,401</b>	<b>1,429,433</b>	<b>1,470,666</b>	<b>1,513,136</b>	<b>1,556,881</b>	<b>1,601,937</b>	<b>1,648,345</b>	<b>1,696,145</b>	<b>1,745,380</b>
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>2,036,571</b>	<b>2,065,447</b>	<b>2,094,512</b>	<b>2,123,757</b>	<b>2,153,176</b>	<b>2,182,758</b>	<b>2,212,494</b>	<b>2,242,375</b>	<b>2,272,389</b>	<b>2,302,525</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender		Enter comments re: annual increase, etc.	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716	1,464,716
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.										
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.										
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.										
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%										
<b>TOTAL HARD DEBT SERVICE</b>			<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>	<b>1,464,716</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>												
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>			<b>571,855</b>	<b>600,731</b>	<b>629,796</b>	<b>659,041</b>	<b>688,460</b>	<b>718,042</b>	<b>747,778</b>	<b>777,659</b>	<b>807,673</b>	<b>837,809</b>
DSCR: 1.39 1.41 1.43 1.45 1.47 1.49 1.51 1.53 1.55 1.57												
<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	34,207	35,404	36,643	37,926	39,253	40,627	42,049	43,521	45,044	46,621
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy										
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase										
Other Payments												
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	483,883	508,794	533,837	559,004	584,304					
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.										
Deferred Developer Fee (Enter amt <= Max Fee from row 131)												
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>			<b>518,090</b>	<b>544,198</b>	<b>570,480</b>	<b>596,930</b>	<b>623,527</b>	<b>650,274</b>	<b>677,174</b>	<b>704,249</b>	<b>731,494</b>	<b>758,862</b>
<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>			<b>518,090</b>	<b>544,198</b>	<b>570,480</b>	<b>596,930</b>	<b>623,527</b>	<b>650,274</b>	<b>677,174</b>	<b>704,249</b>	<b>731,494</b>	<b>758,862</b>
Does Project have a MOHCD Residual Receipt Obligation?	Yes											
Will Project Defer Developer Fee?	No											
Residual Receipts split for all years - Lender/Owner	67% / 33%					</						



**Exhibit C  
SAMPLE**

**Moderate Tenant Income Certification (MTIC)**

PROPERTY NAME: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_

UNIT ADDRESS: \_\_\_\_\_ UNIT: \_\_\_\_\_ MOVE-IN DATE : \_\_\_\_\_

The information on this form will be used to determine continued program eligibility, and additional information may be requested as needed. Under penalty of perjury, I/we certify that the information presented in this certification is true and accurate to the best of my knowledge. I/we further understand(s) that providing false representation herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of your lease agreement.

**PART I: EMPLOYMENT:** For each household member 18 and over, you must list each person’s employer. Please write “unemployed” under “Name of Employer” for unemployed household members. Use the same household member numbering as reported in Form A. “HH Mbr” = “Household Member”.

If household member is employed by San Francisco Unified School District (SFUSD), please provide evidence of current employment.

HH Mbr #	Name of Employer	First Day of Employment (mm/dd/yyyy)	Self- Employed?	Estimated Annual Income
		___/___/___	<input type="checkbox"/> Y <input type="checkbox"/> N	\$
		___/___/___	<input type="checkbox"/> Y <input type="checkbox"/> N	\$
		___/___/___	<input type="checkbox"/> Y <input type="checkbox"/> N	\$
		___/___/___	<input type="checkbox"/> Y <input type="checkbox"/> N	\$
		___/___/___	<input type="checkbox"/> Y <input type="checkbox"/> N	\$
		___/___/___	<input type="checkbox"/> Y <input type="checkbox"/> N	\$

**PART II: GROSS ANNUAL INCOME:** For each household member 18 and over, you must list each person’s wages.

HH Mbr #	Wages	Social Security/Pensions Received Annually	Public Assistance Received Annually	Income From Land/ Business Annually	Other Income Received Annually
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
<b>TOTAL</b>	<b>(a)\$</b>	<b>(b)\$</b>	<b>(c) \$</b>	<b>(d)\$</b>	<b>(e) \$</b>

**TOTAL GROSS ANNUAL INCOME** Add (a) through (e) \$

**PART III: INCOME FROM ASSETS:** Important: You must list every cash account that shows a household member as an account holder including joint accounts, custodial accounts for minors, and other accounts on which a household member's name appears. Do not include material assets such as cars or boats. Failure to list all accounts will disqualify your household. Attach additional sheets if necessary.

HH Mbr #	Name of Institution (bank name, etc.)	Last 4 Digits of Account Number	Type of Asset - (bank account, savings account, CD, mutual fund, trust fund, gift, etc.)	Current Cash Value of Asset
<b>Total Household Assets</b>				\$

**PART V: HOUSEHOLD CERTIFICATION & SIGNATURES**

All statements made in this application are true and made for the purpose of recertifying for a moderate income rental unit. If required, verification may be obtained from any source named in this application.

The information on this form will be used to determine income eligibility. I/we have listed all persons in my/our household. I/we have provided each household member's acceptable verification of current annual income and income from assets. I/we have also disclosed ALL assets held by each person listed on the application, and have provided documentation thereof. 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 this application and of the lease agreement.**

Must be signed by all applicants 18 years or older.

Household Member's Signature	Household Member's Printed Name	Date
Household Member's Signature	Household Member's Printed Name	Date
Household Member's Signature	Household Member's Printed Name	Date
Household Member's Signature	Household Member's Printed Name	Date

# TENANT INCOME CERTIFICATION

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

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

## PART I - DEVELOPMENT DATA

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

## PART II. HOUSEHOLD COMPOSITION

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

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

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

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

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

TOTAL INCOME (E):

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

## PART IV. INCOME FROM ASSETS

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

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

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

Passbook Rate  
0.06%

= (J) Imputed Income

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

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

**TOTAL INCOME FROM ASSETS (K)**

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

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

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

## HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Signature

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

**PART V. DETERMINATION OF INCOME ELIGIBILITY**

**RECERTIFICATION ONLY:**

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

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

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

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

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

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

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

**PART VI. RENT**

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

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

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

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

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

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

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

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

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?  
 Yes  No

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

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

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

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

**SIGNATURE OF OWNER/REPRESENTATIVE**

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

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

**PART IX. SUPPLEMENTAL INFORMATION FORM**

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

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

<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, 41 – Asian & White, etc.*

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

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

**Disability Status:**

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

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

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

# **INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION**

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

## **Part I - Development Data**

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

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

## **Part II - Household Composition**

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

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

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

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

### Part III - Annual Income

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

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

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

### Part IV - Income from Assets

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

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

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

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

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

### HOUSEHOLD CERTIFICATION AND SIGNATURES

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

### Part V – Determination of Income Eligibility

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

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

#### Part VI - Rent

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

#### Part VII - Student Status

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

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



**Part VIII – Program Type**

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

**SIGNATURE OF OWNER/REPRESENTATIVE**

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

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

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

**PART IX. SUPPLEMENTAL INFORMATION**

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

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

**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. **Row Number.** Do not enter data in this column.

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

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

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

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

"**Studio**" = Studio unit

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

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

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

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

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

**"LOSP"** = The unit receives a subsidy through the City's Local Operating Subsidy Program.

**"DAH (DPH)"** = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.

**"HSA Master Lease"** = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.

**"MHSA"** = The unit receives a subsidy under CA HCD's Mental Health Services Act.

**"HOME TBA"** = Tenant receives assistance from a HOME-funded rental assistance program.

**"Rent Supplement"** = Tenant receives a supplemental rent payment from an outside agency.

**"Other"** = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.

- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.
- Y. **Amount of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.
- Z. **Percentage of Most Recent Rent Increase.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

### 3B. Demographic

Gender and Sexual Orientation: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the [Notice](#) if you have any questions about this.

**Gender.** Provide info for the Head of Household. The 8 possible answers for Gender are:

- Female
- Male
- Genderqueer/Gender Non-binary
- Trans Female
- Trans Male
- Not listed
- Declined/Not Stated
- Question Not Asked

**Sexual Orientation.** Provide info for the Head of Household. The 7 possible answers for Sexual Orientation are:

- Bisexual
- Gay /Lesbian/Same-Gender Loving
- Questioning /Unsure
- Straight/Heterosexual
- Not listed
- Decline to Answer
- Not Stated

**Elderly Household.** For each residential unit, enter "Yes" if the anyone in the household is a person that is at least 62 years of age. Enter "No" if everyone in the household is younger than 62.

**Number of Children Under Age 18 in Household.** Enter the number of occupants in the unit that were under age 18 as of the end date of the reporting period.

**Disability.** If any members of the household have any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by any tenants with a listed disability.

### 3C. Summary of Reported Household Demographics

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No data entry required. Output based on information reported from Worksheets 3A and 3B.

#### **4. Narrative**

Please follow the instructions provided on the worksheet.

#### **5. Project Financing**

Supply the info requested about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

#### **6. Services Funding**

For each service that is provided based on your answers to questions 51-61 on Worksheet 1A, you must supply additional info about each service provider on Worksheet 6. Services Funding.

#### **7. Supplementary Audit Information - Required by MOHCD**

Use this template to satisfy the audit requirement for MOHCD-funded projects. Project Owners/auditors may enter data directly into this worksheet and then print it to create the required Supplemental Schedules in the Audited Financial Statement. Alternatively, the audit requirement may be satisfied by using a form generated by the Sponsor's accounting system, as long as the form includes all the elements contained within MOHCD's template.

#### **Completeness Tracker**

Use this worksheet to track your work and to verify that you have completed all required data entry.

#### **Links to Relevant Policies**

Double click on the following web links to access the policy documents posted at SFGOV for your reference. The web address of the pages on the web are included for manual navigation as well.

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[MOHCD Forms Page at SFMOHCD.ORG](http://sfmohcd.org)

<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		Go To WS6	After School Program/s (y/n)
48		Go To WS6	Licensed Day Care Service ( <i>participant fees are allowable for day care ONLY</i> ) (y/n)
49		Go To WS6	Youth Program/s (y/n)
50		Go To WS6	Educational Classes (e.g. basic skills, computer training, ESL) (y/n)
51		Go To WS6	Health and Wellness Services/Programs (y/n)
52		Go To WS6	Employment Services (y/n)
53		Go To WS6	Case Management, Information and Referrals (y/n)
54		Go To WS6	Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)
55		Go To WS6	Support Groups, Social Events, Organized Tenant Activities (y/n)
56		Go To WS6	Other Service #1 - Please specify in column G.
57		Go To WS6	Other Service #2 - Please specify in column G.

**POPULATION SERVED**

**Target / Actual Populations:** As of the last day of the reporting period, what are the Actual and Target Populations (expressed as Number of Households) for the Project?

*Under Target Population, enter the number of units at the project that, as a requirement of a specific funding source (e.g. 202, HOPWA, McKinney), are targeted to and set aside for the target populations shown in the table. Under Actual Population, enter the number of households at the project that, as of the end of the reporting period, contained at least one person who is a member of the populations shown in the table.*

		Target Population		Actual Population	
58		0	Families	0	Families
59		0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
60		0	Housing for Homeless	0	Housing for Homeless
61		0	Mentally or Physically Disabled	0	Mentally or Physically Disabled

62		0	Senior Housing	0	Senior Housing
63		0	Substance Abuse	0	Substance Abuse
64		0	Domestic Violence Survivor	0	Domestic Violence Survivor
65		0	Veterans	0	Veterans
66		0	Formerly Incarcerated	0	Formerly Incarcerated
67		0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Remember, **SAVE YOUR WORK!**

**Annual Monitoring Report - Transitional Programs - Reporting Year 2020 - Mayor's Office of Housing & Community Development**

Project Address:

**Project Capacity:** What is the target capacity of this project? (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	D. Num of Beds
1					
2	0		<b>Total Households (Singles and Families) That Can Be Served</b>		

**Persons Served During Operating Year** (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	
3					Num on the first day of operating year
4					Num entering the program during the operating year
5	0		<b>Total Households (Singles and Families) Served</b>		
6					Num who left the program during the operating year
7	0	0	0	0	Num in the program on the last day of the operating year
8	0		<b>Total Households in program on the last day of the operating year</b>		
9					<b>&lt;-Capacity Utilization Rate (by Household as of last Day of Operating Year)</b>

If the Capacity Utilization Rate is **LESS** than 75% you must respond to the following:

10		1. Explain the reason(s) why the capacity utilization rate is as low as it is; <b>and</b>
11		2. Describe plan/s to raise the capacity utilization rate to at least 75%, with specific timeline.

**Length of Stay:** For the 0 households that LEFT the program during the operating year, how many were in the project for the following lengths of time? (Total in cell H28 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

12		Less than 1 month
13		1 to 2 months
14		3 - 6 months
15		7 months -12 months
16		13 months - 24 months
17		25 months - 3 years
18	0	<b>TOTAL # HH's that left the program</b>

**Destination:** For the 0 households reported to have LEFT the program during the operating year, how many left for the following destinations? (Total in cell H53 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

19		Rental - House or Apartment (no subsidy)	PERMANENT
20		Public Housing	
21		Section 8 Voucher	
22		Subsidized Rental - house or apartment	
23		Homeownership	
24		Moved in with family or friends	TRANSITIONAL
25	0	<b>Permanent Housing Subtotal</b>	
26		Transitional Housing for homeless persons	TRANSITIONAL
27		Moved in with family or friends <i>TEMPORARILY</i>	
28	0	<b>Transitional Housing Subtotal</b>	INSTITUTIONAL
29		Psychiatric hospital	
30		Inpatient alcohol or other drug treatment facility	
31		Jail/Prison	
32		Medical Facility	
33	0	<b>Institutional Subtotal</b>	OTHER
34		Emergency Shelter	
35		Places not meant for human habitation (e.g. street)	
36		Unknown	
37		Other	
38	0	<b>Other Subtotal</b>	OTHER
39	0	<b>TOTAL # HH's that left the program</b>	

**Annual Monitoring Report - Eviction Data - Reporting Year 2020 - Mayor's Office of Housing & Community Development**

Project Address:

*This section of the AMR must be completed for all projects, except for transitional housing or residential treatment services.*

**Number of households who lived in the project during the reporting period:**

1 Number of households who lived in the project AT ANY TIME during the reporting period. Be sure to include all households that moved in during the reporting period.

**Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons:**  
(If more than one reason applies to a household, report only the primary reason.)  
*You MUST answer every question (i.e., enter zero if applicable).*

**Ethnicity and Race data for households that received Notices of Eviction during the reporting period:**

	enter # below	enter # below	
2 Breach of Lease Agreement		Indigenous - American Indian/Native American	Black - African
3 Capital Improvement		Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
4 Condo Conversion		Other Indigenous	Black - Caribbean, Central American, South American or Mexican
5 Demolition		Asian - Chinese	Other Black
6 Denial of Access to Unit		Asian - Filipino	North African
7 Development Agreement		Asian - Japanese	West Asian
8 Ellis Act Withdrawal		Asian - Korean	Other Middle Eastern or North African
9 Failure to Sign Lease Renewal		Asian - Mongolian	Pacific Islander - Chamorro
10 Good Samaritan Tenancy Ends		Asian - Central Asian	Pacific Islander - Native Hawaiian
11 Habitual Late Payment of Rent		Asian - South Asian	Pacific Islander - Samoan
12 Illegal Use of Unit		Asian - Southeast Asian	Other Pacific Islander
13 Lead Remediation		Other Asian	White - European
14 Non-payment of Rent		Latino - Caribbean	Other White
15 Nuisance		Latino - Central American	Not Reported
16 Other		Latino - Mexican	0 Total (must match Total number in E29)
17 Owner Move In		Latino - South American	
18 Roommate Living in Same Unit		Other Latino	<b>Gender data for households that received Notices of Eviction during the reporting period:</b>
19 Substantial Rehabilitation		<b>Sexual Orientation data for households that received Notices of Eviction during the reporting period:</b>	
20 Unapproved Subtenant		Bisexual	Female
21 0 Total number of households who received Notices of Eviction		Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E29)	0 Total (must match Total number in E29)

**Number of Unlawful Detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:**  
(If more than one reason applies to a household, report only the primary reason.)  
*You MUST answer every question (i.e., enter zero if applicable).*

**Ethnicity and Race data for households for which Unlawful Detainers were filed during the reporting period:**

	enter # below	enter # below	
22 Breach of Lease Agreement		Indigenous - American Indian/Native American	Black - African
23 Capital Improvement		Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
24 Condo Conversion		Other Indigenous	Black - Caribbean, Central American, South American or Mexican
25 Demolition		Asian - Chinese	Other Black
26 Denial of Access to Unit		Asian - Filipino	North African
27 Development Agreement		Asian - Japanese	West Asian
28 Ellis Act Withdrawal		Asian - Korean	Other Middle Eastern or North African
29 Failure to Sign Lease Renewal		Asian - Mongolian	Pacific Islander - Chamorro
30 Good Samaritan Tenancy Ends		Asian - Central Asian	Pacific Islander - Native Hawaiian
31 Habitual Late Payment of Rent		Asian - South Asian	Pacific Islander - Samoan
32 Illegal Use of Unit		Asian - Southeast Asian	Other Pacific Islander
33 Lead Remediation		Other Asian	White - European
34 Non-payment of Rent		Latino - Caribbean	Other White
35 Nuisance		Latino - Central American	Not Reported
36 Other		Latino - Mexican	0 Total (must match Total number in E56)
37 Owner Move In		Latino - South American	
38 Roommate Living in Same Unit		Other Latino	<b>Gender data for households for which Unlawful Detainers were filed during the report period:</b>
39 Substantial Rehabilitation		<b>Sexual Orientation data for households for which Unlawful Detainers were filed during the report period:</b>	
40 Unapproved Subtenant		Bisexual	Female
41 0 Total number of unlawful detainer actions filed		Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E56)	0 Total (must match Total number in E56)

**Number of households Evicted from the project during the reporting period for each of the following reasons:**  
(If more than one reason applies to a household, report only the primary reason.)  
*You MUST answer every question (i.e., enter zero if applicable).*

**Ethnicity and Race data for households that were Evicted during the reporting period:**

	enter # below	enter # below	
42 Breach of Lease Agreement		Indigenous - American Indian/Native American	Black - African
43 Capital Improvement		Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
44 Condo Conversion		Other Indigenous	Black - Caribbean, Central American, South American or Mexican
45 Demolition		Asian - Chinese	Other Black
46 Denial of Access to Unit		Asian - Filipino	North African
47 Development Agreement		Asian - Japanese	West Asian
48 Ellis Act Withdrawal		Asian - Korean	Other Middle Eastern or North African
49 Failure to Sign Lease Renewal		Asian - Mongolian	Pacific Islander - Chamorro
50 Good Samaritan Tenancy Ends		Asian - Central Asian	Pacific Islander - Native Hawaiian
51 Habitual Late Payment of Rent		Asian - South Asian	Pacific Islander - Samoan
52 Illegal Use of Unit		Asian - Southeast Asian	Other Pacific Islander
53 Lead Remediation		Other Asian	White - European
54 Non-payment of Rent		Latino - Caribbean	Other White
55 Nuisance		Latino - Central American	Not Reported
56 Other		Latino - Mexican	0 Total (must match Total number in E83)
57 Owner Move In		Latino - South American	
58 Roommate Living in Same Unit		Other Latino	<b>Gender data for households that were Evicted during the reporting period:</b>
59 Substantial Rehabilitation		<b>Sexual Orientation data for households that were Evicted during the reporting period:</b>	
60 Unapproved Subtenant		Bisexual	Female
61 0 Total number of households evicted (flows to question #35 on Worksheet 1A)		Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E83)	0 Total (must match Total number in E83)

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
16	<b>INCOME &amp; EXPENSES</b>				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number	Residential	Non-Residential	Total
21					
22	<b>Rental Income</b>				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	<b>sub-total Gross Rental Income:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
28	<b>Vacancy Loss - enter amounts as negative numbers!</b>				vacancy rate
29	Housing Units	5220		<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			

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15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
76	Sewer	6453			
77	<b>sub-total Utilities Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
78	<b>Taxes and Licenses</b>				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	<b>sub-total Taxes and License Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
83	<b>Insurance</b>				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	<b>sub-total Insurance Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
89	<b>Maintenance and Repairs</b>				
90	<b>IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude those from this section. If you do include those expenses here, be sure to record the amounts in rows 103 (non-capital) and 210:215 below (capital).</b>				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	<u>Miscellaneous Operating and Maintenance Expenses (must click &amp; explain if &gt;\$10k)</u>	6590			
99	<b>sub-total Maintenance Repair Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
100	<b>Supportive Services:</b> do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6930			
101	<b>SUB-TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
102	<b>Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve.</b> If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210:215 will be linked to cell F102 and netted out from operating expenses.		\$0.00		
103	<b>Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve.</b> Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number.				
104	<b>TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
105		Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
106	<b>Ground Lease Base Rent/Bond Fees/Reserves</b>				
107	Ground Lease - Base Rent (provide Lessor name to the right)				\$0.00
108	Bond Monitoring Fee				\$0.00
109	Replacement Reserve Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			\$0.00
110	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			\$0.00
111	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				\$0.00
112	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1330)				\$0.00
113	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col ---->				\$0.00
114	<b>Sub-total Ground Lease Base Rent/Bond Fees/Reserves</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
115					
116	<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
117		Acct Num	Residential	Non-Residential	Total
118	<b>1. TOTAL INCOME RECEIVED:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
119	<b>2. TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
120	<b>3. NET OPERATING INCOME:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
121					
122	<b>4. Debt Service (Principal and Interest)</b>	Name of Lender / Describe Other Amt Paid	Residential	Non-Residential	Total
123	Lender1 - Principal Paid (provide lender name to the right)				
124	Interest Paid				
125	Other Amount (describe to the right)				
126	Lender2 - Principal Paid (provide lender name to the right)				
127	Interest Paid				
128	Other Amount (describe to the right)				
129	Lender3 - Principal Paid (provide lender name to the right)				

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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>



(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><b>\$0</b></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	
Total Financial Expenses:	\$0

6000	<b>Total Cost of Operations before Depreciation:</b>	<b>\$0</b>
5060	<b>Operating Profit (Loss):</b>	<b>\$0</b>

**Depreciation & Amortization Expenses**

*Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.*

6600 Depreciation Expense	
6610 Amortization Expense	
<b>Operating Profit (Loss) after Depreciation &amp; Amortization:</b>	<b>\$0</b>

**Net Entity Expenses**

*the right.*

7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
<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>	

**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  
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	True	False	
9			The project has met affordability and other leasing provisions set forth in the funding agreement/s entered into with CCSF during the entire reporting period. As of the end date of the reporting period, _____ units ( <i>supply exact number</i> ) were occupied or held vacant and available for rental by low-income tenants meeting the income qualifications pursuant to the funding agreement/s entered into with CCSF.
10			The undersigned has obtained a tenant income certification and/or third party documentation to support that certification from each tenant household occupying a unit restricted to occupancy by income-qualified tenants. All income certifications are maintained onsite with respect to each qualified tenant who resides in a unit or resided therein during the immediately preceding business year.
11			The total charges for rent and a utility allowance to each income-qualified tenant in a restricted unit do not exceed the maximum rent specified in the funding agreement/s entered into with CCSF as adjusted by the most recent HUD income and rent figures, which have been taken from the figures that are supplied by MOHCD on its website.
12			All withdrawals from the replacement and operating reserve accounts have been made in accordance with the MOHCD funding agreement/s, unless approved in writing by MOHCD.
13			Security deposits required of tenants of the project are in accordance with applicable laws and the funding agreement/s entered into with CCSF.
14			The undersigned has obtained and will maintain insurance policies in accordance with requirements of the funding agreement/s entered into with CCSF as may be reasonably updated from time to time, and has supplied with this AMR certificates of insurance that are current through the end of the reporting period.
15			The undersigned has maintained the units and common areas in a decent, safe and sanitary manner in accordance with all local health, building, and housing codes and in accordance with the HUD Housing Quality Standards.
16			The data submitted in Section 1A – Property & Residents of the Annual Monitoring Report regarding any violation/s of any health, building, or housing codes is complete and accurate; all required copies of violations/citations that were not resolved by the end of the reporting periods are also included with this AMR submission.
17			The undersigned has made best efforts to: (a) keep the units in good repair and available for occupancy; (b) keep the Project fully rented and occupied; and (c) maximize rental revenue at the Project by increasing tenant rents, and if applicable, contract rents and commercial rents, the maximum amount permitted under all current regulatory agreements, contracts, regulations and leases, without causing undue rent burden on residential tenants.
18			All questions in the Annual Monitoring Report submitted for this reporting period have been answered fully and truthfully; answers have been supplied for all of questions requiring detailed responses on the Annual Monitoring Narrative Worksheet and any related documents have been submitted as attachments.
19			The project has received additional equity proceeds in the amount of \$_____ ( <i>supply amount</i> ) from low-income housing tax credit investors during the reporting period.
20			Accurate information has been provided in Worksheet 2 - Fiscal Activity about any Federal Program Income earned by this project during the reporting period.
21			Any amounts charged as Asset Management Fees are reflected accurately under Income & Expenses in Worksheet 2 - Fiscal Activity of the Annual Monitoring Report, and all such amounts have been used exclusively toward asset management of this

**Owner Compliance Certification and Insurance & Tax Certification Form  
2020 Annual Monitoring Report  
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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. **Row Number.** Do not enter data in this column.

D. **Unit No.** Enter the unit number (or bed number for transitional or group housing) for each unit/bed in the property.

E. **Unit Type.** Use the drop down menu to select the unit type (also shown below):

**Bed** = (measurement for Group homes or transitional housing)

"**SRO**" = Single Room Occupancy unit

"**Studio**" = Studio unit

"**1BR**" = 1 Bedroom unit

- “2BR” = 2 Bedroom unit
- “3BR” = 3 Bedroom unit
- “4BR” = 4 Bedroom unit
- “5+BR” = 5 or more Bedroom unit

- F. **Is the Unit Fully-Accessible or Adaptable?** Use the drop down menu to indicate which
- “Accessible - Mobility” = The unit is fully-accessible for persons with mobility impairment.
  - “Accessible - Communication” = The unit is fully-accessible for persons with visual and hearing impairment.
  - “Mobility & Communication” = The unit is fully-accessible for persons with mobility, visual and hearing impairment.
  - “Adaptable” = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.
  - “Not Accessible or Adaptable” = Not Accessible or Adaptable.
- G. **Date of Initial Occupancy.** Enter the date when the tenant occupied their *first unit in the project*. For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit.
- H. **Household Annual Income at Initial Occupancy.** Enter the tenant’s annual household income from the initial income certification that was done before they moved into their *first unit in the project*. For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit.
- I. **Household Size at Initial Occupancy.** Enter the number of people that was in the tenant’s household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit.
- J. **Date of Most Recent Income Recertification.** Enter date of most recent income recertification. Leave blank for vacant units.
- K. **Household Annual Income as of Most Recent Recertification within reporting period.** Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications.
- L. **Household Size as of Most Recent Recertification within reporting period.** Enter the number of occupants in the unit from the most recent recertification within the reporting period.
- M. **Minimum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.
- N. **Maximum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.
- O. **Overhoused or Overcrowded?** The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet #1A.
- P. **Overhoused or Overcrowded - Narrative** A household is “Overhoused” if there are fewer people residing in the unit than the minimum occupancy. “Overcrowded” means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.
- Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** “HOPWA set-aside” units are required when HOPWA capital funding is used to acquire, construct or rehab a project.
- R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select “None” if no rental assistance comes with the unit or none is provided to the tenant.
- “RAD - PBV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.
  - “TPV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.
  - “Section 8 - Project Based” = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.
  - “Section 8 - Tenant Voucher” = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.
  - “PRAC - 202” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 202 program.
  - “PRAC - 811” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 811 program.
  - “S+C” = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.

**"HOPWA"** = The unit is a HOPWA-designated unit under the project funding from the Housing Opportunities for People With AIDS program. While HOPWA is not a source of tenant-based assistance, if the tenant is receiving any other form of subsidy, please report on the amount of Rental Assistance on this worksheet and note the source of the Rental Assistance in the Narrative section of the AMR.

**"VASH"** = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.

**"LOSP"** = The unit receives a subsidy through the City's Local Operating Subsidy Program.

**"DAH (DPH)"** = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.

**"HSA Master Lease"** = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.

**"MHSA"** = The unit receives a subsidy under CA HCD's Mental Health Services Act.

**"HOME TBA"** = Tenant receives assistance from a HOME-funded rental assistance program.

**"Rent Supplement"** = Tenant receives a supplemental rent payment from an outside agency.

**"Other"** = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.

- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.
- Y. **Amount of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.
- Z. **Percentage of Most Recent Rent Increase.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

### 3B. Demographic

Gender and Sexual Orientation: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the [Notice](#) if you have any questions about this.

**Gender.** Provide info for the Head of Household. The 8 possible answers for Gender are:

- Female
- Male
- Genderqueer/Gender Non-binary
- Trans Female
- Trans Male
- Not listed
- Declined/Not Stated
- Question Not Asked

**Sexual Orientation.** Provide info for the Head of Household. The 7 possible answers for Sexual Orientation are:

- Bisexual
- Gay /Lesbian/Same-Gender Loving
- Questioning /Unsure
- Straight/Heterosexual
- Not listed
- Decline to Answer
- Not Stated

**Elderly Household.** For each residential unit, enter "Yes" if the anyone in the household is a person that is at least 62 years of age. Enter "No" if everyone in the household is younger than 62.

**Number of Children Under Age 18 in Household.** Enter the number of occupants in the unit that were under age 18 as of the end date of the reporting period.

**Disability.** If any members of the household have any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by any tenants with a listed disability.

### 3C. Summary of Reported Household Demographics

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No data entry required. Output based on information reported from Worksheets 3A and 3B.

#### **4. Narrative**

Please follow the instructions provided on the worksheet.

#### **5. Project Financing**

Supply the info requested about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

#### **6. Services Funding**

For each service that is provided based on your answers to questions 51-61 on Worksheet 1A, you must supply additional info about each service provider on Worksheet 6. Services Funding.

#### **7. Supplementary Audit Information - Required by MOHCD**

Use this template to satisfy the audit requirement for MOHCD-funded projects. Project Owners/auditors may enter data directly into this worksheet and then print it to create the required Supplemental Schedules in the Audited Financial Statement. Alternatively, the audit requirement may be satisfied by using a form generated by the Sponsor's accounting system, as long as the form includes all the elements contained within MOHCD's template.

#### **Completeness Tracker**

Use this worksheet to track your work and to verify that you have completed all required data entry.

#### **Links to Relevant Policies**

Double click on the following web links to access the policy documents posted at SFGOV for your reference. The web address of the pages on the web are included for manual navigation as well.

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[MOHCD Forms Page at SFMOHCD.ORG](http://sfmohcd.org)

<http://sfmohcd.org/documents-reports-and-forms>

[Program Income Overview](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf)

[http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH\\_ProgIncomeOverview.pdf](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf)

[MOHCD Residual Receipt Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf)

<http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf>

[MOHCD Insurance Requirements Policy](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf)

[http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K\\_2014-05-21.pdf](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf)

[MOHCD Operating Fees Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf)

<http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf>



**Annual Monitoring Report - Property & Residents - Reporting Year 2020 -  
Mayor's Office of Housing & Community Development**

<b>IDENTIFYING INFO</b>	
1	Reporting Period Start Date (m/d/yyyy)
2	Reporting Period End Date (m/d/yyyy)
3	Property <b>Name</b> (select from drop down)
4	Property <b>Full Street Address</b> (e.g. "123 Main Street")
<b>CONTACT INFO</b>	
5	<b>Sponsor Executive Director Name</b>
6	<b>Phone Number</b>
7	<b>E-mail</b>
8	<b>Property Management Company</b>
9	<b>Property Manager Name</b>
10	<b>Phone Number</b>
11	<b>E-mail</b>
12	<b>Property Supervisor Name</b>
13	<b>Phone Number</b>
14	<b>E-mail</b>
15	<b>Property Owner Name</b>
16	<b>Property Owner Contact Person</b>
17	<b>Phone Number</b>
18	<b>E-mail</b>
19	<b>Asset Manager Name</b>
20	<b>Phone Number</b>
21	<b>E-mail</b>
22	<b>AMR Preparer's Name</b>
23	<b>Phone Number</b>
24	<b>E-mail</b>

<b>PROPERTY/MARKETING INFO</b>	
25	Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <b><i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i></b>

**What is the Unit Mix for the Property?** Please include any manager's units in this tally.

	<b>Unit Types</b>	<b>Number Of Units</b>	<b>Occupancy Standard: Minimum HH Size for this Unit Type*</b>	<b>Occupancy Standard: Maximum HH Size for this Unit Type*</b>	*Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide.
26	Single Room Occupancy (SRO) Units		1		
27	Studio Units		1		
28	One-Bedroom (1BR) Units		1		
29	Two-Bedroom (2BR) Units				
30	Three-Bedroom (3BR) Units				
31	Four-Bedroom (4BR) Units				
32	Five- or More (5+BR) Bedroom Units				
33	<b>TOTAL # Units----&gt;</b>	<b>0</b>			

34		<b>Vacancies</b> - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)
35	0	<b>Evictions</b> - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)
36		<b>Vacant Unit Rent-Up Time - (in DAYS)</b> State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. <b># 4</b> Please EXCLUDE any units that are being held vacant to support rehabilitation or other temporary relocation needs. <i>If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)</i>
37		<b>Waiting List</b> - How many applicants are currently on the waiting list? <i>(Please also submit a copy of the waiting list, see AMR submission instructions.)</i>
38		When was the waiting list last updated? (m/yyyy)
39		<b>Affirmative Marketing</b> - Did you conduct any marketing of the project during the reporting period? <i>If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.)</i> <b># 5</b>
40		What is the date of the last Capital Needs Assessment? (m/d/yyyy)
41		What is the projected date of the next Capital Needs Assessment? (m/d/yyyy)
42		How many <b>Health, Building or Housing Code Violations</b> were issued against the property in the reporting year? (If there were no violations enter "0"). <i>If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)</i> <b># 2</b>
43		<b># 2</b> How many <b>Health, Building or Housing Code Violations</b> were open from <i>prior</i> years?
44		How many <b>Health, Building or Housing Code Violations</b> were cleared in the reporting year?
45		Are there urgent <b>Major Property Repairs</b> needed on the property in the next two years? ( <b>Yes/No</b> ) <i>If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)</i> <b># 3</b>

46		<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>
----	--	--

**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 Total (must match Total number in E29)	0 Total (must match Total number in E29)

**Number of Unlawful Detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:**  
(If more than one reason applies to a household, report only the primary reason.)  
*You MUST answer every question (i.e., enter zero if applicable).*

**Ethnicity and Race data for households for which Unlawful Detainers were filed during the reporting period:**

		enter # below	enter # below
22	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
23	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
24	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
25	Demolition	Asian - Chinese	Other Black
26	Denial of Access to Unit	Asian - Filipino	North African
27	Development Agreement	Asian - Japanese	West Asian
28	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
29	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
30	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
31	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
32	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
33	Lead Remediation	Other Asian	White - European
34	Non-payment of Rent	Latino - Caribbean	Other White
35	Nuisance	Latino - Central American	Not Reported
36	Other	Latino - Mexican	0 Total (must match Total number in E56)
37	Owner Move In	Latino - South American	
38	Roommate Living in Same Unit	Other Latino	<b>Gender data for households for which Unlawful Detainers were filed during the report period:</b>
39	Substantial Rehabilitation		Female
40	Unapproved Subtenant		Male
41	0 Total number of unlawful detainer actions filed		Genderqueer/Gender Non-Binary
			Trans Female
			Trans Male
			Not Listed
			Declined / Not Stated
		0 Total (must match Total number in E56)	0 Total (must match Total number in E56)

**Number of households Evicted from the project during the reporting period for each of the following reasons:**  
(If more than one reason applies to a household, report only the primary reason.)  
*You MUST answer every question (i.e., enter zero if applicable).*

**Ethnicity and Race data for households that were Evicted during the reporting period:**

		enter # below	enter # below
42	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
43	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
44	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
45	Demolition	Asian - Chinese	Other Black
46	Denial of Access to Unit	Asian - Filipino	North African
47	Development Agreement	Asian - Japanese	West Asian
48	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
49	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
50	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
51	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
52	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
53	Lead Remediation	Other Asian	White - European
54	Non-payment of Rent	Latino - Caribbean	Other White
55	Nuisance	Latino - Central American	Not Reported
56	Other	Latino - Mexican	0 Total (must match Total number in E83)
57	Owner Move In	Latino - South American	
58	Roommate Living in Same Unit	Other Latino	<b>Gender data for households that were Evicted during the reporting period:</b>
59	Substantial Rehabilitation		Female
60	Unapproved Subtenant		Male
61	0 Total number of households evicted (flows to question #35 on Worksheet 1A)		Genderqueer/Gender Non-Binary
			Trans Female
			Trans Male
			Not Listed
			Declined / Not Stated
		0 Total (must match Total number in E83)	0 Total (must match Total number in E83)

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
16	<b>INCOME &amp; EXPENSES</b>				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number	Residential	Non-Residential	Total
21					
22	<b>Rental Income</b>				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	<b>sub-total Gross Rental Income:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
28	<b>Vacancy Loss - enter amounts as negative numbers!</b>				vacancy rate
29	Housing Units	5220		<b>Must click &amp; explain if Residential Vac Rate is &gt; 15%</b>	
30	Commercial	5240			0.00%
31	<b>sub-total Vacancies:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
32					
33	<b>NET RENTAL INCOME:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
34					
35	<b>Other Income</b>				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source/s- identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	<b>sub-total Other Income Received:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
45					
46	<b>TOTAL INCOME RECEIVED:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
47					
48	<b>INCOME &amp; EXPENSES</b>				
49					
50	Description of Expense Accounts	Account Number	Residential	Non-Residential	Total
51	<b>Management</b>				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	<b>sub-total Management Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
55	<b>Salaries/Benefits</b>				
56	Office Salaries	6310			
57	Manager's Salary	6330			
58	Employee Benefits: Health Insurance & Disability Insurance	6723			
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	<b>sub-total Salary/Benefit Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
62	<b>Administration</b>				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	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	Final Balance: should be ZERO except when Surplus Cash (cell J140) is negative				<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					
190	<b>REPLACEMENT RESERVE</b> (Do not leave blanks for any questions asking for a number, enter zero instead.)				
191	<b>Minimum Required Balance:</b>				
192	<b>Beginning Balance:</b>				
193	<b>Actual Annual Deposit:</b>				
194	<b>Interest Earned:</b>				
195	<b>Annual Withdrawal Amount</b> (enter as negative number):				
196	<b>Ending Balance</b> (don't edit cell -- calculated):		\$0.00		
197	<b>Required Annual Deposit</b> (do not edit - taken from page 1 account number 1320):		\$0.00		
198	<b>Describe how the amount of annual deposit and the minimum required balance is determined.</b>				
199					
200	<b>CHANGES TO REAL ESTATE ASSETS</b>				
201	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.		<b>Balance, 1/00/1900</b>	<b>Changes</b>	<b>Balance, 1/00/1900</b>
202	Building & Improvements			\$0.00	
203	Offsite Improvements			\$0.00	
204	Site Improvements			\$0.00	
205	Land Improvements			\$0.00	
206	Furniture, Fixtures & Equipment			\$0.00	
207	Other			\$0.00	
208	<b>Replacement Reserve-Eligible Expenditures:</b> Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
209	<b>Capital Repairs and Improvements:</b> Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 201-207 above that shows a positive change, an entry is required in each corresponding category in rows 212-217. If the operating account is used initially to fund the repair, and is later reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account." Use the section below to supply a description of the capital repairs and improvements made.				
210	<b>Capital Repairs and Improvements Funded By:</b>				
211	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Amount
212	Building & Improvements				\$0.00
213	Offsite Improvements				\$0.00
214	Site Improvements				\$0.00
215	Land Improvements				\$0.00
216	Furniture, Fixtures & Equipment				\$0.00
217	Other				\$0.00
218	<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
219	Description of Capital Repairs and Improvements				
220					
221	<b>Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs):</b> Enter the amounts used to fund non-capital replacement reserve eligible expenditures. Use section below to supply explanations.				
222	Source				Amount
223	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				\$0.00
224	Paid Directly from Replacement Reserve				
225	Other Source				
226	Explanation of Non-Capital Replacement Reserve Eligible Expenditures	<b>Total</b>			<b>\$0.00</b>
227					
228	<b>TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES:</b> the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.	RR Withdrawal Amount-->	\$0.00	Total RR-Eligible Expenditures-->	\$0.00
229	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
230					
231					
232	<b>FEDERAL PROGRAM INCOME REPORT</b>				
233	<b>This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, use the following link or copy this web address for manual navigation:</b>				
234					
235	<a href="http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141">http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141</a>				
236	<a href="#">Overview of Federal (HOME and CDBG) Program Income</a>				
237					
238	<b>CDBG PROGRAM INCOME</b>				
239	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2020-2024 Consolidated Plan, 2020-2021 Action Plans as follows:	AMOUNT	DESCRIPTION		
240	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
241	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
242	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
243	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2019 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
244	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
245	<b>Total CDBG Program Income Calculation</b> (see instructions for guidance on how to calculate)				
246	<b>To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2020 reporting period as depicted above.</b>				





**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2020 -  
Mayor's Office of Housing & Community Development**

Project Address:	Last Day of Reporting Period	1/0/1900	# Units:	0
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**Household Size**

	# Reported Households	% of Total
One Person Household	0	
Two Person Household	0	
Three Person Household	0	
Four Person Household	0	
Five Person Household	0	
Six Person Household	0	
Seven or more Person Household	0	
<b>TOTAL Households*</b>	<b>0</b>	
<b>TOTAL Residents</b>	<b>0</b>	

\*Excludes 0 unit(s) reported as manager's or vacant unit(s).

**Other Household Demographics**

	# Reported
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with Mental/Devt Disability	0
Households with Tenant with Other Disability	0
Households with Tenant with More than One Disability	0
Households with Tenant with No Disability	0

**Gender**

	# Reported Head of HH	% of Total
Female	0	
Male	0	
Genderqueer/Gender Non-binary	0	
Trans Female	0	
Trans Male	0	
Not listed	0	
Declined/Not Stated	0	
Question Not Asked	0	
<b>Total Head of Households</b>	<b>0</b>	

**Sexual Orientation**

	# Reported Head of HH	% of Total
Bisexual	0	
Gay /Lesbian/Same-Gender Loving	0	
Questioning /Unsure	0	
Straight/Heterosexual	0	
Not listed	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
<b>Total Head of Households</b>	<b>0</b>	

**Target and Actual Population Served**

<i>Target Population</i>		<i>Actual Population</i>	
0	<i>Families</i>	0	<i>Families</i>
0	<i>Persons with HIV/AIDS</i>	0	<i>Persons with HIV/AIDS</i>
0	<i>Housing for Homeless</i>	0	<i>Housing for Homeless</i>
0	<i>Mentally or Physically Disabled</i>	0	<i>Mentally or Physically Disabled</i>
0	<i>Senior Housing</i>	0	<i>Senior Housing</i>
0	<i>Substance Abuse</i>	0	<i>Substance Abuse</i>
0	<i>Domestic Violence Survivor</i>	0	<i>Domestic Violence Survivor</i>
0	<i>Veterans</i>	0	<i>Veterans</i>
0	<i>Formerly Incarcerated</i>	0	<i>Formerly Incarcerated</i>
0	<i>Transition-Aged Youth ("TAY")</i>	0	<i>Transition-Aged Youth ("TAY")</i>



(add additional rows as needed)

**\*\* ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. \*\***

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

**\*\* ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. \*\***

### 3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

### 4. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.



**5. Affirmative Marketing**

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

**6. Vacancy Rate -----**

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

**7. Miscellaneous Expenses: Administrative/Operating & Maintenance**

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."

**Misc. Admin Expenses**

Expense Description	Amount	HUD Acct #	Notes
<b>Total:</b>	0.00		
<b>Diff. from Fiscal Activity WS:</b>			

**Misc. Operating & Maintenance Expenses**

Expense Description	Amount	HUD Acct #	Notes
<b>Total:</b>	0.00		
<b>Diff. from Fiscal Activity WS:</b>			

**8. Negative Cash Flow**

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.
- d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.





Project Street Address:

**Schedule of Operating Revenues  
For the Year Ended January 0, 1900**

	<u>Total</u>
<b>Rental Income</b>	
5120 Gross Potential Tenant Rents	\$0
5121 Rental Assistance Payments (inc. LOSP)	\$0
5140 Commercial Unit Rents	\$0
<b>Total Rent Revenue:</b>	<u><b>\$0</b></u>
<b>Vacancies</b>	
5220 Apartments	\$0
5240 Stores & Commercial	\$0
<b>Total Vacancies:</b>	<u><b>\$0</b></u>
<b>Net Rental Income: (Rent Revenue Less Vacancies)</b>	<u><b>\$0</b></u>
<b>Other Revenue</b>	
5170 Rent Revenue - Garage & Parking	\$0
5190 Misc. Rent Revenue	\$0
5300 Supportive Services Income	\$0
5400 Interest Revenue - Project Operations (From Operating Acct Only)	\$0
5400 Interest Revenue - Project Operations (From All Other Accts)	\$0
5910 Laundry & Vending Revenue	\$0
5920 Tenant Charges	\$0
5990 Misc. Revenue	\$0
<b>Total Other Revenue:</b>	<u><b>\$0</b></u>
<b>Total Operating Revenue:</b>	<u><b>\$0</b></u>

Project Street Address:

**Schedule of Operating Expenses  
For the Year Ended January 0, 1900**

	<u>Total</u>
<b>Management</b>	
6320 Management Fee	\$0
"Above the Line" Asset Management Fee	\$0
Total Management Expenses:	<u>\$0</u>
<b>Salaries/Benefits</b>	
6310 Office Salaries	\$0
6330 Manager's Salary	\$0
6723 Employee Benefits: Health Insurance & Disability Insurance	\$0
Employee Benefits: Retirement & Other Salary/Benefit Expenses	\$0

6331 Administrative Rent Free Unit	\$0
Total Salary/Benefit Expenses:	<u>\$0</u>

**Administration**

6210 Advertising and Marketing	\$0
6311 Office Expenses	\$0
6312 Office Rent	\$0
6340 Legal Expense - Property	\$0
6350 Audit Expense	\$0
6351 Bookkeeping/Accounting Services	\$0
6370 Bad Debts	\$0
6390 Miscellaneous Administrative Expenses	\$0
Total Administrative Expenses:	<u>\$0</u>

**Utilities**

6450 Electricity	\$0
6451 Water	\$0
6452 Gas	\$0
6453 Sewer	\$0
Total Utilities Expenses:	<u>\$0</u>

**Taxes and Licenses**

6710 Real Estate Taxes	\$0
6711 Payroll taxes	\$0
6790 Miscellaneous Taxes, Licenses, and Permits	\$0
Total Taxes and Licenses Expenses:	<u>\$0</u>

**Insurance**

6720 Property and Liability Insurance	\$0
6721 Fidelity Bond Insurance	\$0
6722 Workers' Compensation	\$0
6724 Directors & Officers Liabilities Insurance	\$0
Total Insurance Expenses:	<u>\$0</u>

Project Street Address:

**Schedule of Operating Expenses  
For the Year Ended January 0, 1900**

<b>Maintenance and Repairs</b>	<b>Total</b>
6510 Payroll	\$0
6515 Supplies	\$0
6520 Contracts	\$0
6525 Garbage and Trash Removal	\$0
6530 Security Payroll/Contract	\$0
6546 HVAC Repairs and Maintenance	\$0
6570 Vehicle and Maintenance Equipment Operation and Repairs	\$0
6590 Miscellaneous Operating and Maintenance Expenses	\$0
Total Maintenance and Repairs Expenses:	<u>\$0</u>

6900 Supportive Services	\$0
Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve	\$0
<b>Total Operating Expenses:</b>	<b>\$0</b>

**Financial Expenses**

*Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.*

6820 Interest on Mortgage (or Bonds) Payable	
6825 Interest on Other Mortgages	
6830 Interest on Notes Payable (Long Term)	
6840 Interest on Notes Payable (Short Term)	
6850 Mortgage Insurance Premium/Service Charge	
6890 Miscellaneous Financial Expenses	
Total Financial Expenses:	\$0

6000	<b>Total Cost of Operations before Depreciation:</b>	<b>\$0</b>
5060	<b>Operating Profit (Loss):</b>	<b>\$0</b>

**Depreciation & Amortization Expenses**

*Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.*

6600 Depreciation Expense	
6610 Amortization Expense	
<b>Operating Profit (Loss) after Depreciation &amp; Amortization:</b>	<b>\$0</b>

**Net Entity Expenses**

*the right.*

7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
<b>Total Net Entity Expenses:</b>	<b>\$0</b>	

3250	<b>Change in Total Net Assets from Operations (Net Loss)</b>	<b>\$0</b>
	<i>Amount computed in cell E139 should match audited financial statement.</i>	

Project Street Address:

**Computation of Operating Cash Flow/Surplus Cash  
For the Year Ended January 0, 1900**

	<b>Total</b>
<b>Operating Revenue</b>	\$0
Interest earned on restricted accounts	\$0
Adjusted Operating Revenue	\$0
<b>Operating Expenses</b>	\$0
<b>Net Operating Income</b>	\$0
<b>Other Activity</b>	
Ground Lease Base Rent	\$0
Bond Monitoring Fee	\$0
Mandatory Debt Service - Principal	\$0
Mandatory Debt Service - Interest	\$0
Mandatory Debt Service - Other Amount	\$0
Deposits to Replacement Reserve Account	\$0
Deposits to Operating Reserve Account	\$0
Deposits to Other Restricted Accounts per Regulatory Agreement	\$0
Withdrawals from Operating Reserve Account	\$0
Withdrawals from Other Required Reserve Account	\$0
Total Other Activity:	\$0
Allocation of Non-Residential Surplus (LOSP only)	\$0
<b>Operating Cash Flow/Surplus Cash:</b>	<b>\$0</b>

**Distribution of Surplus Cash Ahead of Residual Receipts Payments**

*Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid **ahead** of residual receipts payments.*

	<b>Total</b>
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<b>Total Cash Available for Residual Receipts Distribution:</b>	<b>\$0</b>

**Distribution of Residual Receipts**



Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid with remaining residual receipts.


**Total**

Total Residual Receipts Distributions to Lenders: \$0

Proposed Owner Distribution \$0

Proposed Other Distribution/Uses \$0

**Total Residual Receipts Distributions to Lenders and Owners: \$0**

Project Street Address:

**Summary of Replacement Reserve and Operating Reserve Activity  
For the Year Ended January 0, 1900**

	<b>Replacement Reserve</b>	<b>Operating Reserve</b>
Balance, January 0, 1900	\$0	\$0
Actual Annual Deposit	\$0	\$0
Interest Earned	\$0	\$0
Withdrawals	\$0	\$0
Balance, January 0, 1900	\$0	\$0

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2020 -  
Mayor's Office of Housing & Community Development**

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

**Reporting Start Date:** 1/0/00  
**Reporting End Date:** 1/0/00

**Project Address:** \_\_\_\_\_

**Submission Instructions:**

Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certification, along with the attachments required under the Insurance and Tax Certification per page 3 of the Owner Certification, waitlist, and audited financial statements to: [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waitlist. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

<b>Worksheet 1A. Property &amp; Residents</b>		<b>INCOMPLETE</b>
Questions 1 thru 4		incomplete
Questions 5 thru 24		incomplete
Questions 25 thru 39		incomplete
Questions 40 thru 46		incomplete
Questions 51 thru 57		incomplete
<b>Worksheet 1B. Transitional Programs</b>		<b>To Be Determined</b>
Questions 1 thru 11		To Be Determined
Questions 12 thru 18		To Be Determined
Questions 19 thru 39		To Be Determined
<b>Worksheet 1C. Eviction Data</b>		<b>To Be Determined</b>
Question 1		To Be Determined
Questions 2 thru 21		To Be Determined
Questions 22 thru 41		To Be Determined
Questions 42 thru 61		To Be Determined
<b>Worksheet 2. Fiscal Activity</b>		<b>INCOMPLETE</b>
Rental Income - Housing Unit GPTR		incomplete
Vacancy Loss - Housing Units		incomplete
Operating Expenses		incomplete
Surplus Cash/Residual Receipts (Rows 140 - 174)		incomplete
Operating Reserve (Rows 177 - 187)		incomplete
Replacement Reserve (Rows 189 - 197)		incomplete
Changes to Real Estate Assets (Rows 202 - 207)		incomplete
Replacement Reserve Eligible Expenditures (Rows 210 - 229)		incomplete
Program Income (Rows 240 - 245)		OK
<b>Worksheet 3A. Occupancy &amp; Rent Info</b>		<b>INCOMPLETE</b>
Does number of units entered on Worksheet 3A match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B?		To Be Determined
For each row for which a Unit Number is supplied, was data entered in all of the required cells?		To Be Determined
Narrative Provided for All rows indicating Overhoused or Overcrowded?		To Be Determined
<b>Worksheet 3B. Demographic Information</b>		<b>To Be Determined</b>
Is Gender and Sexual Orientation/Identity selected for each household?		To Be Determined
<b>Worksheet 4. Narrative</b>		<b>To Be Determined</b>
2		To Be Determined
3		To Be Determined
4		To Be Determined
5		To Be Determined
6		To Be Determined
7		To Be Determined
8		To Be Determined
<b>Worksheet 5. Project Financing</b>		<b>INCOMPLETE</b>
<b>Worksheet 6. Services Funding</b>		<b>To Be Determined</b>

**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.

**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.

# 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.)

# 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.

**MEMORANDUM OF UNDERSTANDING  
(Shirley Chisholm Village – Operations)**

**BETWEEN**

**THE SAN FRANCISCO UNIFIED SCHOOL DISTRICT**

**AND**

**THE CITY AND COUNTY OF SAN FRANCISCO, ACTING BY AND THROUGH THE  
MAYOR’S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT**

This Operations Memorandum of Understanding (this “**MOU**”) is entered into this July 1, 2022 (the “**Effective Date**”), by and between the San Francisco Unified School District, a California public school district (“**District**”) and the City and County of San Francisco (“**City**”), represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development (“**MOHCD**”). District and MOHCD are collectively referred to herein as the (“**Parties**”).

**RECITALS**

A. In 2017, the Parties entered into MOU to develop affordable housing restricted for the District’s educators through the use of tax credits, public and private partnerships, and other innovative financing.

B. The City and District are committed to serving the children of the City by attracting and retaining well-qualified classroom teachers, early education teachers, paraeducators and pupil services employees of District and other employees of the District who provide quality education, and the availability of affordable housing for educators and District Employees is critical to the overall success and stability of each school in the City.

C. District requires a total of approximately 3,600 teachers annually to meet classroom needs but is challenged by a teacher attrition rate of approximately 10 percent annually. The high cost of housing in the City along with the teacher shortage is making it more difficult for District to recruit new educators and is also cited as a factor in attrition. Many Educators who reside in the City face untenable rent burdens: an experienced educator earning 80% of Area Median Income must pay an average of 45% of his or her income for a market-rate 1-bedroom apartment (not including utilities.) In addition, the District employs approximately 2,400 early education teachers, paraeducators, and pupil services employees to educate and serve the needs of the District’s about 50,000 students in the City.

D. The District employs approximately 6,000 other employees to administer and operate the District’s education functions.

E. Under California Health & Safety Code § 53570 *et seq.*, the District is authorized to establish and implement programs that address the housing needs of teachers and school district employees who face challenges in securing affordable housing, by, *inter alia*, leveraging federal, state, and local public, private, and nonprofit programs and fiscal resources available to housing developers, and promoting public and private partnerships. Health & Safety Code § 53574 permits the District to restrict occupancy of affordable rental housing on land owned by the District to teachers and school district employees of the District so long as such housing does not violate any other applicable laws. Under California Education Code §17391, the District may lease excess real property to be used for teacher or school district employee housing without forming a property advisory committee to consider the disposition of such excess real property.

F. District owns certain real property located at 1360 43rd Avenue Block 1797 Lot 007, in San Francisco (the “**Site**”) and, in collaboration with MOHCD, desires to develop affordable housing restricted for teachers, early education teachers, paraeducators, pupil services employees, and other District employees (“**Educator Housing**”) through the use of tax credits under the Teacher Housing Act. The development of the Site includes the construction of 135 affordable rental family housing units (including one manager unit) and ground level space for ancillary community-serving uses that benefits the District and its students (the “**Shirley Chisholm Village**” or the “**Project**”) (including the Low-Income Project and Moderate-Income Project as defined below).

G. From October 2017 to the present, the following was completed: (i) the Parties selected MidPen Housing (“**MidPen**”) as the development team; (ii) MidPen formed MP Francis Scott Key 2 Associates, LP (the “**Low Income Project Developer**” or “**Low Income Project Tenant**”) to own and operate the Low Income Project, and MP Francis Scott Key 1 LLC (the “**Moderate Income Project Developer**” or “**Moderate Income Project Tenant**” and, together with MP Francis Scott Key 2 Associates, LP, the “**Developer**” or “**Tenant**”), to own and operate the Moderate Income Project, each of which includes MidPen Housing Management Corporation as the building management company (the “**Operator**”); (iii) Developer submitted its proposed scope of development, (iv) on March 1, 2022, Low Income Project Developer applied for an allocation of 9% federal tax credits from the California Tax Credit Allocation Committee (“TCAC”) in the amount of \$2,500,000.00 for the Low Income Project; and (v) and Moderate Income Project Developer applied for and will receive permits for the construction of the Project.

H. On June \_\_\_\_, 2022, the District Board of Education approved Resolution No. \_\_\_\_ authorizing conveyance of a leasehold estate in a portion the Site from District to the Low-Income Developer and a leasehold estate in the remainder of the Site from District to the Moderate-Income Developer, each under a certain Ground Lease dated August, 2022 (each, a “**Ground Lease**” and together the “**Ground Leases.**”). Each Ground Lease has a term of seventy-five (75) years with one twenty-four (24) year extension option (a 99-year maximum term). Capitalized terms not defined in this MOU will have the same meanings set forth in the applicable Ground Lease(s).

I. On April 15, 2022, the San Francisco Citywide Affordable Housing Loan Committee recommended approval for MOHCD to provide loans in an amount not to exceed \$2,656,208.00 to the Low-Income Developer and not to exceed \$45,543,792.00 to the Moderate

Income Developer for the purpose of construction and permanent financing of the Project under those certain Loan Agreements (each a “**Loan Agreement**”). MOHCD intends to obtain approval of the Loan Agreements by the City’s Board of Supervisors.

J. Based on the foregoing, the Parties now desire to enter into this MOU to establish: (i) the Parties’ respective roles and responsibilities in working together to market the affordable units and administer and enforce the Ground Leases; and (ii) MOHCD’s compliance monitoring of affordable housing covenants and resident restrictions and right to cure Developer’s defaults under the Ground Leases and other agreements to preserve the affordable housing for Educators and District Employees.

**NOW, THEREFORE**, the Parties agree and commit to the following principles, actions, and responsibilities:

**1. Recitals.** The **foregoing** recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.

**2. Term of the MOU.** This MOU shall commence on the Effective Date and shall, except as otherwise provided in Section 7 below, remain in effect for the life of the Improvements constituting the Project (the “**Term**”). For the District, this MOU does not become effective until signatures are obtained by all Parties and Board of Education has approved it at an open public meeting.

**3. The Project.**

**3.1 Low and Moderate Income Projects.** The approved Project is composed of two air-rights parcels with an aggregate of 135 units (including one manager unit) as follows: (a) an air-rights parcel with 34 units (~26% of total Project units) for Educators and District Employees with household income up to 60% of AMI, and 1 manager’s unit (“**Low Income Project**”), and (b) an air-rights parcel with 100 units (~74% of total Project units) for Educators and District Employees making up to 120% of AMI, and community-serving space intended to be occupied by a nonprofit organization that will provide services to both residents of the Project and the surrounding community (“**Moderate Income Project**”). The Project will also include open space and all other building and design elements as approved by the Planning Department (Site Permit #201912099009).

**3.2 Educator and District Employee Priority.** The Project shall be a mixed-income, multifamily development for income qualified Educators (first priority) and income qualified District Employees (second priority) (hereinafter, referred to as “Educator and District Employee Priority”), and only then to other income qualified households (including the general public) as permitted by the terms set forth herein and documented in the waiting list as defined herein and established by lottery or other appropriate procedures. Before Operator leases a residential unit to a member of the general public the Operator will seek the prior written consent of the District, which consent will not be unreasonably withheld or delayed. The District can request information from the Developer to inform their consent. The District will provide such written consent within

fifteen (15) days, and failure by District to respond within such 15 days of a request for consent shall be deemed consent.

**4. Project Implementation.** MOHCD and District will collaborate on adopting any policies and/or procedures needed to successfully operate the Project for Educators and District Employees, consistent with the Ground Leases, this MOU and the recorded Declaration of Restrictions.

**4.1 Resident Selection Criteria and Marketing Plan.** In consultation with and subject to approval by the District (which shall not unreasonably be withheld), MOHCD will incorporate policies and procedures that meet the stated policy goals in Recitals A, B and C of this MOU and Exhibit C attached and incorporated herein, and terms of the Ground Leases into MOHCD's forms for Resident Selection Criteria, Marketing Plan, and the MOHCD Loan Agreements. The Parties will collaborate to develop eligibility and occupancy requirements for Educators, District Employees, and (subject to Section 3) other potential tenant households that comply with all applicable laws and regulations by commencement of marketing activities. The Parties intend that the Educator and District Employee occupancy restrictions, as outlined in Exhibit C, will be enforceable and consistent with local law. MOHCD shall review and provide comments on the Developer's Resident Selection Criteria and Marketing Plan prior to execution of the MOHCD Loan Agreement. The form of Resident Selection Criteria and Marketing Plan is attached hereto and incorporated herein to this MOU as Exhibit B and Exhibit A, respectively. The Developer will obtain the District's prior written approval of the Developer's Resident Selection Criteria and Marketing Plan related to Educators and District Employees prior to submitting to the MOHCD for final approval and prior to implementing such Resident Selection Criteria or Marketing Plan and commencement of marketing activities. The District will provide such written consent within twenty (20) days, and further failure by District to respond within ten (10) days of a request for consent prominently labeled "Second Request—Immediate Attention Required," shall be deemed consent.

**4.2 Marketing.** During the lease up of the Project and filling vacancies thereafter, a single marketing process will be made available to all potential applicants (including any Educators and District Employees), in addition to the targeted marketing to Educators and District Employees as set forth herein, provided that (i) the Parties shall commence targeted marketing and outreach to Educators and District Employments shortly after close of construction financing for the Project and continuously thereafter during the Term of the Ground Leases, and (ii) for the lease up, MOHCD and the Operator shall accept early applications and conduct an early lottery only for Educators and District Employees prior to any open application and lottery period to the general public, as further described in Section 5.2(d) and as set forth in the Marketing Plan.

**4.3 Targeted Marketing to Educators and District Employees.** In addition to the commitments by the District under Section 5.1(g) and MOHCD under Section 5.2(d), the Parties agree to engage in a targeted marketing campaign to Educators and District Employees to implement the Marketing Plan. District and MOHCD will use all available methods and tools of communication to conduct effective outreach to Educators and District Employees. The Parties agree to work with Developer to undertake a targeted marketing campaign, including, but not

limited to, information sessions for Educators and District Employees, mass email distributions to all District employees, and information materials as part of regular correspondence with District employees. The Parties agree to work with the Developer to lease available residential units to Educators and District Employees, provided that the District understands and agrees that the Developer will be required to lease all residential units prior to any tax credit financing deadlines associated with the Low-Income Project and prior to the maturity date of its construction loan (approximately 3 years) regardless of the number of residential units leased by Educators and District Employees. Subject to the requirements under Section 3.2, the Parties agree that a residential unit will no longer be available to an Educator or District Employee once a member of a general public has accepted an offer for a residential unit and until the member of the general public vacates such residential unit. The Parties agree to work with Developer to market and lease residential units to an Educator or District Employee after a member of the general public has vacated a residential unit and in accordance with the waiting list.

**4.4** Good Cause Eviction. MOHCD and District agree that, in order to evict any residential tenant of the Project, the Tenant and Operator must comply with any applicable State law regarding evictions. MOHCD and District further agree that any residential tenant of the Low-Income Project cannot, for so long as the Low-Income Project remains subject to tax credit requirements, be forced to vacate their residential unit in the Project unless the Tenant and Operator has complied with the Internal Revenue Code and TCAC Regulations, including without limitation the tax credit “good cause” eviction requirements. However, for both the Low-Income Project and Moderate-Income Project and at all times, the next available unit will always be filled according to the Resident Selection Criteria, including first priority to Educators and second priority to District Employees and in accordance with the waiting list. Additionally, MOHCD will require Tenant and Operator to include language substantially similar to that contained on Exhibit C hereto in all marketing materials and leases for residential units in the Project, and require Tenant and Operator to enforce those provisions as part of MOHCD’s monitoring role.

**4.5** The provisions of Exhibit C shall survive any termination of this MOU for the entire term of the Ground Leases, unless otherwise agreed in writing by the District.

## **5. Roles and Responsibilities.**

### **5.1 District.**

(a) Assistance to MOHCD. District agrees to work collaboratively with MOHCD, Developer, and the Operator to maintain the Project at the Site by facilitating the following:

- (i) Periodic meetings for the Project when District’s participation is critical.
- (ii) Necessary public meetings and community outreach for public participation when necessary.

(iii) Provision of data during the predevelopment period, marketing, lease up and operations of the Project, as needed.

(b) Assist with Negotiations. As needed, District will assist MOHCD in negotiating the business terms and conditions to be included in the necessary transaction documents for implementing the Project.

(c) TCAC Coordination. In consultation with MOHCD, District will coordinate with the TCAC regarding any Low-Income Developer default under the Low-Income Project Ground Lease, including any failure by the Low-Income Developer to comply with the TCAC Regulatory Agreement or TCAC Lease Rider Agreement (“Lease Rider”). In the event of a Low-Income Developer default, as a “senior lender” under the Lease Rider, MOHCD will exercise its rights or remedies under the Low-Income Loan Agreement in order to effectuate a cure of such default in order to avoid to need for and prior to any enforcement action by TCAC. In the event TCAC is required to enforce its rights or remedies under the Lease Rider or the Low-Income Project Regulatory Agreement, District will facilitate TCAC’s enforcement consistent with the terms of the Low-Income Project Ground Lease.

(d) District Consent. District will timely review and will not unreasonably withhold consent, subject applicable requirements for Board approval/ratification if applicable, to Transfers, Loans, execute TCAC riders and take other actions to support lease financing consistent with the Ground Leases.

(e) Administration and Enforcement of Ground Leases. District will monitor, administer and enforce the terms of the Ground Leases, except as delegated to MOHCD under this MOU regarding the financing and construction of the Project and regulation of the residential units. District will provide proper notification to MOHCD of its administration and enforcement of the Ground Leases, including notices relating to performance, notice of a potential default, or notices received from the Tenant regarding potential transfer or change of management relating to any element of the Project.

(f) Cure of Default District will review and will not unreasonably withhold acceptance of MOHCD's satisfactory cure of any monetary or non-monetary default under the Ground Leases by Tenant.

(g) Marketing Assistance and Plan Approval. During the Term of the Ground Leases, District shall continuously market the Project to all Educators and District Employees as the Project’s purpose is to provide housing for Educators or District Employees. District will participate in and assist with targeted marketing to Educators and District Employees commencing on the close of construction financing for the Project, until the Project has been fully leased, and during any marketing and lease-up of the Project, and any subsequent lotteries, in accordance with the detailed schedule included in Section VIII of the Marketing and Tenant Selection Plan. At a minimum, District agrees to send at least two District branded correspondences prior to the launch of the project on DAHLIA to all Educators and District Employees to support the marketing effort



and ensure all eligible Educators and District Employees are informed of the opportunity through multiple channels. District also agrees to assist Tenant and MOHCD coordinate information sessions, workshops, counseling, or any other targeted marketing approaches to Educators and District Employees. The correspondences will indicate each employee's eligibility for the priority for Educators (e.g. Tier 1 or Tier 2) based on the employee's job classification. District will provide drafts of the correspondence to MOHCD for review and approval, which shall not be unreasonably withheld. District will timely review, comment, and approve marketing plans and residential selection criteria. Failure by District to respond within twenty (20) days of a request for approval, and further failure by District to respond within ten (10) days of a request for consent prominently labeled "Second Request—Immediate Attention Required," shall be deemed approval. Prior to MOHCD's approval of marketing plans and resident selection criteria, the District will provide written acknowledgement that those documents are in accordance with the Ground Leases, this MOU and the recorded Declaration of Restrictions.

(h) Preferences and Lottery Manual. District agrees that the Project will be subject to MOHCD's Housing Preferences and Lottery Procedures Manual, as amended from time and as long as the lottery procedures are consistent with this MOU and the principles outlined in Exhibit C. The District understands that the Project will be subject to the City's affordable housing preferences under San Francisco Administrative Code Chapter 47, as amended from time to time, provided that MOHCD agrees that the Educator and District Employee Priority will be implemented to comply with Administrative Code Chapter 47. MOHCD believes the Educator and District Employee priority is enforceable under and consistent with Chapter 47.

(i) Regulatory Frameworks. District will work with MOHCD to establish the appropriate procedures and implementing documents, such as (1) applicant eligibility (including the TCAC Compliance Manual for portion(s) of the Project subject to the TCAC Lease Rider) and marketing and lease addendum for non-TCAC units, (2) lottery, preferences, and any specific policies and procedures for Educators and District Employees, including any lottery procedures related to the priority for Educators and District Employees (to be drafted as part of Section 4 above) by the time of the MOHCD loan closing. District will be responsible for providing the Tenant and MOHCD with sufficient information to implement the priority for Educators and District Employees at the Project, including but not limited to sharing of applicant information between and among District, the Tenant and MOHCD for the purposes of validating applicants' eligibility for the priority for Educators.

(j) Tenant Adherence. As needed, District will require Tenant to adhere to all TCAC requirements, including the reviews and determinations of applicant eligibility and appeals.

## 5.2 MOHCD

(a) Consultation with District. MOHCD will collaborate with District regarding: 1) Ongoing lease-up and marketing plans and materials; and 2) all regulatory requirements applicable to operating this Site as affordable Educator Housing.

(b) MOHCD Loan. MOHCD will provide an aggregate loan of up to \$48,200,000.00 for construction and permanent financing of the Project, subject to approval through a resolution by the City's Board of Supervisors and Mayor. MOHCD will submit the Loan Agreements and related documents to the City's Board of Supervisors for approval in a timely manner with an anticipated construction finance closing in August 2022.

(c) Responsibilities related to Project Financial Feasibility and Management. MOHCD will do the following:

(i) During the construction period of the Project, monitor Developer's construction of the Project in accordance with the MOHCD Loan Agreements, including approval of change orders, provided that MOHCD will obtain the District's approval of any change order that relates to the Project's unit mix or other design features previously approved by the District. MOHCD to provide quarterly reports to the District regarding construction progress;

(ii) Collaborate with the Tenant and Operator to determine the ongoing financial health of the Project, and periodic review of the capital budget for the Project;

(iii) Provide necessary oversight, as the lead agency, of the operation phase of the Project including any future recapitalization phases necessary to ensure the Project is maintained in a high quality manner;

(iv) Collaborate on the ongoing development or refinement of thoughtful policies and procedures for the Marketing Plan, Resident Selection Criteria, or other Educator and district employee housing program (as referenced in Section 4), including providing implementation oversight and monitoring during operations of the Project;

(v) Review requests by Developer for refinancing any debt, resyndication of tax credits, and/or rehabilitation of the Improvements, pre-approve lenders and assist District in negotiating, reviewing and approving mortgages, and other financing related to the Project and other affordable housing, consistent with the lottery priority given to Educator and District Employee set forth herein, in the Ground Leases, and any other Project document;

(vi) Assist Developer with its applications to the TCAC and the California Debt Limitation Allocation Committee for refinancing of the Low-Income Project and (if applicable) Moderate Income Project and provide necessary letters of support or other such required documents; and

(vii) Following the close of the low-income housing tax credit compliance period, and if the Tenant elects to reposition the Low-Income Project or transfer any part of its interest in the Low-Income Project that will impact its leasehold interest under the Low-Income Ground Lease, inform the District of such plan and advise the District on the financial implications to the Low-Income Project and (if applicable) Project as a whole.

(d) Marketing and Lottery. MOHCD will provide ongoing services related to the marketing, lottery and lease up of the Project as follows:

(i) MOHCD will review and approve the Marketing Plan and Resident Selection Criteria for ongoing leasing of the residential units and conduct marketing activities in accordance with this MOU, Marketing Plan, Resident Selection Criteria, and any policies and procedures developed, as amended from time to time. MOHCD will facilitate and assist District and Developer with targeted marketing to Educators and District Employees during any marketing and lease up of the Project.

(ii) MOHCD will facilitate and monitor the marketing and lease up process including coordinating with the Operator's leasing agents; train leasing agents on DAHLIA San Francisco Housing Portal and the use of DAHLIA's Leasing Agent Portal; and ensure compliance with approved Marketing Plans and resident selection criteria and other related regulatory documents as applicable.

(iii) MOHCD will conduct housing lotteries and manage the implementation of affordable housing lottery preferences in accordance with the MOHCD Loan Documents, specifically the Resident Selection Criteria and Marketing Plan.

(1) Lease-Up Lottery: Commencing after close of construction financing for the Project and prior to the expanded marketing and expanded lease-up lottery process described below, applications accepted through DAHLIA shall be limited to Educators and District Employees. At the end of the early application deadline as set forth in Section 4.2 and in the Marketing Plan, MOHCD will conduct an initial lottery through DAHLIA of the applications received from Educators and District Employees and apply the Educator and District Employee Priority, and the overlay of the City's Housing Preferences to the lottery results, to create an "initial waiting list" which will be provided to Operator. Operator shall use the initial waiting list to commence the lease up process for the Project.

(2) Expanded Lease-Up Lottery: After completion of the lease up lottery by MOHCD described above, the marketing and application process will continue as set forth in the Marketing Plan. The Parties anticipate this expanded marketing and lottery process will commence no less than five (5) months prior to the anticipated date the Project will receive its temporary certificate of occupancy. During this continued marketing and application process, which must include additional targeted marketing for Educators and District Employees, applications through DAHLIA will be open to all potential applicants. At the completion of the continued marketing and application process, MOHCD will conduct an expanded lottery through DAHLIA of the applications received during the continued marketing process. MOHCD will apply the Educator and District Employee Priority, and the overlay of City's Housing Preferences to the results of this expanded lottery. The results of the expanded lottery, with the preference order, will be provided to Operator and will be added to the end of the initial waiting list to create an "updated waiting list" used to complete the lease up process for the Project. At the completion of the lease up process for the Project, the existing combined waiting list will be purged and will no longer be applicable.

(3) Post Lease-Up Lottery: Prior to the waiting list being purged as set forth above, Operator will notify MOHCD and District when Operator determines that it is 60 days from completion of lease up. MOHCD and District will commence marketing for the Post Lease Up Lottery in accordance with the Marketing Plan to create a new waiting list for future vacancies at the Project. This marketing process shall include targeted marketing for Educators and District Employees. At the completion of this marketing process, MOHCD shall conduct a post lease-up lottery through DAHLIA of the applications received during this marketing process. MOHCD will apply the Educator and District Employee Priority, and overlay of the applicable City Housing Preferences to the results of this post lease-up lottery. The top 200 results of the post lease-up lottery, with the tiered groups and corresponding City Housing Preference order, will be provided to Operator to create a “waiting list” used for filling post lease up vacancies for the Project

(4) Additional Lotteries: At the earlier of either exhaustion of the existing waiting list in Section 5.2(d)(iii)(3), or determination by the Operator that there is a need to add additional applicants to the waiting list, the Operator will submit a written request to MOHCD and the District for consent to commence a further marketing effort to add applicants to the waiting list pursuant to a marketing and application process set forth by the Operator with a written request to be approved by MOHCD and the District set forth herein. MOHCD and the District will review and approve the request for additional marketing and application process and the proposed marketing and application process within twenty (20) days of receipt of such request and process. Failure by MOHCD and/or District to respond within twenty (20) days of such a request and process, and further failure by MOHCD and/or District to respond within ten (10) days of request for consent prominently labeled “Second Request—Immediate Attention Required,” shall be deemed approval of the request and process by that entity. Once approval of such a request and process is provided, MOHCD and the Operator shall conduct a new marketing process, including targeted marketing for Educators and District Employees, through DAHLIA open to all potential applicants to add to the waiting list for post lease up vacancies at the Project. This marketing process will be conducted for a period of time in accordance with the marketing and application process presented by Operator and agreed to by MOHCD and the District. At the completion of this marketing application deadline as set forth in the Marketing Plan, MOHCD shall conduct a lottery through DAHLIA of the applications received during this marketing process. MOHCD will apply the Educator and District Employee Priority, and the applicable City Housing Preferences to the results of these additional lotteries. The top 200 results (“Cap”) of the additional lotteries, with the tiered groups and corresponding City Housing Preference order, will be provided to Operator and will be added to the end of the “waiting list” used for filling post lease up vacancies for the Project. For the additional lotteries post lease-up, the Operator may request an increase in the Cap (more than the top 200 results) for a specific additional lottery if Operator determines the Cap will not provide a sufficient number of applicants for each of the unit types and sizes available within the Project. If Operator desires to increase the Cap for a specific additional lottery, Operator will submit a written request for an increase in the Cap for that lottery in the written request to MOHCD and the District regarding the additional marketing process and lottery. Operator will provide the basis for its determination that the Cap will not provide a sufficient number of applicants. If approved by MOHCD and the District, any increase in the Cap

for a specific additional lottery will be disclosed in all marketing materials for that specific additional lottery. In the event the procedures in this Section 5.2(d)(iii) do not result in the purpose of providing housing for District Educators and Employees (i.e. substantial occupancy by District Educators and Employees), then MOHCD, the District and Operator shall reevaluate these procedures, and if necessary shall agree on changes to these procedures. Such changes could (subject to good faith negotiation and applicable law) include, among others, changing the Cap number or establishing a fixed term for waiting lists. Provided such changes comply with applicable law, Operator shall implement them.

(e) MOHCD will provide ongoing monitoring and enforcement of the Project as follows:

(i) MOHCD will monitor Operator's compliance with tenant eligibility, rent restrictions, and any other housing related requirements under the Operator's funding sources. MOHCD will prepare or cause Operator to prepare regular occupancy reports for District, in a form reasonably acceptable to District, at least two times annually.

(ii) MOHCD will obtain annual monitoring reports of the residential component, including tenant income certifications.

(iii) As needed, MOHCD will conduct on-site inspection of the residential component in coordination with the Tenant, the Operator, and District. MOHCD will provide reasonable notice to the Tenant, Operator, and the residential occupants as required by law.

(iv) MOHCD will enforce the affordable housing obligations or covenants under the Ground Leases and Loan Agreements in consultation with District and make recommendations for District enforcement actions when needed. MOHCD will provide proper notification to District of MOHCD's administration and enforcement of any loan agreements, including notices relating to performance, notice of a potential default, or notices received from the Tenant regarding potential transfer or change of management relating to any element of the Project.

(v) At its discretion, MOHCD will cure any monetary or non-monetary default by Tenant under the Ground Leases, including the payment of taxes.

(vi) MOHCD will help resolve issues relating to affordable housing operation and management, including management performance.

## **6. Financial Considerations.**

**6.1 Requirements of District and MOHCD.** Each Party will ensure that all applicable City, MOHCD, and District requirements regarding contracts and contract procurements, leasing, and provisions of services shall be made applicable on case-by-case basis to the Tenant and its assigns, representatives, and agents.

**6.2 Staff Time and Costs.** Except as set forth in Section 6.3 below, each Party will pay the costs of its own staff time and the costs of any consultants, including attorneys. The Parties acknowledge that the Loan Agreements and the Ground Leases may provide for reimbursement of certain costs by Low Income Developer and Moderate-Income Developer, respectively.

**6.3 MOHCD's Asset Management Costs.** To recover MOHCD's costs for asset management of the Project, District will require Moderate Income Tenant to pay an annual base rent of \$15,001.00 under the Moderate-Income Ground Lease and pay such \$15,000.00 to MOHCD after receipt of base rent from Moderate Income Tenant.

## **7. Early Termination.**

**7.1 Voluntary Termination.** After completion of Project construction, either party may terminate this MOU for any reason or no reason whatsoever by giving written notice of termination to the other party not less than 12 months before the termination date specified in the notice.

**7.2 Consequences of Termination.** In the event of any termination of this MOU under this Section 7, District shall perform obligations under the Lease previously performed (or required to be performed) by MOHCD under this MOU, and each party shall have all rights and remedies otherwise available under all agreements relating to the Project or at law. Furthermore, notwithstanding any termination of this MOU, the provisions of Exhibit C will apply to the Project for the entire term of the Ground Leases, except as otherwise expressly agreed in writing by, District.

**8. Notices.** Any notice given under this MOU from MOHCD to District or vice versa, must be in writing delivered in person; and by any of the Agents by commercial courier, or by registered, certified mail or express mail, return receipt requested, with postage prepaid, to the mailing addresses below. All notices under this MOU will be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt. Any mailing address or telephone or facsimile number may be changed at any time by giving written notice of the change in the manner provided above at least 10 days before the effective date of the change.

For the convenience of the parties, copies of notices may also be given by email to the email address given below, by facsimile to the telephone number listed below, or other numbers as may be provided from time to time, but email, telephonic or facsimile notice will not be binding on either party. The effective time of a notice will not be affected by the receipt of the original or facsimile copy of the notice.

District: San Francisco Unified School District  
555 Franklin Street  
San Francisco, CA 94102  
Attn: Chief of Facilities  
Telephone: (415) 241-6121  
Facsimile: (415) 241-6371

\*Please provide a copy of any notice to the District's Legal Department

555 Franklin Street, Third Floor  
San Francisco, CA 94102  
Telephone: (415) 241-6054  
Facsimile: (415) 241-6371

MOHCD: Mayor's Office of Housing and Community  
Development  
One Van Ness Avenue, Fifth Floor,  
San Francisco, CA 94103  
Attn: Director  
Telephone: (415) 701-5515  
Facsimile: (415) 701-5501

## **9. Miscellaneous Provisions.**

**9.1 Amendments.** District, through its Board of Education, and MOHCD reserve the right to amend this MOU by mutual consent. It is mutually understood and agreed that no amendment, modification, alteration or variation of the terms of this MOU shall be valid unless in writing and signed and acknowledged and approved by both parties. This MOU constitutes the entire agreement of the parties and no oral understandings or agreement not incorporated herein shall be binding on either party. This MOU supersedes prior written materials used by the Parties in negotiating this MOU.

**9.2 Severability.** Except as otherwise specifically provided in this MOU, a judgment or court order invalidating any provision of this MOU, or its application to any person, will not affect any other provision of this MOU or its application to any other entity or person or circumstance, and the remaining portions of this MOU will continue in full force and effect, unless enforcement of this MOU as invalidated would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the purposes of this MOU.

**9.3 Time is of the Essence.** Time is of the essence of each provision of this MOU, including performance under the **Project Schedule and Benchmarks**.

**9.4 Ancillary Documents.** District's Superintendent, or his or her designee, is authorized to execute or sign on behalf of District any ancillary documents or entitlement

Shirley Chisholm Village  
District-MOHCD Memorandum of Understanding  
Page 13 of 15

application that are necessary or proper to achieve the purposes and objectives of this MOU, subject to applicable requirements that contracts be approved/ratified by the Board of Education.

**10. List of Exhibits.** The following exhibits are attached and by this reference incorporated into this MOU as if fully set forth above:

- Exhibit A: Form of Marketing Plan
- Exhibit B: Form of Resident Selection Criteria
- Exhibit C: Principles for Employment Based Housing

*[Signatures on the Next Page]*



IN WITNESS WHEREOF, the Parties hereto have executed this MOU as of the day, month, and year first above written

**CITY:**

**City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development**

\_\_\_\_\_  
Eric D. Shaw  
Director

**Approved as to form:**

DAVID CHIU,  
City Attorney

By: \_\_\_\_\_  
Keith Nagayama  
Deputy City Attorney

**District:**

**San Francisco Unified School District, a California public school district**

\_\_\_\_\_  
Dr. Vincent Matthews  
Superintendent

**Approved as to form:**

By: \_\_\_\_\_  
Susanne Starecki Kim  
Sr. Deputy General Counsel

**Exhibit A**  
**Form of Marketing Plan**

**City and County of San Francisco  
Mayor's Office of Housing and Community Development (MOHCD)**

**Marketing and Tenant Selection Plan for Initial Rental Units**

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This marketing and tenant selection plan is subject to City review within 15 business days from the date it is received and complete. **Please set all advertising dates in this plan so that no date commences sooner than 45 calendar days from the date of your plan submission.**

**Please complete and return this form as a "Word" document so that our office may track changes directly onto the document.** The approval process typically involves a back-and-forth process between MOHCD and the developer's representative. Please do not submit incomplete plans. This marketing and tenant selection plan may be updated from time to time at the discretion of MOHCD.

**I. General Information**

Our goal 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.

In order to inform the public, owners, and prospective tenants about federal fair housing laws and affirmative fair marketing procedures per the MOHCD Loan Agreement, we will include the Equal Housing Opportunity logotype and/or slogan, and a logotype indicating accessibility to the disabled, in all press releases, solicitations, and program information materials.

Today's Date	XX/XX/2023
Proposed Marketing Launch Date (Must be no sooner than 45 days from the date of first marketing plan submission)	TBD
Name of Building	Shirley Chisholm Village
Property Address (Street address used for marketing and mailing to new renters)	1360 43 <sup>rd</sup> Avenue San Francisco, CA 94122
Property Address as Stated in Planning Approval	1351 42 <sup>nd</sup> Avenue San Francisco, CA 94122

Planning Motion Number	Planning Record No. 2018-015768PRJ
Loan Agreement Name & Date	<i>If multiple MOHCD/OCII loan agreements, list all agreement names and dates.</i> TBD
Name of City and Co. of SF Planner	Jeffrey Horn

The following developer contact information for is for internal use only.

Name of Developer	MidPen Housing Corporation ("MidPen") Michelle Kim
Developer Address	303 Vintage Park Drive, Suite 250, Foster City, CA 94404
Developer Phone	650-356-2982
Developer Email	mkim@midpen-housing.org

Name of Marketing Company	MidPen Housing Corporation
Marketing Agent	TBD
Marketing Agent Address	303 Vintage Park Drive, Suite 250, Foster City, CA 94404
Marketing Agent Phone	TBD
Marketing Agent Email	TBD

Date of Building Permit Issuance	Addendum 1 and 2 – June 9, 2022
Expected Construction Completion Date	08/01/2024
Expected Issuance Date of Temporary Certificate of Occupancy	08/01/2024
Expected Issuance Date of Final Certificate of Occupancy	09/1/2024
Actual Issuance Date of Temporary	TBD

Certificate of Occupancy	
Actual Issuance Date of Final Certificate of Occupancy	TBD
Date on which you expect units can be occupied	08/14/2024

List all Sources of Government Financing for the Project (e.g. CDLAC, TCAC, HUD Loan, Infill Grant, etc.)	<p>TCAC - 9% Tax Credits for tax credit project which includes 34 tax credit units and 1 manager's unit</p> <p>MOHCD Funding – Tax credit project and moderate-income project are financed with MOHCD funds.</p>
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If there is a source of government financing, how long and at what % Area Median Income must your units be restricted <b>as rental units</b> under this financing?	<p>Tax Credit Project – 35 units (including 34 restricted units and 1 manager's unit)</p> <p>TCAC – 55-year restriction. Units are expected to be restricted for 55 years from TCO.</p> <p>MOHCD Funding – 99-year restriction. Units are expected to be restricted for 99 years from TCO.</p>
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<u>LOTTERY/</u>	No. of Units	MOHCD	TCAC
Studio	2	40% MOHCD AMI	30% TCAC AMI
1 BR	2	40% MOHCD AMI	40% TCAC AMI
2 BR	2	40% MOHCD AMI	30% TCAC AMI
3 BR	2	40% MOHCD AMI	40% TCAC AMI
Studio	4	50% MOHCD AM	30% TCAC AMI
1 BR	4	50% MOHCD AMI	40% TCAC AMI
2 BR	2	50% MOHCD AMI	50% TCAC AMI
3 BR	2	50% MOHCD AMI	30% TCAC AMI
2 BR	9	60% MOHCD AMI	40% TCAC AMI
3 BR	5	60% MOHCD AMI	50% TCAC AMI
<b>Sub-Total</b>	<b>34</b>		
<b>STAFF</b>			
2 BR	1		

Moderate -Income Project – 100 units			
MOHCD Funding – 99-year restriction. Units are expected to be restricted for 99 years from TCO.			
<u>LOTTERY/</u>	No. of Units		MOHCD
Studio	6		80% MOHCD AMI
1 BR	12		80% MOHCD AMI
2 BR	15		80% MOHCD AMI
Studio	6		100% MOHCD AMI
1 BR	13		100% MOHCD AMI
2 BR	15		100% MOHCD AMI
Studio	6		120% MOHCD AMI
1 BR	12		120% MOHCD AMI
2 BR	15		120% MOHCD AMI
<b>Sub-Total</b>	<b>100</b>		

## II. Overall Building Composition

Total # Units in Building (including affordable)	<b>135</b>
Number of Residential Floors in the Building	<b>5</b>
Number of Commercial Floors in the Building	<b>0</b>

## III. Market Rate Units (if applicable)

These 100 units at Shirley Chisholm Village are moderate income units, not tax credit units, and while these units serve higher income households, the units will be restricted by MOHCD's regulatory agreement and rents will be below market.

Unit Type	Total #	Rent Range of Market Rate Units
SRO		
Studio		
Jr. 1 Bedroom		
1 Bedroom		
1+ Bedroom		
2 Bedroom		
2+ Bedroom		
3 Bedroom		

3+ Bedroom		
4 Bedroom		
Other		

#### IV. Affordable Units

Total # of affordable units in building	<b>134</b>
Total # of manager/staff units <i>(if applicable)</i>	<b>1</b>
Total # of lottery units	<b>134</b>

*Attach the excel template named "DAHLIA-Unit Table" containing detailed information about the units*

#### V. Renter Qualifications

MidPen understands that it is our responsibility to read and understand the rules of the Regulatory Agreement(s) for this development as well as the marketing and outreach policies set forth by the City and County of San Francisco Mayor's Office of Housing and Community Development.

MidPen must attach a resident selection criteria document for MOHCD's review in addition to completing the section below. The resident selection criteria must also specify any preferences or program-specific resident selection criteria applicable to the project, such as lottery preferences, and/or Access Point referrals from the Department of Homelessness and Supportive Housing (HSH), Local Operating Subsidy Program units, etc. The resident selection criteria must also incorporate references to the Fair Chance Ordinance and how criminal background checks will not be used until after all other qualifications have been reviewed. The resident selection criteria should also include the following information as applicable:

##### 1) Applicant Eligibility Criteria

All applicants must qualify based upon:

- Commitment to use the unit as the principal residence.
- Commitment to participate in rental restrictions and compliance recertification.
- The household's annual income must not exceed the applicable income limit for the community as established by the LIHTC regulations if applicable. Current income limits are on Exhibit C in the attached Resident Selection Criteria. Additionally, applicant households must meet the minimum income requirements set at two (2) times the rent for the unit. Minimum income is not applicable to applicants with a Section 8 voucher from the Housing Authority.
- The head of household must be 18 years of age or older or legally emancipated.
- Below are the occupancy standards:

<u>UNIT SIZE</u>	<u>MINIMUM HOUSEHOLD SIZE</u>	<u>MAXIMUM HOUSEHOLD SIZE</u>
<u>0 Bedroom</u>	<u>1 person</u>	<u>2 persons</u>
<u>1 Bedroom</u>	<u>1 person</u>	<u>3 persons</u>
<u>2 bedroom</u>	<u>2 persons</u>	<u>5 persons</u>
<u>3 bedroom</u>	<u>4 persons</u>	<u>7 persons</u>

2) Occupancy Preferences

Insert, project-specific preference chart, per the project’s MOHCD Loan Documents and/or Ground Lease, and MOHCD MOU:

Prospective Applicants:

- Tier 1 – SFUSD Educators - Teachers and Paraeducators
- Tier 2 – Other SFUSD Employees
- Tier 3 - General Public with Applicable City Preference
- Tier 4 - General Public without Applicable City Preference

Applicable City Preferences, Chapter 47 of San Francisco Administrative Code):

- Certificate of Occupancy Preference (COP)
- Displaced Tenant Housing Preference (DTHP)
- Neighborhood Resident Preference (NRHP)
- Live or Work Preference in San Francisco (Live/Work)

	Certificate of Occupancy Preference (COP)	Displaced Tenant Housing Preference (DTHP)	Neighborhood Resident Preference (NRHP)	Live or Work
Tier 1	COP+SFUSD Educators	DTHP+SFUSD Educators	NRHP+SFUSD Educators	SFUSD Educators
Tier 2	COP+SFUSD Employee	DTHP+SFUSD Employee	NRHP+SFUSD Employee	SFUSD Employee
Tier 3	COP	DTHP	NRHP	Live/Work
Tier 4				

For more information about the lottery process and housing preferences, please refer to the MOHCD Housing Preferences and Lottery Procedures Manual.

3) Basis of Disqualification for Lottery Winners

*Please list the reasons for which a household could be disqualified. Please note that you must abide by Article 49 of the San Francisco Police Code (Fair Chance Ordinance): <http://sf-hrc.org/fair-chance-ordinance>.*

*Please complete with each ground for disqualification. Be specific.*



**Ability to pay rent standard** – Applicant households must meet the minimum income requirements set at two (2) times the rent for the unit. Minimum income is not applicable to applicants with a Section 8 voucher from the Housing Authority.

**Credit Standard** (*Please describe in detail what scoring model, credit bureau(s), scoring schedule to determine approvals, denials, and conditional approvals, etc...--credit may only be ran after income qualification*) – This property evaluates each person applying to live at its community with a credit-risk scoring system that is provided by an independent consumer-reporting agency and consistently applied to all of the applicants. This scoring system uses a statistical model to estimate the credit risk that an applicant may not satisfactorily fulfill their lease obligations. This statistical model was developed from data regarding actual residents and their payment performance of their lease obligation. Prior to final acceptance of each applicant, this property will use this system to provide a numerical score that represents a relative measure of the credit risk associated with that applicant. The acceptance policies include having no more than 35% of past due negative accounts and no more than \$2,500 maximum balance of unpaid collections (including past due accounts). Bankruptcies are permitted if they have been cleared. Each applicant's credit-risk score will be compared to the acceptance policies to determine whether or not the applicant may be accepted. If the application is denied based on the credit-risk score, the applicant will be advised what factors most adversely affected the score and the applicant will be given the name, address, and telephone number of the consumer reporting agency that provided the credit-risk score to this property. An applicant who is denied based on their credit-risk score may obtain a copy of the consumer report(s) on which the credit-risk score was based, and may initiate an investigation to have any erroneous information contained in such reports corrected. The consumer-reporting agency will advise the applicant of the actions that they may take in order to do so. Available units will not be held open during any such investigation by the applicant. The absence of credit history by itself will not be reason to deny an applicant household.

**Rental History Standard** – Applicants must have an acceptable landlord history that demonstrates a history of cooperation with management regarding house rules and regulations; abiding by lease terms; and care of property. Landlord history must show that the applicants' conduct in present or prior housing has been such that the admission to the property would not negatively affect the health, safety, or welfare of other residents, or the physical environment, or financial stability of the property.

Landlord history must include a minimum of two (2) years rental history from a minimum of two landlord references. One (1) reference from the applicant's current landlord will be accepted from applicants who have resided in one location for two (2) or more years.

If the applicant or any member of the applicant household fails to fully and accurately disclose rental history, the application may be denied based on the applicants' misrepresentation of information.

The absence of previous rental history by itself will not be reason to deny an applicant household.

**Criminal History Standard** – Please refer to Resident Selection Criteria for more information.

**Maximum Household Size Standard** – The occupancy standard is the minimum and maximum number of household members that may reside in a specific size unit. When counting household members, every member listed on the application, TIC, or lease is counted including all full-time members, persons temporarily absent from the unit, children anticipated to live with the family, children away at school, live-in aides, foster children and foster adults. In the event an applicant household member, or someone associated with that household, has a physical or mental disability, which requires a variance from these occupancy standards, the applicant should make a request for accommodation which may be granted if it does not create an undue financial and administrative burden or create a fundamental change to the nature of the property. As with all accommodation requests, whether the request is reasonable will be evaluated on a case-by-case basis. See above for the minimum and maximum occupancy standards.

**Other - Interference/Fraud** - Any applicant whose conduct interferes with, hinders, delays, obstructs or otherwise prevents the application process from being completed may be denied. Any information provided by the applicant that is later proven to be untrue by verification may be used to disqualify the applicant for admission on the basis of attempted fraud. Fraud is defined as an applicant or resident knowingly providing inaccurate or incomplete information. Please refer to Resident Selection Criteria for more information.

#### 4) Mitigating Circumstances

*Please describe your mitigating circumstances policy and procedures.*

In the event an applicant fails to meet one or more of the Resident Selection Criteria and the application is rejected, Property may consider admitting the applicant and approving the application through consideration of mitigating circumstances or by applying reasonable accommodations if requested by applicant. During the consideration meeting an applicant will then have the opportunity to explain why their negative background problem occurred and what has changed so that similar incidents will not recur. Decisions will be based on committee's assessment of applicant's capacity to comply with the lease and considerations outlined in section 7 of Exhibit H.

Mitigating circumstances are verifiable facts that would overcome or outweigh information gathered in the resident selection process. The verifier must corroborate the reason(s) given by the applicant for the disqualifying circumstances, and indicate that the prospect for lease compliance in the future is good because the reason for his/her disqualifying circumstances is either no longer in effect or otherwise controlled.

5) Reasonable Accommodations

*Please include instructions on filing a Request for a Reasonable Accommodation; guidelines for considering and evaluating a Request for Reasonable Accommodation, and the appeal process.* This community is committed to making the apartment community readily accessible and usable by individuals with disabilities. Property will consider any request by or on behalf of a disabled resident or applicant for:

- a) A reasonable accommodation requesting a change in its rules and/or policies; or
  - b) A reasonable modification relating to alteration of the common areas or an individual unit.
- Any such request should be made in writing in conjunction with the Reasonable Accommodation Policy (Exhibit E). Requests should be forwarded to the Section 504 Coordinator located at MidPen Housing Corporation, 303 Vintage Park Drive, Suite #250, Foster City, CA 94404. If it is not possible to make the request in writing, the Property Community Manager will assist the person making the request and provide the necessary information.

6) Grievance Policy

*MidPen's Grievance Policy must be available to all applicants. Please review the sample language and list your Grievance Policy below:*

SAMPLE GRIEVANCE POLICY:

To be attached.

**VI. Marketing Strategy**

Advertising

MidPen understands that our affordable units must be advertised over a period of at least three (3) weeks in five (5) local newspapers that outreach to minority and low and moderate-income communities in San Francisco. The marketing must occur for at least the 21 day required marketing period. Ads must appear in the "housing," "real estate" and/or "community" sections of the publications. MidPen understands that we must save copies of our ads and make them available to MOHCD at the culmination of our marketing period.

*MidPen will post approximately in the following five (5) local venues throughout a 3-week period at least one time each or every other week per timeline in Section VIII:*

<b>Newspaper or publication</b>	<b>Exact Advertisements Dates</b>
<i>Suggestion: Bayview or Sun Reporter (African American audience)</i>	TBD
<i>Suggestion: El Tecalote (Spanish speaking audience)</i>	
<i>Suggestion: Philippine News or Asian Journal (Filipino audience)</i>	
<i>Suggestion: Asian Weekly or Singtao Daily (Chinese audience)</i>	
<i>Suggestion: Bay Area Reporter or SF Bay Times</i>	

<i>Suggestion for Other: Choose a paper that is local to the building</i>	
---	--

*MidPen will announce the affordable housing opportunity in approximately 5 of the following non-print electronic media outlets throughout the marketing period.*

<b>Social Media and Online Publications</b>	<b>Responsible Party</b>	<b>Exact Advertisement Dates</b>
<i>Suggestion: Facebook, Twitter, Nextdoor, etc.</i>	MidPen	TBD
<i>Suggestion: SF Gate</i>	MidPen	
<i>Suggestion: SFUSD website, OASIS Announcements, SFUSD social media (facebook, Instagram, twitter)</i>	SFUSD	
<i>Suggestion: Craig's List</i>	MidPen	
<i>Other:</i>	TBD	

**Optional** – MidPen may post in one of the following City-wide Paper for at least 1 weekend on a Saturday or Sunday:

<b>Newspaper or publication</b>	<b>Exact Advertisements Dates</b>
<i>Suggestion: SF Examiner</i>	TBD
<i>Suggestion: SF Chronicle</i>	

All newspaper ads and postings will state income maximums by household size; renter qualifications, including but not limited to the priority for SFUSD educators and District employees and applicable City Housing preferences; project team contact information as the primary contact information; and identify MOHCD as the monitor of the affordable rental program. Ads may refer applicants to the MOHCD website at [www.sfmohcd.org](http://www.sfmohcd.org) but will not list MOHCD telephone numbers or email addresses. A copy of the wording to be used in all advertising will be sent to MOHCD for initial review and copies of all placed ads will be sent to MOHCD upon the completion of the marketing period. All postings will display an "Equal Housing Opportunity" symbol on all marketing materials, advertisements and notices at the rental office:



**SAMPLE AD LANGUAGE:**

2 one-bedroom Affordable Rental Units available at 333 Birch Street. Rents range from \$800-\$950 per month. Households must earn no more than the maximum income levels below. Includes priority for SFUSD educators and District employees and applicable City Housing preferences.

**55% of Area Median Income**  
 One person - \$49,300; 2 persons - \$56,400; 3 persons - \$63,400; 4 persons - \$70,450; 5 persons - \$76,100

Applications must be received by 5PM on Thursday, December 17, 2020. Apply online through DAHLIA, the SF Housing Portal - DAHLIA at [housing.sfgov.org](http://housing.sfgov.org). Due to COVID-19,

applicants will apply online as we are not accepting paper applications. Please contact the Green Company for building information at (415) xxx-xxxx or 333birchaffordable@green.com.

Units available through the San Francisco Mayor's Office of Housing and Community Development and are subject to monitoring and other restrictions. Visit [www.sfmohcd.org](http://www.sfmohcd.org) for program information.



MidPen will use the following ad language when advertising the affordable rental units:

TBD

#### Building Signage

MidPen will prominently display MOHCD prescribed and approved signage on the construction site of this project. The signage/banner should be no smaller than 5' by 5' and state Affordable Rental Units Available Soon. On the signage/banner or on additional signage/banner, it may include information regarding priorities include SFUSD educators and District employees and applicable City Housing preferences and include a web address and/or telephone number for interested applicants to learn more.

MidPen will use the following building signage language when advertising the affordable rental units:

MOHCD will provide template

#### Website

MidPen will create a website for the affordable units or create a link for the units on our existing website at [www.scv-midpen.com](http://www.scv-midpen.com) or [www.midpen-housing.org](http://www.midpen-housing.org).

#### Board of Supervisors

MidPen will announce the affordable housing opportunity at least twice to the Board of Supervisors District Office where the project is located by providing a copy of the flyer. MidPen will be available to discuss any possible issues related to this project with the District Supervisor, district residents, and the public at large.

Board of Supervisor's Name Supervisor Gordon Mar	Notification Dates, Name of Staff Member Responsible for the Communication and How the Communication Will be Made
	TBD
	TBD

### Outreach Materials

MidPen understands that our project must provide (1) a flyer and (2) a COP postcard **as a part of this submission** for the affordable rental units available that includes the following information. *(Please see sample COP postcard and flyer at the end of this document).*

- Reference to the MOHCD Affordable Rental Program
- Reference to the non-profit developer/project sponsor
- Reference to the SFUSD educator and employee Priority and other applicable City Housing Preferences
- All applicable lottery preferences (must appear on flyer only, not COP postcard)
- Maximum and minimum income qualifications
- Rent levels
- Description of units
- Exterior and interior (if available) photo of the development
- Information on how to obtain an application
- Lottery date, time and location
- Fair housing logo
- Equal Opportunity Logo
- MidPen website - [www.midpen-housing.org](http://www.midpen-housing.org)

### Outreach to Certificate of Preference Holders

MidPen understands that we are responsible for marketing our affordable rental units to Certificate of Preference (COP) holders. Certificate of Preference holders are primarily households displaced in Redevelopment Project Areas during the 1960's and 1970's, but may also include other persons displaced by Agency action. For more information, applicants may contact 415-701-5613.

MidPen understands that we shall provide **5 x7** postcards for the mailing of an affordable housing announcement to all Certificate of Preference holders. MOHCD shall coordinate the printing and mailing and invoice us for the full cost of printing, the first-class mailing, including postage and labels.

### Outreach to Organizations Who Serve People with Disabilities

MidPen will include organizations that serve people with disabilities on our Marketing Outreach List to market our accessible units.

### Strategy for Marketing to Residents of the Immediate Neighborhood

MidPen understands we must present a strategy for reaching out to the local community surrounding the building.

*Suggestions include posting flyers in local community meeting places, posting the units in local papers, and reaching out to local community groups. This strategy is above and beyond MidPen's ad placements in local or citywide newspapers. At a minimum, list 10 local venues in which you will post your flyer or otherwise distribute your flyer.*

*Your Strategy for Marketing to Residents of the Immediate Neighborhood Here:*

TBD
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Strategy for Language Access

MidPen understands we must be able to provide assistance to applicants who may not speak English.

*More information about the Language Access Ordinance can be found here: <http://sfgov.org/oceia/language-access-services>. Please list the languages spoken by your staff. Describe how language assistance in Cantonese, Filipino and Spanish will be provided and include your strategy for reviewing applications submitted in these languages (i.e., translation service used, in house assistance available, etc.).*

*Throughout the marketing period, you must have copies of the SF Housing Resource Guide available in all four languages for applicants who require additional assistance or referrals to housing counseling. The SF Housing Resource Guide is available on our website here: <http://sfmohcd.org/san-francisco-housing-resource-guide>*

*Please indicate whether you have the capacity to provide this service.*

*Your Strategy for Providing Language Access:*

TBD
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**VII. Electronic Submission of Application Documentation**

*You will need to provide a secure electronic method for applicants to submit documents that contain personal identifiable information, such as Dropbox, ShareFile, etc. Please describe the method you will be using and provide the link you will use post lottery. Here is an article about file share options: <https://www.computerworld.com/article/3262636/top-10-file-sharing-options-dropbox-box-google-drive-onedrive-and-more.html>*

*Your Secure Electronic Submission Method and Link:*

TBD
-----

**VIII. Application/Selection Process and Timeline**

*Please complete the following timeline as part of your Marketing Plan.*

The dates for receipt of temporary certificate of occupancy and other tasks are expected

dates and are subject to change. The frequency listed below for advertising does not limit frequency of free advertising available.

Timeline of Entire Process

<b>Task Name</b>	<b>Date</b>
Initial Draft Submittal of Marketing Plan to MOHCD	03/21/2022
MOHCD to coordinate and train leasing agents on DAHLIA	<i>No more than 12 months before anticipated receipt of TCO</i>
Marketing Plan Approved by MOHCD	<i>12 months before anticipated receipt of TCO</i>
Copy of Advertisements submitted to required newspapers so can be included in next circulation	<i>One week before marketing start period</i>
Marketing Start Date (advertising with one paid ad per publication every other month until last 21 days of marketing period at which point one paid ad per publication per week)	<i>11 months before anticipated receipt of TCO</i>
Posting on DAHLIA to include Early Application Deadline for SFUSD Educators and District Employees and Application Deadline for General Public (including SFUSD Educators and District Employees)	<i>Marketing start date</i>
Additional Community Outreach	<i>Marketing start date</i>
SFUSD Informational Sessions and Outreach	<i>Starting on marketing start date</i>
Lease-Up Lottery - Additional advertising (advertising with one paid ad per publication per week up to 3 weeks)	<i>Up to last 21 days of marketing period for lease-up lottery</i>
Expanded Lease-Up Lottery – Additional Advertising (advertising with one paid ad per publication per week up to 3 weeks)	<i>Up to 21 days of marketing period for expanded lease-up lottery</i>
Application Deadline for Lease-Up Lottery	<i>120 days after marketing start date</i>
Application Deadline for Expanded Lease-Up Lottery	<i>180 days after marketing start date</i>
Send MOHCD copy of ads in publications and social media and emails sent distributing flyers	<i>By Early Lease-Up Application Deadline</i>
	<i>By Expanded Application Deadline</i>
Flags reviewed in Salesforce	<i>One day after Early Lease-Up Application deadline</i>
	<i>One day after Expanded Application Deadline</i>



Email removed applicants	<i>One week after Application deadlines</i>
Lease-Up Lottery	<i>Two weeks after Application deadlines for lease-up lottery</i>
Expanded Lease-Up Lottery	<i>Two weeks after application deadline for expanded lease-up lottery</i>
Operator Application Review / Approval Process - start date	<i>One week after lottery</i>
Lease-up process / timeline	
Expected TCO	<i>08/01/2024</i>
First Occupancy	<i>08/14/2024</i>
Post Lease Up copy of advertisements submitted to required newspapers so can be included in next circulation	<i>One week before marketing start period</i>
Expected 100% Lease Up of Tax Credit Units	<i>11/30/2024</i>
SFUSD to continue targeted outreach to SFUSD educators and district employees for Post Lease Up Marketing	<i>60 days before expected 100% Lease Up of All Units</i>
Post Lease Up Marketing Start Date(advertising with one paid ad per publication every other week per month until up to last 21 days of marketing period)	<i>60 days before expected 100% Lease Up of All Units</i>
Posting on DAHLIA for Post Lease Up Applications	<i>Marketing start period</i>
SFUSD Informational Sessions and Outreach for Post Lease Up Applications	<i>Marketing start period</i>
Project Closing – 100% Lease Up Tax-Credit Deadline for tax credit units	<i>12/31/2024</i>
Expected 100% Lease Up of Moderate-Income Units	<i>1/31/2025</i>
Purge Lease-Up Lottery and Expanded Lease-Up Lottery Waiting List	<i>One week after 100% lease up of all units</i>
Post Lease Up Application Deadline	<i>75 days after Marketing Start Date</i>
Send MOHCD copy of ads in publications and social media and emails sent distributing flyers for Post Lease Up Marketing	<i>By Application Deadline</i>
Flags reviewed in Salesforce for Post Lease Up Applications	<i>One day after Application deadline</i>
Email removed applicants for Post Lease Up Applications	<i>One week after Application deadline</i>
Post Lease-Up Lottery	<i>At least two weeks after application deadline for post lease up lottery and at least 1 day after purge of lease up and expanded lease up combined waiting list</i>

## VII. Review of Program Documents

MidPen certify that we and all agents involved in the process of renting affordable units have read and reviewed the following documents:

- MOHCD Housing Preferences and Lottery Procedures Manual  
<https://sfmohcd.org/lottery-preference-programs>
- Lottery application [housing.sfgov.org](https://housing.sfgov.org)
- City and County of San Francisco Fair Chance Ordinance (FCO)  
<https://sfgov.org/olse/fair-chance-ordinance-fco>
- MOHCD Loan Documents and/or Ground Lease
  
- MOHCD/SFUSD MOU
  
- Resident Selection Criteria

MidPen has included the following documents with our request in Word or Excel: (Please check)

- Multifamily Marketing Plan – DAHLIA - Unit Table (Excel Document)
- Marketing Flyer
- COP Postcard
- Marketing Outreach list
- A copy of Building’s Lease Agreement, including any and all addendums
- A copy of Building’s Acceptance Letter
- A copy of Building’s Denial Letter
- A copy of Building’s Landlord Verification
- A copy of Resident Selection Criteria
- A copy of Building’s Post-Lottery Rental Application
- A copy of the Tenant Income Certification Worksheet (Excel Document)

Representative (sign) \_\_\_\_\_

Representative (print) \_\_\_\_\_

Title (print) \_\_\_\_\_

Company (print) \_\_\_\_\_

Date (print) \_\_\_\_\_

**DAHLIA Web Posting**

MidPen understands that the affordable units must be posted on SF Housing Portal – DAHLIA for at least 21 calendar days prior to the application deadline. The following template will be posted on DAHLIA during the marketing period.

Please complete this template thoroughly. Please remove red sections and italicized descriptions once complete.

<b>Posting Date</b>	<i>Must be at least 45 days from the date of the submission of this marketing plan to MOHCD.</i>
<b>Type of Unit(s)</b>	Family Housing – low and moderate-income units including priority for SFUSD educators and employees and applicable City Housing preferences
<b>Building Name</b>	<i>If different than development name</i>
<b>Project ID</b>	<i>MOHCD will add</i>
<b>Building Photo</b>	<i>High-resolution photo of the outside of your building</i>
<b>Year Built</b>	2024
<b>Website</b>	TBD
<b>Neighborhood</b>	Outer Sunset District
<b>Waitlist</b>	200
<b>Application Contact Person and Address</b>	TBD
<b>Phone Office Hours</b>	8:30am to 5:00pm, M-F
<b>Email</b>	TBD
<b>Application deadline</b>	<i>Set the application deadline 21 calendar days from the advertisement posting date.</i>  _____, 5pm  Due to COVID-19, applicants will apply online as we are not accepting paper applications.
<b>Open House Dates (if applicable)</b>	
<b>Information Session</b>	Due to COVID-19 Project Sponsors are not conducting Information Sessions.
<b>Lottery</b>	Date: Time: Location: Virtually
<b>Building Accessibility</b>	The building's main entrance is along 43rd avenue via minimally sloped pathways that lead to the main lobby which contains a fully accessible public restroom and direct access to a double elevator bank. The secondary entrance along 42nd avenue utilizes a code complaint ramp with handrails to enter and the elevators are access via the common corridor. All the apartments are adaptable, allowing minor modifications for reasonable accommodations to suit a tenant's mobility and communication needs. Layouts and features are similar to fully accessible ADA-compliant mobility units that include the following features: lowered kitchen countertops, ample reachable storage options, accessible appliances, installed grab bars in bathrooms, pull under work surfaces at sinks, hand shower hoses, tub seats, audible and visual alarms/doorbells, etc. The are 22 Mobility units and 15 communications units at SCV.

<b>Building Amenities</b>	Two laundry rooms, semi-subterranean gated parking garage, access to on-site car share, workout room, two private resident courtyards, workspace/lounge on 5 <sup>th</sup> floor, bike storage, resident storage, package storage, play area, three community rooms																														
<b>Services Onsite</b>	Services offered at SCV will include services such as the following - connecting tenants to first time home ownership education and counseling, connection to benefits and entitlements, capacity building (skills, workforce, etc.), financial education (budgeting, credit repair, debt management plans, etc.), and/or health and wellness classes.																														
<b>Parking</b>	<i>How many spaces available for renters? Limit one parking space per household. Parking is offered to households in lottery rank order.</i> 44 spaces																														
<b>Application Fee</b>	<i>Application fees are only to be collected post-lottery once a household is contacted by your building. \$45 per adult</i>																														
<b>Other fees &amp; utilities paid by the renter (Costs Not Included)</b>	<p><i>Please list any fees for renter's insurance, utilities paid by the renter etc. here.</i></p> <p>The below is the current utility allowance schedule applicable to the project and will be updated accordingly when lease up begins.</p> <table border="1"> <thead> <tr> <th>Utility</th> <th>Studio</th> <th>1 Bedroom</th> <th>2 Bedroom</th> <th>3 Bedroom</th> </tr> </thead> <tbody> <tr> <td><i>Electric: cooking</i></td> <td>11</td> <td>14</td> <td>25</td> <td>32</td> </tr> <tr> <td><i>Electric: other</i></td> <td>43</td> <td>51</td> <td>72</td> <td>97</td> </tr> <tr> <td><i>Electric: heating</i></td> <td>37</td> <td>44</td> <td>57</td> <td>70</td> </tr> <tr> <td><i>Water</i></td> <td>43</td> <td>65</td> <td>83</td> <td>97</td> </tr> <tr> <td><b>TOTAL ALLOWANCE</b></td> <td>134</td> <td>174</td> <td>237</td> <td>296</td> </tr> </tbody> </table>	Utility	Studio	1 Bedroom	2 Bedroom	3 Bedroom	<i>Electric: cooking</i>	11	14	25	32	<i>Electric: other</i>	43	51	72	97	<i>Electric: heating</i>	37	44	57	70	<i>Water</i>	43	65	83	97	<b>TOTAL ALLOWANCE</b>	134	174	237	296
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<b>Credit History Eligibility Rule</b>	This property evaluates each person applying to live at its community with a credit-risk scoring system that is provided by an independent consumer-reporting agency and consistently applied to all of the applicants. This scoring system uses a statistical model to estimate the credit risk that an applicant may not satisfactorily fulfill their lease obligations. This statistical model was developed from data regarding actual residents and their payment performance of their lease obligation. Prior to final acceptance of each applicant, this property will use this system to provide a numerical score that represents a relative measure of the credit risk associated with that applicant. The acceptance policies include having no more than 35% of past due negative accounts and no more than \$2,500 maximum balance of unpaid collections (including past due accounts). Please see Resident Selection Criteria for more information.																														
<b>Rental History Eligibility Rule</b>	Applicants must have an acceptable landlord history that demonstrates a history of cooperation with management regarding house rules and regulations; abiding by lease terms; and care of property. Landlord history must show the applicants conduct in present or prior housing has been such that the admission to the property would not negatively affect the health,																														

	safety, or welfare of other resident, or the physical environment, or financial stability of the property. Landlord history must include a minimum of 2 years.				
<b>Smoking Policy</b>	Non-smoking community				
<b>Pet Policy</b>	One pet is permitted per household. Breed and size restrictions apply. There is a \$300 pet deposit per pet. Please see Resident Selection Criteria for more information. Service and Companion animals are welcome and pet deposits do not apply.				
<b>Utility Allowance</b>	Utility	Studio	1 Bedroom	2 Bedroom	3 Bedroom
	<i>Electric: cooking</i>	11	14	25	32
	<i>Electric: other</i>	43	51	72	97
	<i>Electric: heating</i>	37	44	57	70
	<i>Water</i>	43	65	83	97
	<b>TOTAL ALLOWANCE</b>	134	174	237	296
	This is the current utility allowance schedule available and will be updated accordingly when lease up begins.				
<b>Rents</b>	Below displays 2021 MOHCD rent limits. For the tax credit project, the more restrictive rent between MOHCD rent limits and TCAC rent limits will be used.				
		Gross Rent	Utility Allowance	Net Rent	
	Studio (40% MOHCD AMI)	932	134	\$789	
	Studio (50%)	1166	134	1032	
	Studio (80%)	1865	134	1731	
	Studio (100%)	2331	134	2167*	
	Studio (120%)	2797	134	2167*	
	1-BR (40%)	1028	174	854	
	1-BR (50%)	1332	174	1158	
	1-BR (80%)	2131	174	1957	
	1-BR (100%)	2664	174	2330*	
	1-BR (120%)	3197	174	2330*	
	2-BR (40%)	1199	237	962	
	2-BR (50%)	1499	237	1262	
	2-BR (60%)	1799	237	1562	
	2-BR (80%)	2398	237	2161	
	2-BR (100%)	2998	237	2761	
	2-BR (120%)	3598	237	3361	
	3-BR (40%)	1332	296	1036	
	3-BR (50%)	1665	296	1369	
	3-BR (60%)	1998	296	1702	
	*Set 15% below market rent.				

	The above rents are based off of current rent limits and will be updated accordingly before lease up.
<b>Special Notes</b>	

TEMPLATE

# COP Postcard Template

(Postcards must be at 5x7 and have a matte finish on Side Two)

**Side One:**

## Affordable Homes for Rent in San Francisco

Exterior Photo	Interior Photo
----------------	----------------

### VENMOA, 333 Garfield Street, San Francisco, CA 94103

5 studio rental units available at \$991 per month

20 one-bedroom rental units available at \$1,133 per month

15 two-bedroom rental units available at \$1,264 per month

**Includes priority for SFUSD educators and District employees and applicable City Housing Preferences**

Households must have a minimum monthly income of two times the rent.

Households' income must fall within the maximum range below:

Household Size	1 Person	2 Persons	3 Persons	4 Persons	5 Persons
Maximum monthly income	Divide max AMI by 12	Divide max AMI by 12	Divide max AMI by 12	Divide max AMI by 12	Divide max AMI by 12



*Please contact 415-701-5626 for more information about the COP program.*

**Side Two: (Please Make Room For Address Label and Postage)**

Reserved for Postage

SPACE RESERVED FOR USPS

Return Address:  
Mayor's Office of Housing and Community Development  
1 S. Van Ness Ave., 5th Floor  
San Francisco, CA 94103

Applications for VENMOA, 333 Garfield Street  
by 5PM on Friday May 29th, 2020. Apply online to  
ensure your application is received on time at:  
**housing.sfgov.org**

For assistance with your application contact:  
**housing.sfgov.org/housing-counselors**

For more information about VENMOA  
contact Leasing Agent Corporation:  
(415) 555 - 1212  
or BMR@venmoa.com

Lottery: June 12th 2020 at 12 PM  
Lotteries are closed to the  
public, but will continue as scheduled.  
View lottery results at **housing.sfgov.org**

## Flyer Template

### Affordable Homes for Rent in San Francisco

Exterior Photo	Interior Photo

### **VENMOA, 333 Garfield Street, San Francisco, CA 94103**

**5 studio rental units available at \$991 per month**

**20 one-bedroom rental units available at \$1,133 per month**

**15 two-bedroom rental units available at \$1,264 per month**

- **Includes priority for SFUSD educators and District employees and applicable City Housing Preferences**
- New Units with Modern Design + Amenities
- Households must have a minimum monthly income of two times the rent
- Households must earn no more than the monthly income levels listed below:



Household Size	1 Person	2 Persons	3 Persons	4 Persons	5 Persons
Maximum monthly income	Divide max AMI by 12	Divide max AMI by 12	Divide max AMI by 12	Divide max AMI by 12	Divide max AMI by 12

**Applications must be received by 5PM on Thursday, December 29, 2021.** Applications available from 12/1/2021 to 12/29/2021. Applications must be submitted online at [housing.sfgov.org](https://housing.sfgov.org) For assistance with your application, contact housing counseling agencies listed at [housing.sfgov.org/housing-counselors](https://housing.sfgov.org/housing-counselors)

The lottery is closed to the public due to COVID-19. The lottery will be held online on 1/15/2022 at 11AM. Official lottery results will be posted on DAHLIA.

**For more information contact Green Team leasing at (415) 555-1212 or question [@greenteam.com](mailto:greenteam.com)**

All applicants are encouraged to apply. Please see the project posting at [housing.sfgov.org](https://housing.sfgov.org) for applicable lottery preferences. Units are monitored through the San Francisco Mayor’s Office of Housing and Community Development and are subject to monitoring and other restrictions.



TEMPLATE

**Exhibit B**  
**Form of Resident Selection Criteria**



**MidPen**  
H O U S I N G

## Resident Selection Criteria Tax Credit Units

### Shirley Chisholm Village

Leasing Office:

**TBD**

<<Address>>

Telephone #: (xxx) xxx-xxxx



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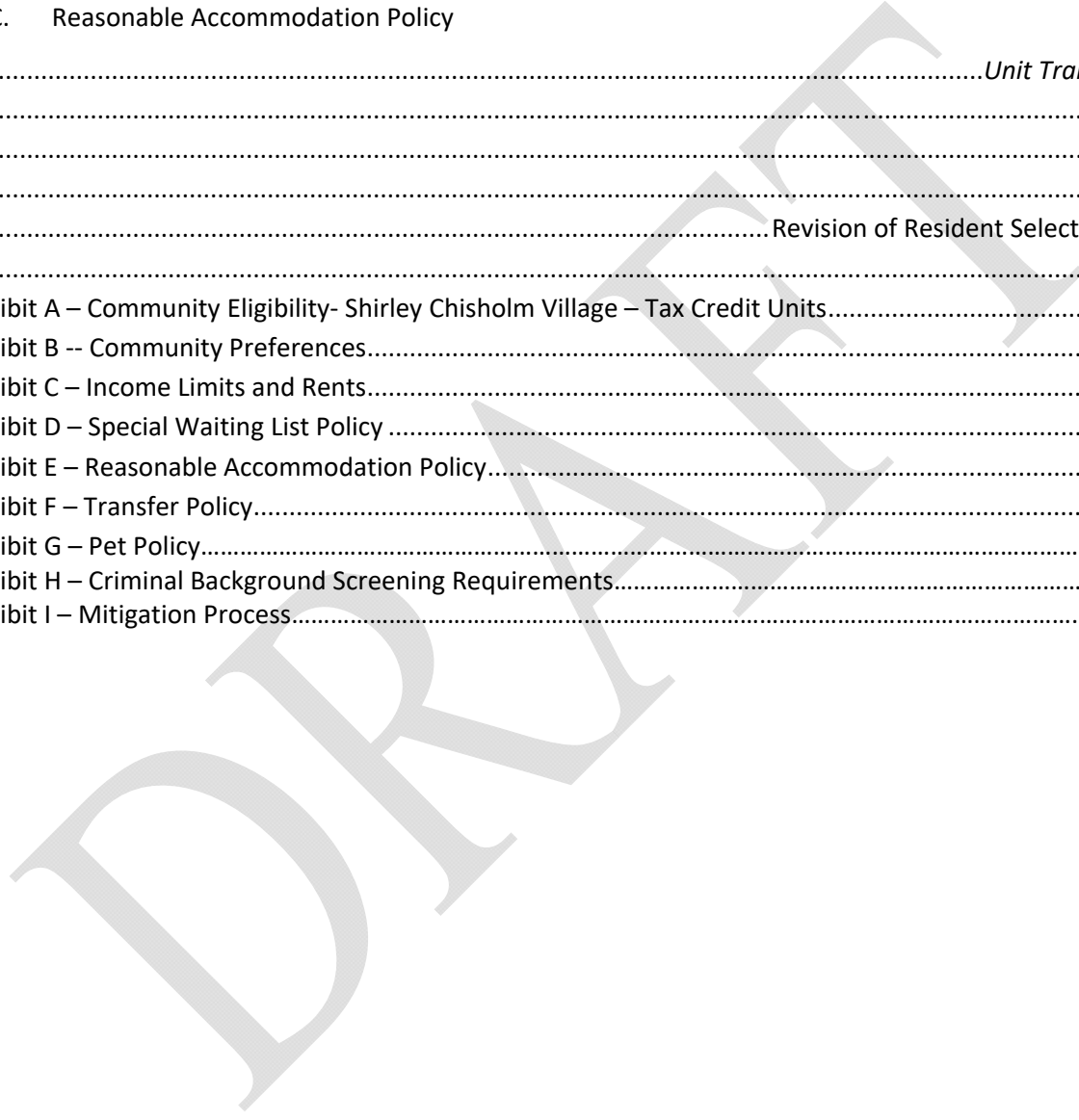
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## RESIDENT **SELECTION** CRITERIA – Tax Credit Units

### **I. Introduction**

A portion of Shirley Chisholm Village is funded through the Internal Revenue Service's Section 42 Low Income Housing Tax Credit Program. There are also other programs that restrict eligibility requirements for this community. Please see Exhibit A for additional criteria. The policies and procedures established in this document are used in the selection of residents for this community. All procedures will be implemented in conjunction with IRS Section 42 regulations, as amended and other applicable federal statutes and regulations, including but not limited to the following:

- Federal Register Notices/Final Rules
- Code of Federal Regulations (CFR)
- The Fair Housing Act (Title VIII of the Civil Rights Act of 1968)
- Section 504 of the Rehabilitation Act of 1973, as applicable
- Americans with Disabilities Act of 1990
- State of California Fair Housing Laws
- HUD Handbook 4350.1 REV-1, as applicable
- The Federal Fair Credit Reporting Act and state/local credit reporting laws

### **II. Mission**

It is the mission of all MidPen Housing communities to provide safe, affordable housing of high quality to those in need; to establish stability and opportunity in the lives of residents; and to foster diverse communities that allow people from all ethnic, social and economic backgrounds to live in dignity, harmony and mutual respect.

We are committed to providing the best apartment management services to our residents. Each community has an on-site staff whose main goal is to serve our residents. We take pride in our ability and desire to provide our residents with well-maintained, professionally managed apartment communities.

The purpose of this Shirley Chisholm Village Community is to provide housing for current educators and employees of the San Francisco Unified School District and those educators and employees, who retired from the San Francisco Unified School District while residing at the Shirley Chisholm Village Community, (collectively “District Educators and Employees”). As such, the Shirley Chisholm Village is subject to specific tenancy occupancy (initial and continuing) restrictions which are described herein and the lease documents for the Shirley Chisholm Village.

### **III. Non-Discrimination**

#### **A. Equal Opportunity Housing**

This community fully adheres to applicable federal, state, and local fair housing and civil rights laws, which provide that it is illegal to discriminate against any person due to race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability, genetic information, age or any other arbitrary personal characteristic in all housing related activities.

If an applicant believes that they have been discriminated against or treated unfairly in the application process, they may contact us in writing at MidPen Property Management Corporation, 303 Vintage Park Drive, Suite #250, Foster City, California 94404.

#### **B. Additional Protection for Individuals with Disabilities**

The community will seek to effectively communicate with applicants, residents, and members of the public who are individuals with handicaps or disabilities. The use of auxiliary aides, such as readers, interpreters, large print documents, or recordings, will be implemented when necessary. The community asks for three (3) business days' notice if an applicant requires us to provide any auxiliary aids to ensure effective communication in any meeting, interview or appointment.

This community also allows Reasonable Accommodations and Modifications when requested by applicants or residents with disabilities to enable equal opportunity to use and enjoy the unit and/or the common areas, to participate in our program or have access to activities sponsored by this community in accordance with the Reasonable Accommodation Policy (Exhibit E).

### **IV. Privacy Policy**

The community endeavors to protect the privacy of the applicants/residents and their information/documents/records that are in the Landlord's/Owner's possession. The Community collects and maintains within its possession information/documents/records pertaining to the applicants/residents, including but not limited to personal, financial, background, criminal, residential history, lease compliance, information. This information/documents/records may be collected and/or maintained by the community in physical and/or electronic format. The community may use this information/documents/records in its operations, including but not limited to income verification, housing eligibility, determining rent, landlord/tenant relations and disputes, compliance with regulatory obligations, reporting to regulatory agencies, law enforcement, lenders and investors. The community may share the information/documents/records pertaining to the applicants/resident with third parties including but not limited to federal, state and local regulatory agencies, law enforcement agencies, lenders, investors when required or requested.

The community shall not use or disclosure the information/documents/records pertaining to the applicants/residents in violation of applicable federal, state and local laws.

## **V. Definitions**

### **A. ACCESSIBLE UNIT**

A unit that is located on an accessible route and when designed, constructed, altered or adapted can be approached, entered, and used by individuals with a physical impairment.

### **B. ELDERLY FAMILY**

Elderly families are:

- (1) Families of two or more persons, the head of which (or their spouse) is 62 years of age or older;
- (2) The surviving member or members of a family described in paragraph (1) living in a unit assisted under 24 CFR part 891, subpart E (Section 202 loans) with the deceased member of the family at the time of their death;
- (3) A single person who is 62 years of age or older; or
- (4) Two or more elderly persons living together, or one or more such persons living with another person who is determined by HUD, based upon a licensed physician's certificate provided by the family, to be essential to their care or well being. (24 CFR 891.505)

### **C. FAMILY**

A family includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:

- (1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person (at least 50 years old but below the age of 62), or any other single person; or
- (2) A group of persons residing together, and such group includes, but is not limited to:
  - (i) A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);



- (ii) An elderly family;
- (iii) A near-elderly family (head, co-head, spouse, or sole member is at least 50 years old but below the age of 62);
- (iv) A disabled family;
- (v) A displaced family; and
- (vi) The remaining member of a resident family.

**D. LIVE-IN AIDE**

A Live-In Aide is a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities and who:

1. Is determined essential to the care and well-being of the persons;
2. Is not obligated for the support of the persons; and
3. Would not be living in the unit except to provide the necessary supportive services.

A relative may be a Live-In Aide but must meet all of the above requirements, and sign a statement to that effect.

The need for the live-in aide will be verified before move-in. Prior to acceptance as a Live-In Aide, all candidates must be screened for drug abuse, criminal activity and status as a state lifetime sex offender following the same requirements used for applicants. A Live-In Aide qualifies for occupancy only as long as the individual needs support services and cannot qualify for continued occupancy as a remaining household member. It is the resident's responsibility to ensure that the Live-In Aide follows the Community House Rules.

**E. District**

The District means the San Francisco Unified School District, a California public school district.

**F. VIOLENCE AGAINST WOMEN ACT (VAWA)**

The VAWA protections apply to households applying for or receiving rental assistance payments under any LIHTC housing assistance program. The law protects victims of domestic violence, dating violence, sexual assault, or stalking, as well as their immediate household members, from eviction or denial of housing assistance if an incident of violence is reported and confirmed.

The Landlord will request in writing that the victim, or a household member on the victim's behalf, certify that the individual is a victim of abuse and that the Certification of Domestic Violence, Dating Violence, Sexual Assault or Stalking, Form HUD-5382, or

other documentation as noted on the certification form, be completed and submitted within 14 business days, or an agreed upon extension date, to receive protection under VAWA. If the applicant needs alternative arrangements regarding the delivery of these documents, management will work with the applicant on other acceptable ways for providing the information. All information regarding the victim's status will be kept confidential and in a separate file in a secure location in accordance with MidPen's Housing Policies and Procedures pertaining to Victims of Domestic Violence, Dating Violence, Stalking, Human Trafficking, Sexual Assault, or Abuse of Elder or Dependent Adult.

The VAWA laws will be administered in compliance with Article 49 of the San Francisco Police Code: Fair Chance Ordinance.

## **VI. Eligibility**

### **A. Program Requirements**

#### **1. Income Limits**

The household's annual income must not exceed the applicable income limit for the community as established by the LIHTC regulations. Current Income Limits are attached as Exhibit C.

#### **2. Consent and Verification Forms**

The head of household, the spouse and/or co-head and all other adults (18 and older) in each applicant household must sign an Authorization for Release of Information and as necessary, verification documents, prior to being approved and as required every year thereafter.

#### **3. Rent Formulas**

The applicant family must agree to pay the rent required by the LIHTC program.

#### **4. Student Eligibility**

##### **I. Tax Credit Eligibility**

Applicant Households containing full-time students must meet the IRS Section 42 regulations regarding full-time student households at all times or they are not eligible to move in or remain as a tax credit eligible family.

The IRS defines a full-time student as one who attends an educational institution with regular facilities, other than a correspondence or night school, during at least five months of the calendar year for which application for

housing has been made. The educational institution determines whether a student is full or part-time.

In a Tax Credit unit, tenancy can be terminated if the household does not meet the student requirements during tenancy.

If a household is comprised entirely of full-time students, they must meet one of the following criteria in order to be eligible for a Tax Credit unit:

- a. All members of the household are married and either file or are entitled to file a joint tax return;
- b. The household consists of a single parent and their minor children, and both the parent and children are not a dependent of a third party other than the parent of such children;
- c. At least one member of the household receives assistance under Title IV of the Social Security Act. (AFDC, TANF, CalWORKS, etc. Please note: SSA or SSI do not qualify.)
- d. At least one member is enrolled in a job training program receiving assistance under the Work Investment Act (WIA) formerly known as the Job Training Partnership Act, or similar federal, state, or local laws as defined by HUD 4350.3 REV-1;
- e. The household consists of a tenant under the age of 24, who has exited the Foster Care system within the last 6 years.

In a Tax Credit unit, tenancy can be terminated if the household does not meet the student requirements during tenancy.

## **II. HUD Eligibility**

A student must meet all of the following criteria in order to be eligible for HUD assistance programs:

- a. Be of legal contract age under state law;
- b. Have established a household separate from parents or legal guardians for at least one year prior to application for occupancy,  
**or**
- c. Meet the U.S. Department of Education's definition of an independent student as follows:

(i) The individual is 24 years of age or older by December 31 of the award year;

(ii) The individual is an orphan, in foster care, or a ward of the court or was an orphan, in foster care, or a ward of the court at any time when the individual was 13 years of age or older;

- (iii) The individual is, or was immediately prior to attaining the age of majority, an emancipated minor or in legal guardianship as determined by a court of competent jurisdiction in the individual's State of legal residence;
  - (iv) The individual is a veteran of the Armed Forces of the United States (as defined in subsection (c)(1) of HEA) or is currently serving on active duty in the Armed Forces for other than training purposes;
  - (v) The individual is a graduate or professional student;
  - (vi) The individual is married;
  - (vii) The individual has legal dependents other than a spouse;
  - (viii) The individual has been verified during the school year in which the application is submitted as either an unaccompanied youth who is a homeless child or youth (as such terms are defined in section 725 of the McKinney-Vento Homeless Assistance Act) (42 U.S.C. 11431 et seq.), or as unaccompanied, at risk of homelessness, and self-supporting, by— (a) a local educational agency homeless liaison, designated pursuant to section 722(g)(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act; (b) the director of a program funded under the Runaway and Homeless Youth Act or a designee of the director; (c) the director of a program funded under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (relating to emergency shelter grants) or a designee of the director; or (d) a financial aid administrator; or
  - (ix) The individual is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.
- d. Not be claimed as a dependent by parents or legal guardians pursuant to IRS regulations; and
  - e. Obtain a certification of the amount of financial assistance that will be provided by parents, signed by the individual providing the support. This certification is required even if no assistance will be provided. This certification is not required for vulnerable youth populations, including individuals who are orphans, in foster care, wards of the court, emancipated minors, unaccompanied homeless youth, and youth at risk of becoming homeless.

## **B. Community Requirements**

### **1. Identification**

Positive government-issued identification with a picture will be required for all adult applicants (photocopy may be kept on file). Applications must include the date of birth of all applicants to be considered complete.

### **2. Social Security Number**

All household members must disclose and provide verification of the complete and accurate Social Security Number (SSN) or Individual Tax Payer Identification Number (ITIN) (photocopy may be kept on file) assigned to them unless the member has not been assigned a number. SSNs and ITINs are used when verifying credit.

### **3. Landlord History**

Applicants must have an acceptable landlord history that demonstrates a history of cooperation with management regarding house rules and regulations; abiding by lease terms; and care of property. Landlord history must show that the applicants' conduct in present or prior housing has been such that the admission to the property would not negatively affect the health, safety, or welfare of other residents, or the physical environment, or financial stability of the property.

Landlord history must include a minimum of two (2) years rental history from a minimum of two landlord references. One (1) reference from the applicant's current landlord will be accepted from applicants who have resided in one location for two (2) or more years.

If the applicant or any member of the applicant household fails to fully and accurately disclose rental history, the application may be denied based on the applicants' misrepresentation of information.

The absence of previous rental history by itself will not be reason to deny an applicant household.

Mitigating circumstances will be reviewed before a disqualification is made.

### **4. Interference/Fraud**

Any applicant whose conduct interferes with, hinders, delays, obstructs or otherwise prevents the application process from being completed may be denied. Any information provided by the applicant that is later proven to be

untrue by verification may be used to disqualify the applicant for admission on the basis of attempted fraud. Fraud is defined as an applicant or resident knowingly providing inaccurate or incomplete information.

## **5. Occupancy Standards**

The occupancy standard is the minimum and maximum number of household members that may reside in a specific size unit. When counting household members, every member listed on the application, TIC, or lease is counted including all full-time members, persons temporarily absent from the unit, children anticipated to live with the family, children away at school, live-in aides, foster children and foster adults.

In the event an applicant household member, or someone associated with that household, has a physical or mental disability, which requires a variance from these occupancy standards, the applicant should make a request for accommodation which may be granted if it does not create an undue financial and administrative burden or create a fundamental change to the nature of the property. As with all accommodation requests, whether the request is reasonable will be evaluated on a case-by-case basis.

The Occupancy Standards for this community are found in Exhibit A-Community Eligibility.

## **6. Income Requirements**

Applicant households must meet the minimum income requirements set at two (2) times the net rent for the unit. Management may review and amend this requirement if deemed necessary. Minimum income is not applicable to applicants with a Section 8 voucher from the Housing Authority.

## **7. Credit Requirements**

This property will adhere to San Francisco Police Code Article 49: Procedures for considering arrests and convictions and related information in employment and housing decisions as it relates to credit screening. As such, credit history checks will not be run until after income and asset eligibility is finalized.

This property evaluates each person applying to live at its community with a credit-risk scoring system that is provided by an independent consumer-reporting agency and consistently applied to all of the applicants. This scoring system uses a statistical model to estimate the credit risk that an applicant may not satisfactorily fulfill their lease obligations. This statistical model was

developed from data regarding actual residents and their payment performance of their lease obligation. Prior to final acceptance of each applicant, this property will use this system to provide a numerical score that represents a relative measure of the credit risk associated with that applicant. The acceptance policies include having no more than 35% of past due negative accounts and no more than \$2,500 maximum balance of unpaid collections (including past due accounts). Bankruptcies are permitted if they have been cleared. Each applicant's credit-risk score will be compared to the acceptance policies to determine whether or not the applicant may be accepted. If the application is denied based on the credit-risk score, the applicant will be advised what factors most adversely affected the score and the applicant will be given the name, address, and telephone number of the consumer reporting agency that provided the credit-risk score to this property. An applicant who is denied based on their credit-risk score may obtain a copy of the consumer report(s) on which the credit-risk score was based, and may initiate an investigation to have any erroneous information contained in such reports corrected. The consumer-reporting agency will advise the applicant of the actions that they may take in order to do so. Available units will not be held open during any such investigation by the applicant. The absence of credit history by itself will not be reason to deny an applicant household.

## **8. Background Screening Requirements**

This property will adhere to San Francisco Police Code Article 49: Procedures for considering arrests and convictions and related information in employment and housing decisions. Please refer to exhibit H for full background screening criteria procedures.

Prior to final acceptance of any application and after all other qualifications for affordable housing are finalized, this community will conduct a criminal background search on each household member age eighteen (18) years or older, including emancipated minors, using an independent consumer-reporting agency. If the criminal background report indicates that one or more such felony records were found, those records will be compared to the established acceptance policies to determine whether or not the applicant may be accepted.

This community will deny admission for:

- Any household member subject to a State sex offender lifetime registration requirement
- Felony convictions for the illegal manufacture or distribution of a controlled substance within the last 7 years

- Felony convictions for bodily harm, intentional damage, or destruction of property within the last 7 years
- Felony convictions for sexual related offenses within the last 7 years

If the application is denied based on this criminal background search, the applicant will be given the name, address, and telephone number of the consumer-reporting agency that provided the criminal background report. An applicant who is denied based on a criminal background search may obtain a copy of the report and may initiate an investigation to have any erroneous information contained in the report corrected. The consumer-reporting agency will advise the applicant of the actions that they may take in order to do so. Available units will not be held open during any such investigation by the applicant.

### ***C. Priority for District Educators and Employees***

#### **1) Primary Preference**

The primary preference for the Shirley Chisolm Village community is to provide priority during lease up and filling of residential unit vacancies in accordance to the waiting list to current District Educators and Employees, as outlined and defined in Exhibit B which is incorporated herein.

#### **2) Continuous Employment Requirement**

The eligibility of a District Educator and/or Employee or their household for occupancy of a unit in the Shirley Chisolm Village community is dependent, upon the District Educator and District Employee being a current District Educator or Employee at the time of application, commencement of their residency, and on each annual recertification, except when tenant is Retired as defined below ("**Continuous Employment Requirement**"). A Retired Educator or Employee is defined as any District Educator or Employee who after entering into a lease for a unit at the Shirley Chisolm Village community has separated from District with the reason of retirement from work, including submitting a formal retirement request which was approved by the District.

Except as may be prohibited by any governing law, if a District Educator and/or Employee (and their household) is no longer in compliance with the Continuous Employment Requirement after becoming a tenant for a unit in the Shirley Chisolm Village community, that former District Educator and/or Employee (and their household) will vacate their unit within the remaining term of the existing lease or six months after the former District Educator



and/or Employee is no longer in compliance with the Continuous Employment Requirement, whichever is greater. The failure of any District Educator and/or Employee tenant to comply with the Continuous Employment Requirement would be considered a default of a substantial and material term under their lease. The failure of any former District Educator and/or Employee (and their household, if any) to vacate the unit in accordance with such terms shall be “good cause” for termination of the tenancy of the former District Educator and/or Employee (and his or her household, if any) through eviction or other legal procedures. The Continuous Employment Requirement is not applicable to tenants and their households whose initial and continued eligibility for and occupancy of a unit at the Shirley Chisolm Village community is not based on any status as a District Educator and/or Employee.

### **3) Tenancy/Occupancy Does Not Impact Employment Status with District**

The tenancy and/or occupancy of a unit at the Shirley Chisolm Village community by District Educator and/or Employee does not affect, impact, alter, or amend the employment relationship if any between the District and the District Educator and/or Employee

The tenancy and/or occupancy of a unit at the Shirley Chisolm Village community by a District Educator and/or Employee does not act as any representation or promise to the District Educator and/or Employee regarding or otherwise confer any rights or guarantees on the District Educator and/or Employee regarding their employment with the District.

The tenancy and/or occupancy of a unit at the Shirley Chisolm Village community by a District Educator and/or Employee does not restrict, impair, or impact District’s ability/authority to manage/terminate a District Educator and or Employee’s employment to the extent otherwise permitted by law or any other applicable agreements.

## ***VII. Application Procedures***

### ***A. Marketing & Application Process***

The Shirley Chisolm Village community’s purpose is to provide housing for current educators and employees of the San Francisco Unified School District. To facilitate that goal, the following marketing, application and lottery process will be used to

create the waiting lists to be used for lease up of the community and then to fill post lease up vacancies.

## 1) During Lease Up

- I. **Lottery:** During the lease up of the community, the marketing process will be made available to all potential applicants, in addition to the targeted marketing to Educators and District Employees. During the first four months of the marketing process, applications will be accepted through the DAHLIA San Francisco Housing Portal and shall be limited to Educators and District Employees. At the completion of the first four months of the marketing process the San Francisco Mayor’s Office of Housing and Community Development (“MOHCD”) will conduct an initial lottery through DAHLIA of the applications received from Educators and District Employees and apply the Educator and District Employee Priority and the overlay of the San Francisco Housing Preferences set forth herein to the lottery results to create an “initial waiting list” which will be provided to MidPen Housing. MidPen Housing shall use the initial waiting list to commence the lease up process for the community.
- II. **Expanded Lottery:** The marketing process for the lease up will continue for another two months after completion of the initial lottery by MOHCD. During this continued marketing process which shall include targeted marketing for Educators and District Employees, applications through DAHLIA will be open to all potential applicants. At the completion of the continued marketing process, MOHCD will conduct an expanded lottery through DAHLIA of the applications received during the continued marketing process. MOHCD will apply the Educator and District Employee Priority and the overlay of the San Francisco Housing Preferences set forth herein to the results of this expanded lottery. The results of the expanded lottery, with the preference order, will be provided to MidPen Housing and will be added to the end of the initial waiting list to create an “updated waiting list” used by MidPen Housing to complete the lease up process for the community. At the completion of the lease up process for the Project the existing updated waiting list will be purged and will no longer be applicable.

## 2) After Lease Up

- I. **Post Lease Up Lottery:** Prior to the waiting list being purged as set forth above, when MidPen determines that it is 60 days from completion of lease up, MidPen will notify MOHCD and District. Upon receipt of such notice, MOHCD and District will commence a marketing process for the Post

Lease Up waiting list to be used for future vacancies at the Community. This marketing process shall be conducted for 75 days and will include targeted marketing for Educators and District Employees. At the completion of this marketing process MOHCD shall conduct a Post Lease Up Lottery through DAHLIA of the applications received during the post lease up marketing process. MOHCD will apply the Educator and District Employee Priority, and overlay the applicable San Francisco Housing Preferences to the results of this post lease up lottery. The top 200 results of the post lease up lottery, with the preference order, will be provided to MidPen to create a post lease up “waiting list” used for filling post lease up vacancies for the Community.

- II. At the earlier of either exhaustion of the existing waitlist in Section VII.A.2.I., or determination by , MidPen that there is a need to add additional applicants to the Post Lease Up waiting list, MidPen will submit a written request to MOHCD and the District for consent to commence a further marketing effort to add applicants to the waitlist. MidPen’s request will include a written proposal for the marketing and application process to be used by MOHCD and the District which shall include targeted marketing to the Educators and District Employees. Upon approval of the request and the proposed marketing process, MidPen and MOHCD shall conduct a new marketing process, including targeted marketing for Educators and District Employees, through DAHLIA open to all potential applicants to add to the post lease up waiting list for the community. Each of these marketing processes will be conducted for a period of time in accordance with the marketing process proposed by MidPen and agreed to by MOHCD and District. At the completion of each of these marketing processes, MOHCD shall conduct a lottery through DAHLIA of the applications received during this marketing process. MOHCD will apply the Educator and District Employee Priority, and overlay the applicable San Francisco Housing Preferences to the results of each of these additional lotteries. The top 200 results (“Cap”) of each of these additional lotteries, with the preference order, will be provided to MidPen and will be added to the end of the post lease up waiting list used by MidPen to fill post lease up vacancies at the Community. For each of these additional post lease-up lotteries MidPen may request an increase in the Cap (more than the top 200 results) for a specific additional lottery if MidPen determines that the Cap will not provide a sufficient number of applicants for each of the unit types/sizes available within the community. Any request by MidPen to increase the Cap will be submitted to MOHCD and the District for review and approval. If MOHCD and the District approve any increase in the Cap for a specific additional lottery, that increase in the Cap will be disclosed in all marketing materials for that specific additional lottery.

**B. Complete an Application for Housing**

To apply to live at this community, an applicant must complete an application and certify that the supplied information is complete and accurate. Based on the household size, the applicant must designate the number of bedrooms requested. The applicant may request more than one unit type at the time of the initial application provided the household meets the occupancy standards or an accommodation has been requested (entitlement to the accommodation and the reasonableness of the accommodation requested will be determined when a unit is available), and the specific bedroom size Waiting List is open.

If the applicant requires assistance in completing the application, please contact the Community Manager/Leasing Office.

**C. Submit Application**

The pre-application must be signed and dated by digital signature if submitted electronically, or if a physical copy is submitted, by **all adult members** for the application to be considered. Applications can be submitted electronically, by mail or in person at the community leasing office during normal business hours.

Applications will be preliminarily screened for application completeness, legibility, and to determine that the household meets the basic requirements to qualify for this housing program. If it appears that the applicant household meets the basic requirements, the applicant will be added to the Waiting List for the requested unit size(s). Being added to the Waiting List does not automatically qualify the applicant for a unit.

**D. Interview**

As an applicant's name approaches the top of the Waiting List, an interview will be scheduled. All members of the applicant household must attend the interview. Two failures to schedule and/or attend an agreed-upon time for an interview will be grounds for denial. For applicants with limited English proficiency, language assistance can be requested. Please make a request at least three business days prior to the interview.

During the interview, the applicant household will be asked to update the information on their original application. All sources of income and assets must be disclosed. During the interview, all items on the application will be discussed and confirmed, and third-party verification of each factor will be attempted, per IRS regulations and procedures. Until all items are verified, eligibility cannot be determined, nor any housing offered. Third party verification includes original or authentic documents generated by a third party source that are dated within 120 days from the date of receipt by the owner, verification forms sent by the owner directly to the source and

returned to the owner through mail, email, or fax, and oral verification.

*Eligibility for housing can only be confirmed after all sources of income, assets, household composition, etc., which may have any bearing on the rent that is paid or subsidy received, are verified.*

### **E. Ineligibility**

Households may be ineligible for occupancy for various reasons including, but not limited to, the following:

1. The applicant/household does not meet the program/community eligibility requirements listed in Exhibit A of this plan;
2. The household gross income (using the HUD definition of income) is over the applicable income limit (Exhibit C);
3. The household's monthly income does not meet the minimum income standard established for this community and the household will not receive Section 8 assistance;
4. The applicant/household has an unacceptable credit history as reported by a consumer-reporting agency;
5. The applicant/household does not meet the IRS' definition of a qualified household under the Full-Time Student Rule;
6. There is submission of false or untrue information on the application;
7. Failure to cooperate in the verification process including failure to provide requested information;
8. Failure to schedule and/or attend two interviews;
9. The applicant/household has refused two offered apartments and does not have a valid medical reason, or the household has refused three offered apartments with a valid medical reason;
10. The applicant/household has an unacceptable criminal background as reported by a consumer-reporting agency;
11. The applicant/household has an unacceptable reference from a current or previous landlord;
12. Household size does not conform to the stated minimum and maximum sizes as described in Exhibit A;
13. Failure to sign designated or required forms and/or documents upon request;
14. This will not be the only residence for the applicant/household;
15. The applicant/household is not willing to pay the rent as calculated under the Section 42 program.
16. Failure to present all applicants during the interview with the Community

Manager;

17. Blatant disrespect or disruptive behavior, or demonstrable history of such behavior, towards management, the property, or other residents exhibited by an applicant or household member or friend any time prior to move-in;
18. Misrepresentation of any information related to eligibility, allowance, household composition or rent.
19. Other cause, including, but not limited to, failure to meet any of the selection criteria in this document.

**F. Application Decision**

If the application is approved and the applicant accepts an offered available apartment, the applicant will be asked to schedule a time to come and sign the lease. All household members must attend this session. During this meeting, the applicant will be required to sign a lease agreement in which they will agree to abide by all the rules and regulations. We will also conduct a unit inspection with the applicant. The applicant is encouraged to read all leasing documents in advance of this appointment. Upon request, they will be mailed to the applicant.

If the application is denied, the applicant will be notified of this decision in writing. This written statement will include the reason(s) for the denial, and state that the applicant has the right to request an appeal of this denial decision and present any extenuating circumstances the applicant would like to have considered.

**G. Appeal Procedure**

Applicants have fourteen **[14]** days after the date of denial letter to notify management in writing or request a meeting if they would like to appeal the denial decision. If a denial letter is sent to an applicant, and no response or new evidence is received within fourteen **[14]** days, the file will be closed permanently.

If the applicant submits a written notice of appeal or requests an appeal meeting within fourteen days after the date of the denial letter, a management representative who was not a party to the original decision to deny will handle the appeal. This representative will review the application and any new facts or information that the applicant feels would have an effect on their application. Management will notify the applicant of their final decision within five **(5)** business days of receiving the applicant's written appeal or the date of the appeal meeting. Persons with disabilities have the right to request reasonable accommodations to participate in the appeal process.

Available units will not be held open during the appeal procedure. If a unit is not available at the completion of the appeal procedure and the appeal is granted, the applicant will be put back on the Waiting List in its original position.

A complete Grievance Procedure and Policy is available for anyone who wishes to file a grievance and/or requires detailed information about this subject. This policy is included with the denial letter.

The applicant has the right to dispute the accuracy of any information provided to property by the Consumer Reporting Agency or Screening Company. If the application is denied due to unfavorable information received during the screening process the applicant may contact the Consumer Reporting Agency that provided the information to the Property. The contact information will be contained in the denial letter. The applicant also has the right to obtain a free copy of the consumer report from the consumer reporting agency that provided the information if the applicant requests it within 60 days of application denial.

### **VIII. *Waiting List***

### **IX. *Policy***

#### **A. *Admissions***

Applicants will be considered in the order of priority as follows: first in accordance with the community-specific preferences (Exhibit B of this plan), and then by lottery number (if such process is implemented), or by chronological order: date and time of application. Applicants at the top of a Waiting List will be notified of upcoming vacancies of apartments that meet their selected unit preference and will be given the opportunity to set up an appointment for an interview to determine current eligibility. After the interview, the application will be screened and verified prior to being offered a lease. Participating in an interview does not guarantee that the applicant will be eligible or that an apartment will be offered to the applicant.

Apartments designed specifically for a person with disabilities, whenever possible, will be rented to a household or individual needing that specific apartment type. These apartments will be offered first to current residents, and then to applicants, who have noted the need for such an apartment on their application, based on their chronological order on the Waiting List. In all instances, an apartment designed specifically for a person with disabilities should be rented to a household with a member needing that type of unit. Outreach will be done with community agencies and organizations to accomplish this.

In the unlikely event that no resident or applicant requires that apartment type, the next applicant on the Waiting List can be housed there temporarily only after signing a lease addendum that they will move at their own expense within 30 days of written notification by management that there is a need for their particular apartment and an appropriate sized apartment is available.

## **B. *Waiting List Administration***

This community may open the Waiting Lists by bedroom size based on community needs. Such opening of the Waiting Lists shall be subject to the marketing, application process and procedures set forth herein. The community announces the opening of the Waiting List and provides information where and when to apply. The community's Affirmative Fair Housing Marketing Plan, which is available in the rental office, provides further details on the marketing and outreach efforts employed. Potential applicants will be notified of the closure, a sign will be prominently posted in the rental office, and no applications will be accepted when the Waiting List is closed.

The applicant is responsible for keeping the community updated with any changes in their contact information. The applicant may designate a third party contact person or agency to contact us on their behalf to provide us with current contact information. Failure of the applicant to provide current contact information will remove the applicant from the Waiting List. Management will typically update the Waiting List every 6 months or at least once a year by contacting the applicant at the last known address requesting an update status. If the applicant does not respond to this update request, management will remove the applicant from the Waiting List. During the status update, management will also request information that helps determine likely eligibility for the housing program; however, eligibility will not be confirmed until the applicant's file has been processed, verified and certified at the time of expected occupancy.

If an applicant on the Waiting List is offered an apartment, they may refuse the offered apartment once and maintain their place on the Waiting List. The applicant will not be contacted again for a 30-day period. If a second apartment is offered and refused, the applicant will be denied unless a valid verifiable medical reason exists.

Vacant units will be filled on an alternating basis between in-place residents requesting transfer and applicants from the external Waiting List as defined in Exhibit F – Transfer Policy. VAWA Transfer Requests and approved Reasonable Accommodation transfer requests will take priority over other in-house transfer requests or applicants on the outside Waiting List. In this manner, management will be able to avoid displacing, through eviction or other actions, current residents whose housing needs have changed since admission. Unit transfer requests will be done in chronological order, based upon the date the Transfer Application was submitted.

## **C. *Reasonable Accommodation Policy***

This community is committed to making the apartment community readily accessible and usable by individuals with disabilities. Property will consider any request by or on behalf of a disabled resident or applicant for:



1. A reasonable accommodation requesting a change in its rules and/or policies; or
2. A reasonable modification relating to alteration of the common areas or an individual unit.

**Any such request should be made in writing in conjunction with the Reasonable Accommodation Policy (Exhibit E). Requests should be forwarded to the Section 504 Coordinator located at MidPen Housing, 303 Vintage Park; Suite #250, Foster City, CA 94404. If it is not possible to make the request in writing, the Property Community Manager will assist the person making the request and provide the necessary information.**

#### **X. *Unit Transfer Policy***

All unit transfers will be processed in accordance with the Transfer Policy (Exhibit F). No preference will be given to residents wishing to be relocated to other communities owned or managed by MidPen Housing.

Vacant units will be filled on an alternating basis between in-place residents requesting transfer and applicants from the external Waiting List as defined in Exhibit F – Transfer Policy. VAWA Transfer Requests and approved Reasonable Accommodation transfer requests will take priority over other in-house transfer requests or applicants on the outside Waiting List. In this manner, management will be able to avoid displacing, through eviction or other actions, current residents whose housing needs have changed since admission. Unit transfer requests will be done in chronological order, based upon the date the Transfer Application was submitted.

#### **XI. *Pet Policy***

Pets will be admitted in accordance with the Pet Policy (Exhibit G). Service animals are managed under the Reasonable Accommodation Policy (Exhibit E).

#### **XII. *Revision of Resident Selection Criteria***

We reserve the right to make modifications to this plan, as necessary. When the plan is revised, the effective date of the new plan will be noted on the cover page. In addition, any time a new plan is implemented, all applicants on the Waiting List and current residents will be provided with notice that a revised plan is being implemented and that they may request a copy from the management office.

## **Exhibit A – Community Eligibility- Shirley Chisholm Village – Tax Credit Units**

To live at Shirley Chisholm Village (Tax Credit Units), the applicant must be:

- 18 years of age or older (Head of Household) or legally emancipated; and
- At or below the **40% of MOHCD AMI and 30% of TCAC AMI**; or
- At or below the **50% of MOHCD AMI and 40% of TCAC AMI**; or
- At or below the **60% of MOHCD AMI and 50% of TCAC AMI**; and
- Within the Occupancy Standards for our unit sizes using the chart below.

### **Occupancy Standards**

<b>UNIT SIZE</b>	<b>MINIMUM HOUSEHOLD SIZE</b>	<b>MAXIMUM HOUSEHOLD SIZE</b>
<b>0 Bedroom/Studio</b>	<b>1 person</b>	<b>2 persons</b>
<b>1 Bedroom</b>	<b>1 person</b>	<b>3 persons</b>
<b>2 bedroom</b>	<b>2 persons</b>	<b>5 persons</b>
<b>3 bedroom</b>	<b>4 persons</b>	<b>7 persons</b>

## **Exhibit B -- Community Preferences**

Shirley Chisholm Village will apply the following preferences on 34 tax credit units of the total 135 units. Preferences are defined below. The Educator and District Employee Priority will be applied and the San Francisco Housing preferences will be overlaid as applicable.

- **SFUSD Tier 1**

Tier 1 will be defined as employees of the San Francisco Unified School District that fall into one of the following categories.

- **Educator** means a household containing at least one member who is a currently employed Teacher, Early Education Teacher, Paraeducator, or Pupil Services Employee.
- **Early Education Teacher** means a classified or certificated current employee of the District providing education to District students prior to kindergarten, but does not include any probationary employee, any employee who does not have permanent status by the District, or any person hired as a day-to-day substitute Early Education teacher.
- **Paraeducator** means a classified current employee of the District employed in a preschool, elementary school, or secondary school under the supervision of a certified or licensed teacher, to provide both instructional and non-instructional support duties, and includes teacher aides; instructional aides; learning support consultants; coordinators of school climate, wellness, school site nutrition; educational or instructional assistants; employees conducting parental involvement activities; employees providing campus security; employees serving as child welfare liaisons, community health workers, and managing or coordinating District after school programs, but shall not include any probationary employee, any employee who does not have permanent status by the District, or any person hired as a day-to-day substitute.
- **Pupil Services Employee** means an employee of the District currently employed in a position requiring a standard designated services credential, health and development credential, or a librarian credential, who performs direct services to pupils, including in-school librarians, school nurses, audio-visual personnel, counselors, psychologists, psychometrists, guidance and welfare personnel, attendance personnel, school social workers and other certificated personnel performing pupil-personnel, health, or librarian services, but shall not include any probationary employee, any employee who does not have permanent status by the District, or any person hired as a day-to-day substitute.

- **SFUSD Tier 2**

Tier 2 is defined as any other employee of the San Francisco Unified School District not defined under Tier 1 above.

- **COP – Certificate of Preference**

Certificate of preference (COP) Holders are individuals previously displaced by former Redevelopment Agency action in Redevelopment Project Areas per the San Francisco Redevelopment Agency's Property Owner and Occupant Preference Program, as reprinted

September 11, 2008 and effective October 1, 2008 and on file with the Clerk of the Board in File No. 080521 ("The COP Program Manual").

- **DTHP – Displaced Tenant Housing Preference**

The Displaced Tenant Housing Preference (DTHP) program (DTHP Program) is intended to benefit tenants displaced by Ellis Act Evictions, Owner Move In Evictions or Fires. The preference is only applied to projects with 5 or more City Affordable Housing Units and applies to 20% of total lottery units within a project for initial sale, re-sale, initial leases and subsequent leases.

- **NRHP – Neighborhood Resident Housing Preference**

The Neighborhood Resident Housing Preference (NRHP) is designed to benefit residents living in the same Neighborhood as a City Affordable Housing Project, Households living in the same neighborhood are those households living in the same Supervisorial District (District 4) or within a 5. mile radius of a project will be eligible for the NRHP.

- **Live/Work Preference**

Any applicant Household with at least one member who currently lives in the City and County of San Francisco or works at least 75% of their working hours within the City may be eligible for the Live/Work.

Applicants who live at an eligible address on the date that they submit their housing application but later move outside the City will receive the Live/Work.

Applicant Households made up of individuals who do not currently live together at the time of application may be eligible for Live/Work so long as at least one member lives at an eligible address or works at least 75% of their working hours in the city at the time of application.

- **Documentation**

To be considered a Household that lives or works in San Francisco, at least one member of the Household must provide the following proof of either residency or employment:

- **Residency**

To establish residency, the Household member must provide supporting documentation verifying that he or she lives in San Francisco, including at least one (1) of the following:

- Cable or internet bill
- Gas bill
- Electric bill
- Garbage bill

- Water Bill
- Paystub
- Public benefits records (e.g. SSI/SSP, MediCal, GA, Unemployment Insurance, Cal Fresh)
- School records

All documentation must list the household member's name and current address and be dated within 45 days of the date of the lottery application. MOHCD reserves the right to request additional information and documentation.

Applicants who are homeless at the time of application may demonstrate eligibility for the live/work preference by providing a letter from a case manager or homeless shelter attesting to the fact that the applicant is homeless and identifying where they are currently staying. Letters must be signed, dated and on official letterhead from an agency that provides health, mental health or housing services to the homeless.

▪ **Employment**

To establish that a Household member is employed in San Francisco for purposes of the LWP, such member must provide supporting documentation verifying that the he or she is employed in San Francisco.

The Project Sponsor shall verify that a Household member works in San Francisco by reviewing the Household member's paystubs. If the member's employer is not based in San Francisco, or if the paystubs do not reflect a San Francisco work address, the Household member must supply a letter from the employer stating that the person works primarily in San Francisco and that at least 75% of their working hours are in San Francisco. MOHCD reserves the right to request additional information and documentation.

Inquiries about eligibility for the LWP and other questions regarding the application process should be addressed to the Mayor's Office of Housing and Community Development at (415) 701-5613, via TDD at (415) 701-5503 or via email at [sfhousinginfo@sfgov.org](mailto:sfhousinginfo@sfgov.org).

**Preference Order**

Preferences will be applied according to the order set forth below.

**1. Tier 1**

- a. COP – SFUSD Tier 1
- b. DTHP -SFUSD Tier 1
- c. NRHP – SFUSD Tier 1

d. Live/Work – SFUSD Tier 1

**2. Tier 2**

- a. COP – SFUSD Tier 2
- b. DTHP – SFUSD Tier 2
- c. NRHP – SFUSD Tier 2
- d. Live/Work – SFUSD Tier 2

**3. Tier 3 - General Public with Applicable City Preferences**

- a. General Public - COP
- b. General Public - DTHP
- c. General Public - NRHP
- d. General Public - Live/Work

**4. Tier 4 - General Public without Applicable City Preferences**

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**Exhibit C – Income Limits and Rents**

Please see attached income limits and rents.

TBD

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**Exhibit D – Special Waiting List Policy**

N/A

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## **Exhibit E – Reasonable Accommodation Policy**

Management recognizes its obligations to reasonably accommodate individuals with disabilities in all phases of its operations. This includes employees, applicants for housing and residents currently in housing operated by MidPen Housing.

The Reasonable Accommodations requirements are expressed in the Fair Housing Act Amendment of 1988 as promulgated by the Department of Housing and Urban Development (24 CFR Parts 14 et seq.) with respect to applicants for occupancy in our housing and current residents of our properties.

In accordance with these regulations, and in recognition of our obligations, MidPen Housing hereby puts forth this Reasonable Accommodations Policy as follows:

1. Management will make reasonable accommodations, which are changes, exceptions, or adjustments to a program, service, building, dwelling unit, or workplace that will allow a qualified person with a disability to participate fully in a program, take advantage of a service, live in a dwelling, or perform a job.
2. Management will make accommodations that are both reasonable and necessary to afford an individual with disabilities equal opportunity. In order to show that a request is necessary, there must be an identifiable relationship, or nexus, between the requested accommodation and the individual's disability.
3. Management will determine whether a request for accommodation is reasonable and may propose an alternative that is equally as effective in affording equal opportunity.
4. In order to be eligible for a reasonable accommodation, an individual must be considered disabled as defined by Federal Law. *A person with disabilities is defined as someone who has a physical or mental impairment that substantially limits one or more major life activities; is regarded as having such an impairment; or has a record of such an impairment.*

*Major life activities include but are not limited to: seeing, hearing, walking, breathing, performing manual tasks, caring for one's self, learning, speaking and working.*

5. Normally a reasonable accommodations request should be submitted in writing, but whenever a resident, applicant, or employee makes it clear that a request is being made for an exception, change, or adjustment to a rule, policy, practice, service, or physical structure because of their disability, management will consider the request. Reasonable Accommodation requests can be made by the person with the disability, a family member, or someone else acting on the individual's behalf.

It is usually helpful for both the individual with the disability and management if the request is made in writing. If the individual with a disability requires assistance in providing a written reasonable accommodation request, management will assist the individual with disabilities with this request.

6. Upon receiving the request, management will attempt to verify that the applicant/resident/employee meets the definition of a person with disabilities listed above,

and needs the accommodation in order to benefit from the programs, or services offered at this community unless the disability is obvious or otherwise known to the provider and the need for the accommodation is readily apparent or known, in which case no verification is required.

7. Management will respond in writing, and in a manner deemed most understandable to the applicant/resident/employee.
8. Management does not, by law, have to honor a reasonable accommodation request that would result in:
  - a. A fundamental alteration in the nature of the program. This means that management does not have to provide services that are not presently being provided. In such case, the individual may obtain the service(s) on their own.
  - b. An undue financial burden. This determination will be made on a case-by-case basis, involving various factors, such as the cost of the reasonable accommodation, the financial resources of the property, the benefits the accommodation would provide the requester, and the availability of alternative accommodations that would adequately meet the requester's disability-related need.
  - c. An undue administrative burden. This means the accommodation would not easily be accomplished with existing staff and would require the hiring of additional staff or would result in a reduction in services to other residents.
9. If an accommodation request falls into one of the three categories in (8) above, management will endeavor to identify an equally effective means of meeting the individual's needs. Reasonable accommodations are based on need, not a preference. Management may also, where a request is denied for reasons permitted by law, allow the individual to make modifications at their own expense.
10. Management will allow assistance and companion animals. Management will verify the need for the assistance or companion animal (unless the need is readily apparent or already known), and the resident is responsible for the conduct of the animal at all times in a manner consistent with the lease.
11. This Reasonable Accommodation Policy also applies to employees with disabilities who meet the definition of disabled contained in this policy. Employees with disabilities shall, subject to the limitation described in (8) above, be eligible for reasonable accommodations that will permit them to perform the essential functions of the job.
12. Consideration of all accommodation requests shall be made on a case-by-case basis.
13. Individuals who believe they have been discriminated against in connection with this policy should contact the Section 504 Coordinator at MidPen Housing, 303 Vintage Park; Suite #250, Foster City, CA 94404.

## **Exhibit F – Transfer Policy**

It is MidPen’s policy to manage our buildings with particular attention and sensitivity to the needs of our residents. Management’s intention is to provide and service quality housing, offer flexibility with regard to changing personal and family needs, and administer our housing programs fairly to everyone. Transfers are made without regard to race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability, genetic information, age or any other arbitrary personal characteristic.

In-place residents awaiting transfer with an approved Violence Against Women’s Act emergency transfer will have priority and be transferred prior to all other in-place resident transfers and applicants from the Waiting List. Once emergency transfers have been resolved, in-place residents with approved Reasonable Accommodations will be transferred before all remaining in-place residents awaiting transfer or applicants from the community Waiting List. Transfer requests requested as a result of an approved Reasonable Accommodation have priority over all other in-place resident transfer requests and applicants from the external Waiting List. All transfer requests must be made and submitted in writing to management at the site using the **Transfer Request Form**. Transfer requests will be considered in the order received within each category below.

In-place residents with an approved unit transfer request (including approved Reasonable Accommodation requests) may refuse the first unit offered for the transfer. If the resident refuses a 2<sup>nd</sup> unit, they will lose their current position, and will be taken off the Transfer Waiting List. If they still wish to transfer, they must request a new unit transfer (or a new Reasonable Accommodation request for unit transfer) in order to be placed in the Transfer Waiting List. Extenuating circumstances may be considered to grant an exception to this policy.

Management-initiated transfers for reasons including under-occupancy or over-occupancy of a unit, or a non-disabled household living in a unit designed for a person with disabilities, are NOT eligible to refuse a unit transfer (refer to Waiting List Policy: Admissions).

### **Transfer Categories**

Transfers will be considered for the following reasons:

1. **VAWA Emergency Transfer:** VAWA Emergency Transfers will be made in accordance with MidPen’s VAWA Emergency Transfer Plan (copy of policy available upon request).
2. **Reasonable Accommodation Requests:** Individuals with disabilities may require transfer to a unit designed specifically for persons with disabilities, to a unit that allows them equal opportunity to use and enjoy access to their housing, or to a unit that can accommodate a live-in attendant; this must be approved through the Reasonable Accommodation process.
3. **Change in Household Composition:** Changes such as an increase or decrease in family size may cause a household to be out of compliance with the specific community or program

occupancy standards. Households under or over occupying a unit will be required to transfer to the appropriate sized unit within 30 days of notification of availability.

4. HUD/Tax Credit Compliance: When necessary to remain in compliance with regulatory requirements, residents will be required to transfer to a unit with a specific income set-aside that coincides with household's income.
5. Other Compelling Reason: When management determines that a move is necessary, the reason will be documented, verified and approved by management (either by the Property Manager or Director of Property Operations) prior to initiating the transfer.

Residents who request to transfer under Category 4 must be in good standing and have no serious documented lease violations.

Good standing is defined as current on all rent and other charges and having no housekeeping deficiencies as verified on the most recent unit inspection.

Serious lease violations include, but are not limited to damage of property, failure to pay rent on a timely basis, and violating the peaceful enjoyment of neighbors.

This policy is subject to revision to comply with any change in Fair Housing/Civil Rights regulations, or other housing program requirements.

## **Exhibit G – Pet Policy**

A pet is a “small domesticated animal commonly kept in residential settings.”

Pursuant to California Health and Safety Code 50466, a resident will be permitted to own or otherwise maintain one or more common household pets within the resident’s dwelling unit, subject to applicable state laws and local government ordinances related to public health, animal control, and animal anticruelty.

These Pet Rules do not apply to service animals, which are animals specifically trained to aid persons with disabilities. A separate agreement governs those animals.

1. **Inoculation.** Every pet shall be inoculated in accordance with state and local law. Inoculation shall be the responsibility of the Tenant. Inoculations shall be current at all times, and evidence of current inoculation shall be provided to management as soon as the inoculation(s) is/are administered. It shall be the responsibility of the Tenant to provide evidence of inoculation on a timely basis. Failure of management to notify Tenant of the need for inoculation shall in no way relieve Tenant of the responsibility to obtain inoculations for their pet and to provide evidence of same to management. **California State Law states that all dogs and cats over the age of four months must receive the rabies vaccine every 3 years.**

MidPen Housing requires the following vaccines:

- a. Dogs: Rabies, Canine Distemper, Hepatitis, Parvovirus, and Bordatella for animals living in communities with other dogs.
- b. Cats: Rabies, Feline Distemper, Feline Calicivirus, and Feline Herpes.

2. **Registration.** Pet owners must register their pets with the management before the pet is permitted to be brought onto the property and must update the registration annually. Registration is the responsibility of the Tenant and failure of the management to remind the Tenant of the annual registration does not relieve the Tenant of the responsibility for registration. Pet owner’s failure to register pet may result in a Lease Violation and the animal’s immediate removal from the community. Registration includes the following information:

- a. Certificate of inoculation.
- b. Information concerning height, weight, breed and appearance of the pet and confirmation that it is a common household pet – caged bird, fish in a tank not larger than 20 gallons, or cat or dog meeting the adult weight limitation of 30 pounds. Any animals larger than 30 pounds must be permanently removed.
- c. A picture of the animal.
- d. Name, address, and phone number of at least one responsible party who will care for pet if owner is deceased or otherwise unable to care for pet.

3. **Pet Size and Type.** Pets shall be limited to common household pets, here defined as a domesticated cat, dog, or a caged bird – none of which may exceed 30 lbs. when fully grown. No Pit Bulls, Rottweilers, or Doberman Pinschers are permitted. Prohibited breeds of

birds include Macaws, Cockatoos, Parrots, and Conures. One fish tank may be kept so long as the tank does not exceed 20 gallons. No reptiles or rodents shall be permitted.

4. Number of Pets Permitted. Only one pet is permitted per household. Exceptions to the number of pets per household will be made in accordance with CA H & S Code 50466 and other applicable program requirements.
5. Neutering Requirement. Cats and dogs must be neutered before bringing onto the property. Evidence of neutering must be provided to management prior to acceptance/approval of pet.
6. Pet Restraint. All pets shall be on a leash, effectively and appropriately restrained under the control of a responsible household member while in the common areas of the property. Pet restraint includes effective control to insure that pets do not scratch, claw, or bite any person(s) on the property and do not scratch, claw, or bite furniture, walls, doors, plants, and plant materials. Pets shall be on a leash and supervised at all times when outside a Tenant's apartment. Pets shall be restrained in the Tenant's apartment during any inspections.
7. Sanitary Requirements and Standards. The following sanitary standards govern the disposal of pet waste. Failure to comply with these requirements constitutes a violation of the Lease and may result in a requirement to remove pet from premises permanently or termination of the tenant's Lease.
  - a. Pet owners shall immediately and appropriately dispose of pet waste deposited anywhere in the property. Appropriate disposal includes wrapping waste in paper or plastic and depositing in appropriate trash containers. Wrapping or bag must not be wet on the outside when deposited into the trash.
  - b. Pets may under no circumstances be permitted to deposit waste on the lawns, planting areas, flowerbeds, side of buildings or any other area that is not specifically for the deposit of pet waste. Failure to restrain the pet from this activity is a violation of the Pet Rules and will be grounds for removal of the pet from the property.
  - c. Once per day, pet owners shall remove waste from litter boxes and wrap in paper or plastic, immediately depositing same into appropriate trash containers. Wrapping or bag must not be wet on the outside when deposited into the trash.
  - d. At least twice per week, pet owners shall clean birdcages and/or change litter boxes. Refuse shall be placed into appropriate container, immediately depositing same into appropriate trash containers. Birdcage or litter box wrapping must not be wet on the outside when deposited into the trash.
8. Pet Care Standards. The following pet care standards shall be observed.
  - a. Tenants shall not take pets into recreation/community rooms, kitchens, offices, or public restrooms.
  - b. Tenants shall not permit pets to climb or sit on any furniture in common areas.

- c. Tenants shall control and limit noise and odor caused by pets. Complaints by other Tenants shall result in a Notice of Pet Violation, which must be resolved, or the pet must be removed from the property.
- d. All pets shall be licensed in accordance with state and local requirements and shall wear appropriate identification at all times.
- e. No pet may be left unattended in a Tenant's unit for extended periods of time.
- f. All pets shall be restrained during unit inspections and when work is performed in the unit.
- g. No Tenant may keep any pet on a temporary basis. "Pet-sitting" shall not be permitted and no visiting pets are allowed.
- h. Pet burials are prohibited within the property.

DRAFT

## **Exhibit H –Criminal Background Screening Requirements**

Once the property has evaluated and confirmed all other applicant eligibility criteria, the property will run a background screening, including criminal history, in compliance with Article 49 of the San Francisco Police Code, also referred to as the San Francisco Fair Chance Ordinance. The property will “screen in”, rather than “screen out”, applicants who have criminal record as per San Francisco police Code, Article 49, Sections 4901-4902, or the Fair Chance ordinance.

1. The property shall not automatically bar applicants who have a criminal record 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.
2. The properties conviction review will be limited to a period of no more than seven (7) year.
3. In making its housing decision as to the applicant, the property shall conduct an Individualized assessment of only "Directly-Related Convictions" and "Unresolved Arrests," as those terms are defined by Section 4906 of the San Francisco Police Code, the time that has elapsed since the Conviction or Unresolved Arrest, and any evidence of inaccuracy or "Evidence of Rehabilitation" or "Other Mitigating Factors," as those terms are defined by the San Francisco Police Code, Article 49.
4. Prior to taking any negative action or denying the application for housing, the property will provide the applicant household a copy of the background report and identify the particular convictions or unresolved arrests on which the negative action would be based. The property shall also provide to the applicant a copy of the notice described in San Francisco Police Code, Article 49, Sections 4907(b) and (c).
5. The property will give the applicant household fourteen (14) calendar days to respond orally or in writing to provide evidence of rehabilitation, mitigating factors, or inaccuracy in the report, delay any negative action for reasonable time, and reconsider in light of the applicant's response. (The Property will notify the individual and/or applicant household of any final negative action in writing).
6. The property will not require an applicant to disclose on any housing application or inquire about the fact or details of any "Conviction History" or "Unresolved Arrest," as those terms are defined by the San Francisco Police Code, Article 49, or any of the six "off-limits" categories set forth immediately above.
7. The property will consider:
  - a. The individual circumstances of each applicant, and
  - b. The relationship between offense, and



- i. The safety and security of other tenants, staff and/or the property, and
  - ii. 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 parole or probation officer, employer, teacher, social worker, medical professional, or community leader,
    4. If the offense is related to acts of domestic violence committed against the applicant, and/or
    5. If the offense was related to a person's disability
8. Disqualification may also result from
- a. A criminal report that demonstrates unresolved arrests or a history of convictions for burglary, robbery, vandalism, violence, or other crimes against persons or property in the last seven (7) years may be a basis for disqualification.
  - b. Rental history reports of:
    - i. The applicant's (or member of the applicant's household) illegal use of a controlled substance within the last six (6) months; or
    - ii. the applicant's (or member of applicant's household) abuse of alcohol that resulted in the exhibition of abusive or violent behavior on the property and/or that interfered with the health, safety, or right to peaceful enjoyment of the premises by other residents or staff; or
    - iii. the applicant's violation of house rules pertaining to maintaining the cleanliness of the unit or common areas or refusing to abide by lease or house rule provisions concerning pest control.

## **Exhibit I –Mitigation Process**

### **Mitigating Circumstances Policy**

In the event an applicant fails to meet one or more of the Resident Selection Criteria and the application is rejected, the Property may consider admitting the applicant and approving the application through consideration of mitigating circumstances or by applying reasonable accommodations if requested by applicant. During the consideration meeting an applicant will then have the opportunity to explain why their negative background problem occurred and what has changed so that similar incidents will not recur. Decisions will be based on committee's assessment of applicant's capacity to comply with the lease and considerations outlined in section 7 of Exhibit H.

Mitigating circumstances are verifiable facts that would overcome or outweigh information gathered in the resident selection process. The verifier must corroborate the reason(s) given by the applicant for the disqualifying circumstances, and indicate that the prospect for lease compliance in the future is good because the reason for his/her disqualifying circumstances is either no longer in effect or otherwise controlled.

**Exhibit C**  
**Principles for Employment-Based Housing**

All marketing information, including but not limited to the Resident Selection Criteria and Marketing Plan, and leases, for Educators and District Employees shall include language to the effective of, thereby ensuring compliance with the below central principles, and which the Tenant agrees to enforce in good faith:

1. Tenant and Educator and District Employee tenants shall acknowledge that the Project is to provide housing for District Educators and Employees who are currently employed by the District at commencement of his or her residency at the Project.
2. Educator and District Employee (or his or her household's) eligibility for a unit in the Project is dependent upon the Educator and District Employee tenant being a current District Educator or Employee at the time of application, commencement of his or her residency, and on each annual recertification, except when tenant is a Retired Educator and District Employee as defined below ("**Continuous Employment Requirement**"). A "Retired Educator and District Employee" means any Educator or District Employee who, after entering into a lease for a unit at the Property, has separated from District with the reason of retirement from work, including submitting a formal retirement request which was approved by the District. Compliance with the Continuous Employment Requirement is a substantial and material term of each lease for an Educator and District Employee tenant.
3. Tenant and Educator and District Employee tenants shall agree, except as may be provided by any applicable federal or state or local law, that if the Educator and District Employee tenant is no longer in compliance with the Continuous Employment Requirement, that the Educator and District Employee tenant (and his or her household if any) will vacate their unit within the remaining term of the existing lease or six months after the Educator and District Employee is no longer in compliance with the Continuous Employment Requirement, whichever is greater. The failure of any Educator and District Employee tenant (and his or her household, if any) to vacate their unit in accordance with such terms shall be "good cause" for landlord to terminate the tenancy of the Educator and District Employee tenant (and his or her household, if any) through eviction or other legal procedures. The Tenant, District and MOHCD agree that failure by an Educator or District Employee tenant to comply with the Continuous Employment Requirement would be considered a default of a substantial and material term under their lease, provided that the Tenant, District and MOHCD further acknowledge that a court order may be required to complete an eviction of a defaulting tenant.
4. Tenant and Educator and District Employee tenants shall acknowledge and agree that (a) nothing in Educator and District Employee tenant's lease or occupancy of a Project unit will affect, impact, alter, or amend their employment relationship if

Exhibit C  
District/MOHCD Memorandum of Understanding

any with the District and (b) that Educator and District Employee tenant's lease or occupancy of a Project unit will not act as any representation or promise to the Educator and District Employee tenant or otherwise confer any rights or guarantees on the Educator and District Employee tenant regarding their employment with the District, and (c) that Educator and District Employee tenant's lease or occupancy of a Project unit will not restrict, impair, or impact District's ability/authority to manage/terminate employment to the extent otherwise permitted by law or any other applicable agreements.

5. The Continuous Employment Requirement will not apply to any tenant who, on initial occupancy of a residential unit, is not a District Educator or Employee as permitted by the Ground Leases.
6. Any changes to these principles are subject to District review and approval.

**Citywide Affordable Housing Loan Committee**  
San Francisco Mayor's Office of Housing and Community  
Development  
Department of Homelessness and Supportive Housing  
Office of Community Investment and Infrastructure  
Controller's Office of Public Finance

**Shirley Chisholm Village**  
**(FKA Francis Scott Key Annex)**  
**\$48,200,000 Final Gap Loan Request**

Evaluation of Request for:	Gap Loan
Loan Committee Date:	April 15, 2022
Prepared By:	Judy Shepard-Hall, Senior Project Manager
MOHCD Asset Manager:	Omar Cortez, Asset Manager
Construction Representative:	Paul Travis, Construction Representative
Sources and Amounts of New Funds Recommended:	\$9,300,000 AHF Inclusionary \$10,000,000 ERAF \$25,950,000 2015 GO Bonds
Sources and Amounts of Previous City Funds Committed:	\$2,950,000 GO Bonds \$50,000 HTF
	<b>TOTAL FINAL GAP REQUEST: \$48,200,000</b>
NOFA/PROGRAM/RFP:	2017 Developer RFP/Affordable Family Rental Housing for Educators
Applicant/Sponsor(s) Name:	MidPen Housing Corporation

## EXECUTIVE SUMMARY

### Sponsor Information:

Project Name:	Shirley Chisholm Village	Sponsor(s):	MidPen Housing Corporation (MidPen)
Project Address (w/ cross St):	1360 43 <sup>rd</sup> Avenue (Between Judah and Irving)	Ultimate Borrower Entity:	MP Francis Scott Key 2 Associates, L.P. (Tax Credit); MP Francis Scott Key 1 LLC (Moderate Income)

### Project Summary:

MidPen Housing Corporation (MidPen) requests a final gap loan of \$48,200,000 for the construction of Shirley Chisholm Village (SCV), 135 new housing units for educators and all other San Francisco Unified School District (SFUSD) employees, located at 1360 43<sup>rd</sup> Avenue. The request for gap financing has increased since the January 2021 Loan Committee request, mostly due to increases in costs as a result of delayed construction start and decreased tax credit equity.

SCV will deliver 135 units, including 1 onsite manager's unit, with units restricted from 40% to 120% SF MOHCD AMI. This will include 34 units to serve low-income qualified educators (paraeducator and district roles), restricted to between 40% and 60% SF MOHCD AMI; and 100 units for moderate-income qualified educators (teacher and other district roles), restricted to between 80% and 120% SF MOHCD AMI. SCV will be built as a five story Type V concrete building on a large, 1.38-acre lot.

SCV includes 2 financing and 2 ownership structures: 1 for the 35-tax credit unit project and 1 for the 100 moderate income unit project. An air rights subdivision will legally split the building into 2 separate parcels to support the 2 financing structures and to allow 9% tax credits to be leveraged for the low-income units while also having moderate income units at higher income bands, such as those at 120% MOHCD AMI, in one building. Soft costs, except for the Developer Fee, tax credit financing, and property taxes, will be allocated on a prorata share based off of unit split per parcel. Construction is estimated to start in August 2022 and to be completed in August 2024.

### Project Description:

Construction Type:	Type V over Type I podium	Project Type:	New Construction
Number of Stories:	5	Lot Size (acres and sf):	1.38 acres / 59,999 sf
Number of Units:	135	Architect:	BAR Architects
Total Residential Area:	130,596 sf	General Contractor:	Cahill Contractors
Total Commercial Area:	0 sf	Property Manager:	MidPen Property Mgmt Corp
Total Building Area:	165,266 sf	Supervisor and District:	Sup. Gordon Mar District 4
Land Owner:	SF Unified School District		
Total Development Cost (TDC):	\$104,061,625	Total Acquisition Cost:	\$115,002
TDC/unit:	\$770,827	TDC less acquisition/ land cost/unit:	\$769,975
Loan Amount Requested:	\$48,200,000	Request Amount / unit:	\$357,037
HOME Funds?	N	Parking? @0.275:1	Y (Tax Credit -11 spaces); Y (Moderate - 33 spaces); Plus:5 Handicap/Staff spaces

## **PRINCIPAL DEVELOPMENT ISSUES**

- 1. Marketing and Rent Levels** - MOHCD and SFUSD are partnering to create educator housing at 40% to 60% MOHCD AMI for low-income (paraeducators and other district employees) and 80% to 120% MOHCD AMI moderate-income (teachers and other district employees). Due to concerns related to marketing the moderate-income units, and given ongoing COVID impacts to the rental market, rents are currently set to be 15% discounted from current market rents. Before SCV's lease up, MidPen and MOHCD will evaluate adjusting these rents based off of market rents at that time. There are other concerns related to resident selection and screening guidelines, occupancy terms, and annual income/job status certification. See Section 4.11 Marketing, Occupancy, and Lease Up.
- 2. Target Population and Eligibility** - The Sponsor, MOHCD and SFUSD continue to negotiate occupancy terms for the tax credit and moderate units related to matters of employment status, such as SFUSD termination, retirement, probationary periods, etc. The target date to produce a substantially complete set of the educator housing policy guidelines is May 2022, in order to be included as exhibits in the Ground Lease. MidPen must then finalize the Marketing Plan and Selection Criteria 12 months from the Temporary Certificate of Occupancy date. Please see Section 4.11.
- 3. Financing** - Closing in August 2022 is critical to meet the timing requirements associated with an allocation of 9% tax credits. To try and mitigate against cost escalation in these still volatile times, the General Contractor is carrying a 1.5% Lumber and other escalation allowance in addition to their 2% Contractor's Contingency. Owner's Contingency is being held at 6%. Please see Section 4.4.

**SOURCES AND USES SUMMARY**  
**(TAX CREDIT PROJECT – 35 UNITS)**

<b>Predevelopment Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD Loan	\$0	3 yrs @ 3% Res Rec	Initial loan made to LLC – predev costs to be allocated
MidPen Loan	\$1,253,144	3%	Committed
<b>Total</b>	<b>\$1,253,144</b>		

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD – Gap Loan	\$2,656,208	55 yrs @ 3% / Res Rec	This Request
Silicon Valley Bank (Permanent Loan – 1 <sup>st</sup> Mortgage)	\$1,349,000	Tax Credit Project 20 yrs @ 4.67%	Committed
NEF Tax Credit Equity	\$24,747,525	\$0.99 per Federal Credit	Committed
General Partner Equity	\$100	N/A	Committed
<b>Total</b>	<b>\$28,752,833</b>		

<i>Building Total SF:</i>	<i>42,847</i>		
<b>Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Acquisition	\$29,816	\$852	\$0.70
Hard Costs	\$22,354,293	\$638,694	\$522
Soft Costs	\$4,968,724	\$141,964	\$116
Developer Fee	\$1,400,000	\$40,000	\$32
<b>Total</b>	<b>\$28,752,833</b>	<b>\$821,510</b>	<b>\$671</b>



**SOURCES AND USES SUMMARY**

**(MODERATE INCOME PROJECT – 100 UNITS)**

<b>Predevelopment Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD Loan	\$3,000,000	3 yrs @ 3% Res Rec	Committed
MidPen Loan	\$0		Committed/Not Committed
<b>Total</b>	<b>\$3,000,000</b>		

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD – Gap Loan	\$45,543,792	55 yrs @ 3% / Res Rec	This Request
MidPen Sponsor Tranche C Loan	\$4,700,000	55 yrs @ 5% / Res Rec	Committed
Silicon Valley Bank (Permanent Loan – 1 <sup>st</sup> Mortgage)	\$25,065,000	Moderate Project 17 yrs @ 4.72%	Committed
<b>Total</b>	<b>\$75,308,792</b>		

<i>Building Total SF</i>	<i>122,419 sq.ft</i>		
<b>Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Acquisition	\$85,186	\$852	\$0.70
Hard Costs	\$64,073,664	\$640,737	\$523
Soft Costs	\$10,049,942	\$100,499	\$82
Developer Fee	\$1,100,000	\$11,000	\$9
<b>Total</b>	<b>\$75,308,792</b>	<b>\$753,088</b>	<b>\$615</b>

**Combined Sources and Uses Summary – 135 Units**

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD – Gap Loan	\$48,200,000	55 yrs @ 3% / Res Rec	This Request
MidPen Sponsor Tranche C Loan	\$4,700,000	55 yrs @ 5% / Res Rec	Committed
Silicon Valley Bank (Permanent Loan – 1 <sup>st</sup> Mortgage)	\$25,065,000	Moderate Project 17 yrs @ 4.72%	Committed
Silicon Valley Bank (Permanent Loan – 1 <sup>st</sup> Mortgage)	\$1,349,000	Tax Credit Project 20 yrs @ 4.67%	Committed
NEF Tax Credit Equity	\$24,747,525	\$0.99 per Federal Credit	Committed
General Partner Equity	\$100	N/A	Committed
<b>Total</b>	<b>\$104,061,625</b>		

<i>Building Total SF</i>	<i>165,266 sq. ft</i>		
<b>Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Acquisition	\$115,002	\$852	\$0.70
Hard Costs	\$86,427,957	\$640,207	\$523
Soft Costs	\$15,018,666	\$111,249	\$91
Developer Fee	\$2,500,000	\$18,519	\$15
<b>Total</b>	<b>\$104,061,625</b>	<b>\$770,827</b>	<b>\$630</b>

**1. BACKGROUND**

1.1 Project History Leading to This Request.

Shirley Chisholm Village, formerly known as Francis Scott Key Annex, will be a new construction affordable project developed in a collaboration between the San Francisco Unified School District (SFUSD) and MOHCD to create the first ever affordable housing for educators in the City. SFUSD selected the name “Shirley Chisholm Village” in November 2020, to honor Shirley Chisholm, an expert in early childhood education who was the first black woman to be elected to the United States Congress and to seek a major party nomination for President of the United States. The project will be located on an underutilized site formerly known as the Francis Scott Key Annex that contains a 9,000-sf building that was used primarily as storage space for almost 30 years.

The project’s concept originated in 2014. At that time, MOHCD, SFUSD and United Educators of San Francisco (UESF), along with Mayor’s

Office staff, engaged in a collaborative working group to identify resources and various approaches to address the increasing housing affordability crisis and its effects on the employees of SFUSD. In 2017, SFUSD conducted a survey of both their teacher and paraeducator employees and found that a majority of educators reported difficulty paying for housing. In order to address this concern, SFUSD determined that the Francis Scott Key Annex site located at 43rd and Irving would be made available for development to house educators. Alongside this pledge from SFUSD, MOHCD committed to financing the project with funds from the 2015 Prop A General Obligation Bond to fulfill the bond's middle-income housing objective. In June 2017, the San Francisco Board of Supervisors and the Board of Education passed resolutions in support of building educator housing. In September 2017, SFUSD and MOHCD entered into an MOU to describe the working relationship between the two entities. Per the agreement MOHCD has led the developer selection process, development and entitlement process and collaborated with SFUSD on planning related to the operations of the project.

Through a Request for Proposals (RFP) process that concluded in March 2018, MidPen Housing was selected as the developer for this project. In the current plan for the site, there are 134 units, of which 35 units are for low-income qualified educators (targeting paraeducator roles) with MOHCD AMI levels ranging from 40% AMI to 60% AMI and 100 units (non-tax credit units) for moderate-income qualified educators (targeting teacher roles) with MOHCD AMI levels ranging from 80% AMI to 120% AMI, and 1 manager's unit. The plan also incorporates a publicly accessible open space of approximately 3,000 sf. This incorporation of public open space was outlined in the RFP in recognition of the current use of the site for public use as a skate park, community garden and playground. MOHCD and SFUSD are negotiating an updated MOU to be executed prior to construction loan closing that will cover the leasehold interest period of operations for 75 years with an option to extend 24 years.

1.2 Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

Through a Request for Proposals (RFP) process that concluded in March 2018, MidPen Housing was selected as the developer for this project.

1.3 Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

1.3.1. Borrower.

MP Francis Scott Key 2 Associates, L.P. (Tax Credit Project),  
 MP Francis Scott Key 1 LLC (Moderate Income Housing Project).

These borrowing entities are the ultimate borrowers at closing.

Although SCV is being financed as two projects with two ownership entities, architectural design, environmental review, and permitting have been completed to date as one project. The cost split between the two projects will be a prorata share of the costs based on the unit split per project and parcel – 35 units and 100 units.

1.3.2. Joint Venture Partnership. N/A

1.3.3. Demographics of Board of Directors, Staff and People Served.  
 MidPen Board of Directors and Staff.

	<b>Sexual Orientation</b>	<b>Gender Identity</b>	<b>Race</b>
<b>MidPen Housing Corp Board</b>	Not available	73% Female 17% Male	Asian:27% African American:13% White: 47% Hispanic or Latino: 13%
<b>MidPen Housing Corp All Staff</b>	Not available	58% Female 42% Male	Asian: 17% African American:9% White: 23% Native Hawaiian/Other Pacific Islander: 1% Hispanic or Latino: 42% Not Specified: 8%
<b>MidPen Housing Corp Dev Staff</b>	Not available	78% Female 22% Male	Asian:24% African American: 4% White: 41% Hispanic or Latino: 18% Not Specified: 13%

For a breakdown of who MidPen serves by race/ethnicity, see Section 1.6.

1.3.4 Racial Equity Vision. The principles of diversity, equity, inclusion, and belonging (DEIB) are core to the founding of MidPen and integrated into all facets of the organization. In 2018, MidPen began work with The Winters Group, a globally recognized DEIB consultant, to formally create a culture of diversity, equity, inclusion, and belonging at MidPen. MidPen committed to changing hiring requirements to eliminate minimum educational requirements, modifying screening questions and other practices that could inadvertently screen out BIPOC applicants. MidPen is working to expand representation among senior leadership and committed to increasing BIPOC representation in senior leadership and Board of Directors. Based on this intentional strategy, as of January 2021, MidPen's Board of Directors is more than 50% BIPOC.

In addition, MidPen Housing formed its own The Collective Voices for Equity Council (“the Council”) to embed, monitor, and celebrate DEIB principles at MidPen. The Council is comprised of MidPen staff throughout the organization; each member of the Council was selected through an extensive nomination and interview process because of their passion for both DEIB work and MidPen’s mission. Meeting monthly, the Council engages in intensive learning and intense conversations to develop a solid framework to engage, educate, and ultimately embed DEIB into everything MidPen does internally and externally.

The Council’s racial equity vision statement includes the following:

- To cultivate a diverse workforce that represents the communities MidPen serves
- To increase cultural appreciation among MidPen employees and throughout MidPen’s communities
- To create an environment where every person feels valued, included, and that they belong
- To ensure that all MidPen employees and residents have equal opportunities to advance in their lives

1.3.5 Relevant Experience. MidPen Housing has developed and operated over 100 communities with more than 8,000 rental units for working, low-income families, seniors, and special needs households in the San Francisco Bay Area since it was formed in 1970. Currently, MidPen has 797 units entitled and 321 units under construction. MidPen Housing also includes MidPen Property Management and MidPen Resident Services which will provide property management and Resident services once the project is in operations.

1.3.6 Project Management Capacity. Staff members assigned to Shirley Chisholm Village are: (See Attachment C, staff resumes):

**Alicia Gaylord, Director of Housing Development, 100% FTE (15% time dedicated to SCV)**– Alicia has over 18 years of affordable housing experience and has been at MidPen since 2017. She has extensive experience working in San Francisco, currently leading the development of SCV. She was also responsible for developing 490 South Van Ness and 1950 Mission Street during her tenure at Bridge Housing as Housing Development Director.

**Michelle Kim, Senior Project Manager, 100% FTE (50% time dedicated to SCV)** - Michelle has over 10 years of affordable housing experience. Since at MidPen, she has managed 4 projects across 4 jurisdictions. She is also the project manager of SCV.

**Lauren Fuhry, Project Manager, 100% FTE (50% time dedicated to SCV)** - Lauren joined MidPen in February 2020. She previously worked advancing environmentally sustainable design for affordable housing.

See individual staff resumes enclosed, Attachment C.

1.3.7 Past Performance. There are no identifiable past performance issues. This is MidPen’s first development in San Francisco.

1.3.7.1. City audits/performance plans. MP provided results of fiscal and compliance monitoring under the requirements of the 2018 RFP. There were no known findings or issues with these audits.

1.3.7.2. Marketing/lease-up/operations. There is no identifiable past performance issues. This is MidPen’s first development in San Francisco. MidPen has a total of 18,507 residents living at its properties and owns 7,684 units of affordable housing. The below chart represents the percentage of people currently living in MidPen owned and managed properties across 10 counties in the Bay Area, disaggregated by race.

<b>Race</b>
<u>Asian:</u> 16.12%
<u>African American:</u> 8.03%
<u>White:</u> 13.65%
<u>Native Hawaiian/Other Pacific Islander:</u> 0.52%
<u>Hispanic or Latino:</u> 46.81%
<u>Not Specified:</u> 10.12%
<u>Other:</u> 2.95%
<u>American Indian or Alaska Native:</u> 1.80%

MidPen is committed to conducting marketing and occupancy outreach for SCV in accordance with all applicable fair housing laws. MidPen will work with SFUSD and non-profit organizations to market this housing opportunity. Applications will be entered in the San Francisco DAHLIA lottery and subject to preferences as per City Ordinance. Preferences will be observed in the following order:

1. Certificate of Preference Holders,
2. Displaced Tenant Housing Preference (Ellis Act/OMI) Certificate Holders,
3. Neighborhood Resident Housing Preference<sup>1</sup>, and
4. Live or Work in San Francisco.

MidPen will work with MOHCD and SFUSD to develop resident selection policies related to employment status, such as requirements if SFUSD employee is within probationary period at intake, the status of a lease if

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<sup>1</sup> A City ordinance requires 40% of Lottery units to be set-aside for Neighborhood Preference at initial lease up.

an educator’s employment is terminated, and the status of a lease if an educator files for retirement.

In the year of 2021, there were 14 evictions in MidPen’s 7,684-unit portfolio. Below is a chart of the number of evictions disaggregated by race.

<b>Race</b>
<u>Asian: 0</u>
<u>African American: 2</u>
<u>White: 6</u>
<u>Native Hawaiian/Other Pacific Islander : 0</u>
<u>Hispanic or Latino: 0</u>
<u>Not Specified: 6</u>
<u>Other: 0</u>
<u>American Indian or Alaska Native: 0</u>

## 2 SITE (See Attachment E for Site map with amenities)

<b>Site Description</b>	
Zoning:	Public (P)
Maximum units allowed by current zoning (N/A if rehab):	Unlimited Density
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	Site and the area surrounding the site are underlain by Beach and Dune Sand
Environmental Review:	Phase I completed on 10/5/18 and again on 2/17/21; Phase II Soil Characterization completed on 1/21/20. Soil Vapor Survey completed 06/28/21
Adjacent uses (North):	2-3 story residential buildings
Adjacent uses (South):	2-3 story residential buildings
Adjacent uses (East):	2-3 story residential buildings
Adjacent uses (West):	2-3 story residential buildings
Neighborhood Amenities within 0.5 miles:	Grocery: Other Avenues Grocery Cooperative (0.2 Miles) Schools: Francis Scott Key Elementary (0.2miles) Holy Name (0.5 miles) Churches: St. Paul’s (331 ft.) Sunset Church (0.4 miles)
Public Transportation within 0.5 miles:	N Judah, NX, and 18

Article 34:	Received Authorization for 128 units Oct 19, 2018, and a new authorization on Feb 1, 2021, based on the new unit count (88).
Article 38:	Exempt <a href="https://www.sfdph.org/dph/files/EHSdocs/AirQuality/AirPollutantExposureZoneMap.pdf">https://www.sfdph.org/dph/files/EHSdocs/AirQuality/AirPollutantExposureZoneMap.pdf</a>
Accessibility:	17 and 12.5% of units accessible (Mobility featured, Hearing and Visual Aid features); <ul style="list-style-type: none"> <li>• Tax credit project (35 units) - 10 units (15% mobility features and 10% hearing and visual aid features)</li> <li>• Moderate income project (100 units) - 7 units (5% mobility and 2% hearing and visual aid features)</li> </ul> 135 units or 100% of units are planned as adaptable
Green Building:	Anticipating Green Point Rated Gold
Recycled Water:	Exempt
Storm Water Management:	Stormwater Control Plan submitted and currently under review

## 2.1 Description.

The project site is an infill site that is generally square and gently sloping from east to west, and the total site is 59,999 square feet or 1.38 acres. It has approximately 250 feet of frontage along 43rd Avenue (with one curb cut) and 250 feet of frontage along 42nd Avenue (with no curb cuts). Currently, the site is an annex of the nearby Francis Scott Key Elementary School and is improved with a two-story, 18,000 square foot former public-school building that was originally built in 1927. The single building is located in the northeast corner of the lot, along 42nd Avenue, and is now used solely for storage and administrative school district offices after being deemed seismically unfit in 1989. The site also contains four repurposed metal box shipping containers used for storage. These containers are located on the asphalt-paved southeast corner of the site. The remainder of the site is an asphalt-paved temporary playground called Playland with several different activities, a skatepark and a community garden. Playland was created as a temporary public park in 2016 through San Francisco's Pavements to Parks program. A local non-profit called Sunset Youth Services currently manages access to the space. Previously, a non-profit called the Children's Book Project operated out of one of the classrooms on the ground floor of the building. As of December 2020, the Children's Book Project relocated its programming and the site is no longer in use of any onsite programs. Playland will close in the Summer 2022. The City's Planning Department and MidPen are currently in the process of identifying a specific date for closure before construction start and will share specifics of Playland's closure once available.

Playland is managed by stewards with Sunset Youth Services. Playland is a Groundplay project and is managed by the Planning Department. Through our partners at the San Francisco Parks Alliance, we've



partnered with several local community organizations and individuals. Our partners at Sunset Youth Services, including their participating youth, have been vital in supporting the continued maintenance and programming of the project, and they're now the main steward of the temporary park.

2.2 Zoning. N/A

2.3 Probable Maximum Loss. N/A

2.4 Local/Federal Environmental Review. N/A

2.5 Environmental Issues.

- Phase I/II Site Assessment Status and Results.  
Phase I assessments were completed on 10/5/18 and again on 2/17/21. The reviewed Site use and history did not reveal any recognized environmental conditions; However, Total Petroleum Hydrocarbons (TPHs) and lead contamination was confirmed in soils on-Site during soil characterization
- Phase II Soil Characterization completed on 1/21/20. Small amounts of TPH-d, TPH-mo, lead and phenol were found around boring sites. All contaminated soil is anticipated to be excavated, removed from the site and landfilled appropriately. The Phase II recommended a Soil Management Plan for planned redevelopment.
- Soil Vapor Survey completed 6/28/21. The Survey found that vapor intrusion health risk is unlikely to be present at the site. The low levels of contaminants detected do not warrant a recommendation for remedial action or placement of a vapor barrier system beneath the future building, although a moisture barrier would mitigate intrusion of contaminant vapors. A moisture barrier is in the plans for SCV.
- Pre-demolition Hazardous Materials report completed 11/19/20 and revised 1/29/21. Asbestos and lead were found in the former school building at the property and one section of the parking lot asphalt.
- As a result of the above environmental reports, the project team commissioned a Soil Management Plan (1/27/21) and Dust Control Plan (5/28/21) to identify the required abatement needed at the property due to the existing environmental conditions. An Abatement Monitoring proposal has been received and the contract will be executed prior to construction to oversee implementation of these Plans.
- MidPen voluntarily enrolled SCV into DPH's Maher Program on 11/29/21 for regulatory agency oversight. The project team anticipates receiving DPH approval of the Soil Management Plan and Dust Control Plan in April 2022, prior to construction start.

- Potential/Known Hazards. Small quantities of TPH-d, TPH-mo, lead and phenol were found as part of the Phase II. The Soil Vapor Survey detected several chemical contaminants in small quantities that do not present a vapor intrusion risk to the proposed building.
- 2.6 Adjacent uses and neighborhood amenities. The project site is close to the commercial corridor on Judah Street which has a broad selection of restaurants, coffee shops, bars, a hardware store, a bookstore, and a few specialty shops, and is 0.4 miles to Ocean Beach.
- 2.7 Green Building. The project will meet minimum City requirements and is planned to be GreenPoint Rated Gold. The project is also designed to be all-electric.

### 3 COMMUNITY SUPPORT

#### 3.1 Prior Outreach.

In 2018, Supervisor Katy Tang hosted a community meeting at the FSK Annex site for her constituents to meet MidPen as the selected developer for the future use of the site as housing. This was an opportunity for MidPen to introduce themselves and the project to the neighbors. The event was well-attended and the project overall seems well received by the neighbors. Some key issues identified to discuss in further community meetings were: maintaining park and community use spaces on the site, parking and transportation, and height and density of the building.

MidPen also held initial meetings with each of these organizations to engage as the project progresses: Self Help for the Elderly, Sunset Youth Services, and Bay Area Community Resources.

MidPen held multiple large community outreach meetings between August 2018 to February 2019 to present initial conceptual design incorporating initial feedback received from the community, receive community feedback on the initial design, and present revised design. In order to keep the community informed between and after these community meetings, MidPen developed a website for the project, <https://www.scv-midpen.com/>. In Summer 2021, MidPen provided the community with an update on the project, including the newly selected name (Shirley Chisholm Village) for the project, via a recorded video update posted on the project's website. MidPen originally was planning to hold an in-person community meeting, however, due to COVID concerns, this video update was prepared. In partnership with the Planning Department, MidPen participated in a community meeting in December 2021 to update the community on Shirley Chisholm Village's progress and Planning's proposed relocation of elements at Playland.

### 3.2. Future Outreach.

In preparation for Playland's closure and SCV's construction start, MidPen will work with the Planning Department to keep the community informed about the closure in advance and the project's key milestones through community meetings and/or updates through the project's website, Planning's website for Playland, and social media. The most recent community updates will be circulated on April 19<sup>th</sup> via project and Planning's websites as well as Social Media. The Planning Department will provide an update on the relocation of some of Playland's elements, Playland's closure celebration with the community, and Playland's anticipated closure, and MidPen will provide an update on the anticipated construction start and completion. Currently, Playland's closure celebration is expected to occur in May and its closure is expected in June or July. The closure celebration will provide the community with an opportunity to commemorate the well-loved public outdoor space and the past 6 years in which it served the community. At the celebration, Planning and MidPen will provide community members with an opportunity to provide small objects that could be added to the time capsule planned for the publicly accessible outdoor space on 43<sup>rd</sup> Avenue and submit photos of Playland for the photo project to be hung inside the building. Once Playland is closed in the summer, Planning will be managing the deconstruction and relocation of select elements to other parts of the City before SCV starts construction.

Concurrent to the April 19<sup>th</sup> announcement and subsequent Playland closure-related events, MidPen will continue to be in frequent communication with the neighbors immediately adjacent to the project site so that they are aware of neighbor-property access required and construction schedule. In the meetings to date with 2 of the 4 neighbors, MidPen has introduced Cahill Construction to the neighbors so that they can meet before Cahill mobilizes for construction and is in direct contact with the immediate neighbors during construction to alert them of key construction activity. For the larger community, MidPen will continue to update its project website with updates on the project, especially as it approaches construction completion and lease-up.

### 3.3 1998 Proposition I Citizens' Right-To-Know.

Chapter 79 of the City's Administrative Code requires public noticing (Prop I) for initial City-funding made to any new construction project. Noticing was completed on August 17, 2018.

## 4. DEVELOPMENT PLAN

### 4.1. Site Control.

MidPen has negotiated an Option to Ground Lease the site from the SFUSD. Two ground leases will be executed at construction loan closing pending Board of Education approval. The terms outlined in the Option Agreement are for a standard term of 75 years from the date of

construction completion of the Project, with an option to extend the term for an additional 24 years. The ground lease base rent is \$1 per year for the tax credit project and \$15,000 per year for the moderate-income project.

#### 4.1.1. Proposed Property Ownership Structure

The land is currently owned by SFUSD which will retain ownership of the land as the lessor. SFUSD and MP Francis Scott Key 2 Associates, L.P. and MP Francis Scott Key 1 LLC will enter into ground leases at closing. The L.P. and LLC will own the improvements. The initial term of the ground leases will be 75 years with an option to extend for 24 years. Shirley Chisholm Village will be subdivided into 2 parcels via vertical air rights subdivision. One parcel contains the 35 tax credit units, while the other contains the 100 moderate units. The subdivision application was originally submitted on 8/18/2020 and the Tentative Map was approved on 6/16/2021. The Final Map was submitted for final review on 12/09/2021 and is currently pending final approval by the Bureau of Street Use & Mapping. Approval is anticipated prior to closing.

#### 4.2. Proposed Design.

Shirley Chisholm Village's design consists of one building with a four-story wood frame structure (Type V-A) over a one-story concrete podium base (Type I-A) served by two elevators which will serve all units. The first floor will house the podium parking garage (Type I-A), several living units, as well as the lobby, onsite property management offices, and mailbox area. The project's layout promotes social connection and provides numerous opportunities for residents and neighbors to connect on-site in the property's indoor and outdoor neighborhood-accessible spaces with the majority of the amenity spaces are located on the first floor. The first-floor wraps around an interior courtyard that is accessible to residents only. Common area amenities, including a learning center, bike storage, resident storage, and central laundry room are also on the first floor. Office space on the first floor has also been allotted for both MidPen Resident Services Corporation and MidPen Property Management Corporation staff who will be working onsite. In addition to an on-site community manager who lives in the manager's unit, the property will be secured by keycard access for residents and a surveillance camera system throughout the building. The floors above will house the remaining residential units, a working lounge for residents, and a secondary laundry room on the fifth floor, as well as an outdoor terrace on the second floor.

The building follows a contemporary architectural style and utilizes different materials, textures and colors to increase the richness of the urban environment. The design responds to the character of San Francisco's Outer Sunset district through the use of perforated corten

steel panels and heat-treated wood siding at the ground level facing the public space. The massing at the upper levels reflects the rhythm of the local residential neighborhood housing stock, while referencing the undulation of the sand dunes which once occupied the landscape and steps down at the property lines to meet the adjacent housing. The upper levels are finished with fiber cement siding and paneling, and are detailed to distinguish the building on the prevalent foggy days.

All units at Shirley Chisholm Village will be adaptable and will include full kitchens, bathrooms, and closets. Each kitchen features a garbage disposal, dishwasher, refrigerator, range and oven, and cabinetry.

Shirley Chisholm Village will secure a GreenPoint Rated Gold Certification. The project was conceived as an all-electric building to reduce operational carbon emissions and provide lower utility costs. High efficiency heat pump technology is used for building conditioning and domestic hot water. A large on-site PV array will offset a portion of the common electricity load. In this design, carbon emissions are projected to be reduced by approximately 30% by using all electric equipment over a code compliant design. Throughout the site, drought-tolerant landscaping and drip irrigation systems will be included. The units will have Energy Star appliances as well energy-efficient light and water-saving fixtures in the kitchens and bathrooms. Low-E windows will be installed to maximize natural light. In addition, GreenLabel Plus carpet and low-VOC paint will be used in the interiors of the units, further creating high quality and healthy homes for the residents.

Shirley Chisholm Village has undergone a number of steps within MidPen's rigorous review process, leveraging extensive internal and external expertise, and will continue through the process until the project is complete with construction. The project's General Contractor (Cahill Contractors) and Architect (BAR Architects) have been part of the project team since conceptual design, and the design team has developed a cost-efficient design reviewed by the General Contractor, MidPen's internal Design and Construction team, and Owner's third-party construction manager (Griffin Structures). During the conceptual design, the unit design was standardized to the extent possible for design and cost efficiency.

During its preconstruction work to date, Cahill has provided construction budgets at key milestones, including at conceptual plans, 100% SD, 100% DD, and 85% CD. In order to receive as accurate pricing information as possible, Cahill contacts subcontractors for pricing information at each design milestone to ensure that the project's budget is accurate. Most recently for the 85% CD construction budget update, Cahill went out to subs for all of the trades and received approximately

3 bids per trade. For each of these pricing updates, the design team and Cahill participate in full-day VE exercises led by the project's third-party construction manager, Griffin Structures, to identify cost savings, efficiencies in design, efficiencies with constructability, and any conflicts across plans to reduce the number of design conflicts during construction.

In addition to the external expertise of the project team, MidPen also has internal expertise through its internal design and construction management team, who is also regularly engaged in providing support to the project. MidPen issues semi-annually revised MidPen Building Guidelines documents that provides guidance on design efficiencies and good practices that promote cost savings as well as a high-quality housing product given the constraints of funding available. Both MidPen and the General Contractor maintain detailed critical path schedules to ensure that internal and external reviews, VE exercises, and pricing exercises are properly synced and reviewed.

Avg Unit SF by type:	Studio - 432 SF 1-br - 598 SF 2-br - 891 SF 3-br – 1,152 SF
Residential SF:	130,596 SF
Circulation SF:	See Common Area
Parking Garage SF:	22,193 SF
Common Area SF:	12,477 SF
Commercial Space SF:	0 SF
<b>Building Total SF:</b>	<b>165,266 SF</b>

4.3. Proposed Rehab Scope. N/A

4.4 Construction Supervisor/Construction Representative's Evaluation.

The overall massing and design for SCV is largely driven by the guidelines set by the Planning Department which among other things call for facade articulation to match the rhythm of the neighborhood residences and first floor unit entries, which applies to the elevation of the first-floor residential units on 42nd Street. The designers have done an excellent job of achieving the required articulation of the facade and first floor unit entries in a cost-effective manner. The inclusion of a large parking garage to satisfy neighborhood and market requests further adds cost compared to other MOHCD funded projects, as does the

number of studio and 1-bedroom units, but the project team has overcome this and the project costs no more than average.

The project has been carefully reviewed at each milestone of preparing the construction documents. The project has been consistently meeting its targets and is on budget as it stands just prior to finalizing the GMP. Averaging MOHCD's Construction cost comparison metrics, the building is right on target (average of three metrics is +2.8%). The per Unit and per Bedroom costs are slightly higher, but the Square Foot costs are lower. This is reflective of the larger parking garage which burdens the costs per unit and bedroom. The lower Square Foot cost includes the larger area and reflects the team's overall efforts at cost containment. The project's location in an outlying neighborhood and lower project density contribute to the low cost per square foot and per unit. The higher cost per Bedroom is also driven by the smaller overall number of bedrooms due to the number of Studio and 1-bedroom apartments. The typical MOD/OCII project of this size would have 31 more bedrooms which would significantly lower this comparison. Overall, the comparisons are favorable.

To try and further mitigate against cost escalation in these still volatile times, the GC is carrying a 1.5% Lumber and other escalation allowance in addition to their 2% Contractor's Contingency. The sponsor is carrying a 6% Owner's Contingency as well.

#### 4.5 Commercial Space. N/A

#### 4.6 Service Space.

At Shirley Chisholm Village, common spaces to support services programming include an onsite services staff office (134 SF), community room (1,176 SF), workspace lounge for residents (1,154 SF), workout room (468 SF), and learning center (1,158 SF). These spaces will be used to provide a variety of services to adults and youth including parent education, connection to benefits like CalFresh and Medi-Cal, exercise and nutrition, health and wellness through lifestyle adjustments, financial literacy, and homeownership education referrals.

#### 4.7 Interim Use.

From March 2016 to May 2016, the Planning Department led a design development and implementation project to temporarily enliven the underutilized parking lot at the Francis Scott Key Annex site under their Pavement to Parks program before the site was developed for affordable housing. The result of that process turned the site into a neighborhood amenity with uses include community seating with gazebo, community garden area, basketball courts, artist studios and art classes, skate park, and a playground and exercise area. The Friends of Playland was a

neighborhood group that operated the programming for the site, such as yoga and garden programs for children, and management of Playland has been transferred to Sunset Youth Services. The budget for Playland is managed by the City's Planning Department. See Section 3.2 for the demobilization schedule for Playland.

4.8 Infrastructure.

Offsite infrastructure improvements include demolishing and replacing the asphalt lot, curb, gutter, and sidewalk at the project site and replacing the curb ramp at the intersection of 43<sup>rd</sup> Avenue & Judah Street. In addition, offsites include establishing utility connections through PG&E for the building, replacing street lighting surrounding the project site and replacing a portion of the waterline at Judah. Public Works and Water Department will be involved in the improvements to the public right of way and water main upgrade. The cost of the offsites is included in the project's budget and the work will be completed during construction of the project.

4.9 Communications Wiring and Internet Access.

The units at Shirley Chisholm Village will include Smartboxes and be wired to offer internet access to multiple service providers such that tenants can choose a provider. The project will provide Ethernet cable design for data/internet. Service to the building from Public Right of Way to a MPOE and to IDF is designed to adequately accommodate fiber and cabling for multiple service providers, following the minimum specs included in the MOHCD Communication Systems Design Standards.

4.10 Public Art Component.

SCV plans to collaborate with local artist(s) and the community for the public art onsite, which is planned to include a mural on the exterior of the building facing 43<sup>rd</sup> Avenue. The estimated cost for the public art and process is approximately \$350,000. SCV will outreach and implement affirmative marketing to inform local artists about the opportunity.

4.11 Marketing, Occupancy, and Lease-Up.

SCV will be marketed to SFUSD educators, other SFUSD employees, and the general public. The 34 tax credit units, restricted between 40% - 60% MOHCD AMI, are intended to prioritize SFUSD paraeducators and the 100 moderate-income units, restricted between 80%-120% MOHCD AMI, are intended to prioritize SFUSD educators. Targeting incomes at 80% - 120% MOHCD AMI allows the "missing middle" of educators to be served.

Below is the current planned list of applicable preferences in order of priority for the project and as shown below, a preference for the units will first be given to teachers and paraeducators (Tier 1) employed with SFUSD and a second preference will be given to non-educators (Tier 2) employed with SFUSD:



Prospective Applicants:

- Tier 1 – SFUSD Teachers and Paraeducators
- Tier 2 – Other SFUSD Employees
- General Public – All persons of any area

Applicable Preferences:

- Certificate of Occupancy Preference (COP)
- Displaced Tenant Housing Preference (DTHP)
- Neighborhood Resident Preference (NRHP)

	<b>Certificate of Occupancy Preference (COP)</b>	<b>Displaced Tenant Housing Preference (DTHP)</b>	<b>Neighborhood Resident Preference (NRHP)</b>	<b>Live/Work</b>
<b>Tier 1</b>	COP+SFUSD	DTHP+SFUSD	NRHP+SFUSD	SFUSD
<b>Tier 2</b>	COP+SFUSD	DTHP+SFUSD	NRHP+SFUSD	SFUSD
<b>General Public</b>	COP	DTHP	NRHP	Gen Public

In March 2022, MidPen submitted a draft of the Marketing Plan and Resident Selection Criteria to MOHCD for initial review. In collaboration with SFUSD, MidPen will develop a marketing plan to ensure that SFUSD educators and employees are aware of this housing opportunity.

The rents of the moderate-income units are currently underwritten to be 15% below market. MidPen’s latest market study, dated January 2022, identifies the market rents to be the following:

Unit Size	Current Proposed Moderate-Income Unit Net Rent	Market Rent	Differential
Studios	\$2,167	\$2,549	-15%
One-Bedroom	\$2,330	\$2,741	-15%
Two-Bedroom	\$3,361	\$3,971	-15%

4.12 Relocation. N/A, this project is new construction.

**5 DEVELOPMENT TEAM**

<b>Development Team</b>			
<b>Consultant Type</b>	<b>Name</b>	<b>SBE/LBE</b>	<b>Outstanding Procurement Issues</b>
Architect	BAR Architects	Y	N
Landscape Architect	Fletcher Studios	Y	N
JV/Other Architect	G7A	Y	N
General Contractor	Cahill Contractors	Y	N

Owner's Rep/Construction Manager	Griffin Structures	N	N
Financial Consultant	California Housing Partnership Corp	Y	N
Legal	Lubin & Olson Gubb & Barshay LLP Holland & Knight LLP Davis Craig PLLC	N	N
Property Manager	MidPen Property Mgmt	N	N
Services Provider	MidPen Resident Services Corp	N	N

5.1 Procurement Plan.

The City's Contract Management Department (CMD) set an SBE goal of 20% for the entire professional services budget for SCV. Project contracts, excluding the contracts as described above, totals \$74,306,183. Of that amount, \$15,950,588 is contracted with SBE businesses, or 21.47%. Per the Procurement Plan, the Informal contracting procedures as described in the Rules and Regulations for 14B do not apply to consultants with contract amounts less than the current Minimum Competitive Amount of \$100,000.

In February 2019, MidPen issued a RFP to solicit proposals from general contractors for SCV. MidPen received 4 proposals and from extensive review and vetting, selected Cahill Contractors based off of their extensive experience in multi-family housing construction in San Francisco, track record in delivering projects on schedule and within budget, and meeting SBE goals. Most recently, Cahill went out to bid in December 2021 for SCV's GMP and received approximately 3-6 bids from subcontractors per trade. They publicized the bidding opportunity on various Builder's Exchanges and Organizations.

5.2 Opportunities for BIPOC-Led Organizations.

Currently, MidPen does not track whether the leadership of development project team members are Black, Indigenous, or People of Color (BIPOC). However, MidPen does collect such information, as shown below:

**BAR Architects**

<b>Race</b>
Asian: 18%
African American: 5%
White: 62%
Native Hawaiian/Other Pacific Islander : 0%
Hispanic or Latino: 11%
Not Specified: 2%
Other: 2%
American Indian or Alaska Native: 0%

**CAHILL Contractors**

<b>Race</b>
Asian: 6%
African American: 5%
White: 45%
Native Hawaiian/Other Pacific Islander : 0.3%
Hispanic or Latino: 37%
Not Specified: 0%
Other: 6%
American Indian or Alaska Native: 0.3%

**6 FINANCING PLAN (See Attachment H for Cost Comparison of City Investment in Other Housing Developments; See Attachment J for Sources and Uses)**

6.1 Prior MOHCD/OCII Funding:

<b>Loan Type/ Program</b>	<b>Loan Date</b>	<b>Loan Amount</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Repayment Terms</b>	<b>Outstanding Principal Balance</b>	<b>Accrued Interest to 03/31/2022</b>
Predevelopment/ GO Bond	12/13/2018	\$2,950,000	3%	12/13/2075	Residual Receipts	\$2,950,000	\$154,055.75
Predevelopment/ HTF	12/13/2018	\$50,000	3%	12/13/2075	Residual Receipts	\$50,000	\$1,766.68
<b>Total:</b>		\$3,000,000					

6.2 Disbursement Status. To date, \$3,000,000 in predevelopment loan funds have been drawn down, with a balance available of \$0. MidPen will provide working capital to the extent needed, estimated at \$1,253,144, to bring the project to construction loan closing.

6.3 Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this project was last at Loan Committee for preliminary gap loan committee on January 29, 2021:

**By Mid-2021:**

1. Sponsor must investigate all moderate-income funding sources available and submit comprehensive findings report to MOHCD for approval. Status: **Completed.**
2. Condition 2 – Sponsor will provide to MOHCD for review all Request for Proposals (RFPs) for equity investors before it is finalized and released for investors. Status: **Completed.**
3. Condition 3 – Sponsor will provide for MOHCD review of raw financial data from developer or financial consultant prior to selection. Status: **Completed.**
4. Condition 4 – Completed - Sponsor will submit to MOHCD all selected investors for approval. Status: **Completed.**

5. Condition 5 – Completed - Sponsor will submit to MOHCD for review and approval all Letters of Intent from financial partners. Status: **Completed.**
6. Condition 6 – MOHCD must review Services Plan and Budget.  
Status: **In Progress.**

6.5.1 Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project:

**Tax Credit Project (35 units)**

- **MOHCD Loan (\$2,656,208)**: Loan is underwritten with 55-year term at 3% interest. The estimated amount for MOHCD's gap loan on 35 units is \$2,656,208 or \$19,676 per unit.
- **Private mortgage (\$1,349,000)**: Mortgage is underwritten with 20-year term, 20-year amortization, and 4.67% interest rate with 0.70% cushion. In the current interest rate rising environment, the interest rate cushion is recommended for the anticipated closing date in August 2022. The private mortgage lender is Silicon Valley Bank.
- **9% Federal Tax Credit Equity (\$24,747,525)**: MidPen accepted a proposal from Silicon Valley Bank and National Equity Fund (NEF), tax credit lender and investor at a gross equity pricing of .99 cents, which is the current tax credit market.
- **General Partner Equity (\$100)**: SCV is a 9% tax credit project and the \$100 General Partner equity is the minimum required equity for the limited partnership.
- **Construction Loan (\$22,534,980)**: While not a permanent source, the construction loan terms are 35 months and 3.84% interest rate with 0.50% cushion. The construction loan lender is Silicon Valley Bank.

**Moderate-Income Project (100 units)**

- **MOHCD Loan (\$45,543,792)**: Loan is underwritten with 55-year term at 3% simple interest. The estimated amount for MOHCD's gap loan on the 100 units is \$45,543,792 or \$337,361 per unit.
- **MidPen Tranche C Loan (\$4,700,000)**: Lender is MidPen Housing Corporation, term is 55 years, non-amortizing, 5% interest rate, repayment anticipated within 15 years with 90% split of residual receipts split. Since Loan anticipated to be repaid within 15 years, anticipate return to 33%/67% split after that. This loan will be subordinate to the City's priority lien position on cashflow and include a standstill provision.

- **Private mortgage (\$25,065,000):** Mortgage is underwritten with 17-year term, 35-year amortization, and 4.72% interest rate with 0.70% cushion. In the current interest rate rising environment, the interest rate cushion is recommended for the anticipated closing date in August 2022.
- **Construction Loan (\$23,848,071):** While not a permanent source, the construction loan terms are 35 months and 3.84% interest rate with 0.50% cushion. The construction loan lender is Silicon Valley Bank.

6.5.2. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$640,737/unit for Moderate Income project; \$638,694/unit for Tax Credit project.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 6.0% for Moderate and 6.1% for Tax Credit project. Staff supports request for waiver.
Architecture and Engineering Fees are within standards	Y	Total Architectural & Design fees is \$2,488,037, which is within Underwriting guidelines.
Construction Management Fees are within standards	N	The Construction Management Fee in total across both the tax credit and moderate-income project is \$310,000 for both predevelopment and construction work. This assumes approximately \$160k for predevelopment (\$40k x 4 years) and \$150k for construction (\$75k x 2 years) which is \$30,000 more than MOHCD's underwriting policies. Project is still in predevelopment, so fee breakdown between predevelopment and construction, subject to change. Sponsor will submit a request for a waiver.
Developer Fee is within standards, see also disbursement chart below	Y	Project Management Fee: \$1,100,000 At Risk Fee: \$1,400,000 Total Developer Fee: \$2,500,000
Consultant and legal fees are reasonable	Y	Legal fees related to construction and perm financing reflect fees required for each project.
Entitlement fees are accurately estimated	Y	Entitlement fees have incurred. MP confirmed building permit fees and impact fees DBI and Planning, other departments to the extent possible.

Construction Loan interest is appropriately sized	Y	3.84%
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 5%  With the current status of SCV and its closing imminent, the project's Sponsor is currently carrying 5% soft cost contingency. Staff supports request for waiver.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	N/A	N/A

6.5.5. Developer Fee Evaluation: The \$2,200,000 in total developer fee originally approved by Loan Committee in 2018 did not reflect the revised MOHCD developer fee guidelines. As such, the Sponsor has requested a \$2,500,000 developer fee, which is the total developer fee for both the tax credit and moderate-income portion of the project. MOHCD's developer fee policy does not specify fee limits for moderate income projects, however, the \$2,500,000 total developer fee complies with the MOHCD developer fee policy as a 9% tax credit project. The milestones for the payment of the developer fee to the sponsor are specified below:

	<b>COMBINED FEE</b>		<b>TAX CREDIT</b>	<b>MODERATE</b>
Total Developer Fee:	\$2,500,000		\$1,400,000	\$1,100,000
Project Management Fee Paid to Date:	\$500,000		\$280,000	\$220,000
Amount of Remaining Project Management Fee:	\$600,000		\$336,000	\$264,000
Amount of Fee at Risk (the "At Risk Fee"):	\$1,400,000		\$784,000	\$616,000
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	\$ N/A		N/A	N/A
Amount of Fee Deferred (the "Deferred Fee"):	\$0		\$0	\$0
Amount of General Partner Equity Contribution (the "GP Equity"):	\$100		\$100	\$0

Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee		
At acquisition or closing of predevelopment financing (disbursed)	\$150,000	6%	\$84,000	\$66,000
During or at end of predevelopment (disbursed)	\$ 350,000	14%	\$196,000	\$154,000
Construction close	\$300,000	50%	\$168,000	\$132,000
During Construction	\$200,000	20%	\$112,000	\$88,000
Project close-out	\$100,000	10%	\$56,000	\$44,000
<b>TOTAL</b>	<b>\$1,100,000</b>		<b>\$616,000</b>	<b>\$484,000</b>
Milestones for Disbursement of that portion of Developer Fee defined as At- Risk Fee		Percentage At-Risk Fee		
100% lease up and draft cost certification	\$280,000	20%	\$156,800	\$123,200
Permanent conversion	\$700,000	50%	\$392,000	\$308,000
Project close-out	\$420,000	30%	\$235,200	\$184,800
<b>TOTAL</b>	<b>\$1,400,000</b>		<b>\$784,000</b>	<b>\$616,000</b>

**7 PROJECT OPERATIONS (See Attachment K thru M for Operating Budget and Proforma)**

7.1 Annual Operating Budget. The combined proposed operating budget is \$19,693 before reserves but including ground lease rent. Looking at the breakdown of the two budgets, the tax credit operating budget is \$10,053 per unit per year, and the moderate-income operating budget is \$9,640. On the revenue side, the residential rents are projected at a range of AMIs that will support building operations, in addition to small amounts of revenue from building laundry.

Operating expenses are comparable to most properties this size, see 1<sup>st</sup> Year Operating Budget, Attachment K.

7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	N	<p>Tax Credit Project - DSCR is 1.34 at Year 1 and 1.11 at Year 17.</p> <p>As a small project with 35 units, the project's cash flow trends downward quickly and so requires higher starting DSCR to be positive until Year 20.</p> <p>Moderate Income Project with 100 units, the DSCR is 1.20 at Year 1 and 1.50 at Year 17.</p> <p>MidPen will be lender for Tranche C loan and projections include sufficient cash flow to repay the Tranche C loan within 15 years. The higher DSCR is proposed to address MidPen concerns, if any, with the project's higher income levels, and must be negotiated prior to closing.</p>
Vacancy rate meets TCAC Standards	Y	Vacancy rate is 5%.
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	N	<p>Income escalation factor is 2%</p> <p>Lender and investor to require 2% escalation.</p>
Annual Operating Expenses are increased at 3.5% per year Annual Operating Expense escalation is based on project's historical actuals	N	<p>Expenses escalation factor is 3%</p> <p>Lender and investor to require 3% escalation.</p>
Base year operating expenses per unit are reasonable per comparables	Y	<p>For Tax Credit Project: Total Operating Expenses are \$10,053 per unit (without ground lease rent and replacement reserve deposits).</p> <p>Moderate Income Project Total Operating Expenses are \$9,640 per unit (without ground lease rent and replacement reserve deposits). Comparable total operating expense per unit figures, based on developer's portfolio comparable. \$15k Ground Lease payment attached to Mod Income Project.</p>
Property Management Fee is at allowable <a href="#">HUD Maximum</a>	Y	Total Property Management Fee is \$97,200 or \$60 PUPM
Property Management staffing level is reasonable per comparables	Y	<p>Refer to chart below.</p> <p>Property Management staffing will consist of 1 FTE onsite manager and 1 FTE assistant manager.</p>



Asset Management and Partnership Management Fees meet standards	Y	Tax Credit Project: Annual PM Fee is \$25,999/yr  Moderate Income Project: Annual AM Fee is \$24,250/yr
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$400 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	For the tax credit project, Limited Partner Asset Management Fee is \$5,000 annually without escalation below-the-line.

7.3 Staffing Summary. Onsite staff includes 5.0 FTEs assigned to the 135-unit property, with 2.0 Property Management FTEs, 2.0 Maintenance Staff FTEs, and 1.0 Resident Services Staff FTE.

Onsite Staff Positions	No. of FTEs
Property Manager	1.0
Assistant Property Manager	1.0
Resident Service Coordinator	1.0
Maintenance Lead	1.0
Maintenance Tech	1.0
<b>Total Property Management Staff</b>	<b>5.0</b>

7.5 Income Restrictions for All Sources. The income restrictions will be included in the MOHCD regulatory agreement.

UNIT SIZE		MAXIMUM INCOME LEVEL		
<u>LOTTERY/</u>	No. of Units	MOHCD	TCAC	
Studio	2	40% MOHCD AMI	30% TCAC AMI	
Studio	4	50% MOHCD AMI	40% TCAC AMI	
Studio	6	80% MOHCD AMI	N/A	
Studio	6	100% MOHCD AMI	N/A	
Studio	6	120% MOHCD AMI	N/A	
<b>Sub-Total</b>	<b>24</b>			
1 BR	2	40% MOHCD AMI	30% TCAC AMI	
1 BR	4	50% MOHCD AMI	40% TCAC AMI	
1 BR	12	80% MOHCD AMI	N/A	
1 BR	<b>13</b>	100% MOHCD AMI	N/A	

1 BR	12	120% MOHCD AMI	N/A	
<b>Sub-Total</b>	<b>43</b>			
2 BR	2	40% MOHCD AM	30% TCAC AMI	
2 BR	2	50% MOHCD AMI	40% TCAC AMI	
2 BR	9	60% MOHCD AMI	50% TCAC AMI	
2 BR	15	80% MOHCD AMI	N/A	
2 BR	15	100% MOHCD AMI	N/A	
2 BR	15	120% MOHCD AMI	N/A	
<b>Sub-Total</b>	<b>58</b>			
3 BR	2	40% MOHCD AMI	30% TCAC AMI	
3 BR	2	50% MOHCD AMI	40% TCAC AMI	
3 BR	5	60% MOHCD AMI	50% TCAC AMI	
<b>Sub-Total</b>	<b>9</b>			
<b>STAFF UNITS</b>				
2 BR	1			
<b>TOTAL</b>	<b>135 units</b>	<b>35 tax credit units</b>	<b>100 units moderate units</b>	
<b>PROJECT AVERAGE</b>	<b>87%</b>	<b>50%</b>	<b>100%</b>	

The project includes:

- 24 studios
- 43 one-bedrooms
- 59 two-bedrooms (including a manager's unit)
- 9 three-bedrooms

The overall average AMI restriction for the total tax credit units is 50% MOHCD AMI, which is lower than the stated goal in the RFP of an average of no more than 60% MOHCD AMI.

#### 7.6 MOHCD Restrictions.

Tax Credit Project:

Unit Size	No. of Units	Maximum Income Level (MOHCD AMI)
0BR	2	40% of Median Income
1BR	2	40% of Median Income
2BR	2	40% of Median Income
3BR	2	40% of Median Income
0BR	4	50% of Median Income
1BR	4	50% of Median Income

2BR	2	50% of Median Income
3BR	2	50% of Median Income
2BR	9	60% of Median Income
3BR	5	60% of Median Income
2BR	1	Manager's Unit

Moderate Income Project:

Unit Size	No. of Units	Maximum Income Level (MOHCD AMI)
0BR	6	80% of Median Income
1BR	12	80% of Median Income
2BR	15	80% of Median Income
0BR	6	100% of Median Income
1BR	13	100% of Median Income
2BR	15	100% of Median Income
0BR	6	120% of Median Income
1BR	12	120% of Median Income
2BR	15	120% of Median Income

## 8 SUPPORT SERVICES

### 8.1 Services Plan.

MidPen Resident Services Corporation will provide onsite services available to all residents of SCV for no charge. Proposed staffing includes 1 FTE Services Coordinator for 135 units, which is below the typical MOHCD ratio of 1 FTE for 100 units, but is reasonable given the project's target population. The potential services to be offered to adults and youth at the property include but are not limited to: parent education, benefits acquisition, exercise and nutrition, health and wellness through lifestyle adjustments, financial literacy, asset management, and an After-School Program for school-age youth living at the property.

In addition, MidPen Services will provide residents interested in homeownership with referrals to homeownership education and counseling to support their step to homeownership. The planned services at SCV were determined through discussions with SFUSD and focus groups with SFUSD educators who provided feedback. When the property is leased up, MidPen Services will evaluate needs of the residents and develop services programming to best serve their needs.

### 8.2 Services Budget.

The total services budget across the tax credit and moderate-income project is \$120,510 at a cost per unit/year of \$893. The services budget is included in the projects' operating budgets.

UNITS	135 FAMILY 1:135 staffing ratio
Resident Service Coordinator (1FTE). Includes Benefits	\$57,068
Programming Supplies	\$21,631
Adult Educational Classes	\$19,562
Supervision/Expense Overhead	\$22,249
<b>Total</b>	<b>\$120,510</b>

## 9 STAFF RECOMMENDATIONS

### 9.1 Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$48,200,000
Loan Term:	55 years
Loan Maturity Date:	2080
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	August 17, 2018

### 9.2 Recommended Loan Conditions

Prior to Loan Closing:

- Sponsor must submit an updated services plan and budget for MOHCD review and approval.
- Sponsor to analyze amount of foregone City loan savings due to sizing the Debt Service Coverage Ratio on the moderate-income loan at a level higher than what is required by the first mortgage lender, and work with MOHCD to align the size of the first mortgage with MOHCD's Underwriting Guidelines, potentially reducing the City's loan amount.

At 50% Construction Completion/12 months prior to completion:

- Sponsor must provide executed Memorandum of Understanding with MidPen Resident Services Corporation responsible for ensuring the delivery of resident services programs to residents for MOHCD review and approval.
- Sponsor to begin Marketing and Lease-Up activities.

On-going Reporting:

- Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Report, including on community outreach; and outcomes achieved related to racial equity goals

## 10 LOAN COMMITTEE MODIFICATIONS

## LOAN COMMITTEE RECOMMENDATION

*Approval indicates approval with modifications, when so determined by the Committee.*

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Eric D. Shaw, Director  
Mayor's Office of Housing

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Salvador Menjivar, Director of Housing  
Department of Homelessness and Supportive Housing

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
James Morales, Interim Executive Director  
Office of Community Investment and Infrastructure

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Anna Van Degna, Director  
Controller's Office of Public Finance

Date: \_\_\_\_\_

- Attachments:
- A. Project Milestones/Schedule
  - B. Borrower Org Chart
  - C. Developer Resumes
  - D. Asset Management Analysis of Sponsor
  - E. Threshold Eligibility Requirements and Ranking Criteria
  - F. Site Map with amenities
  - G. Elevations and Floor Plans, if available
  - H. Comparison of City Investment in Other Housing Developments
  - I. Predevelopment Budget –N/A
  - J. Development Budget
  - K. 1<sup>st</sup> Year Operating Budget
  - L. 20-year Operating Pro Forma
  - M. Services Programming Commitment MOU
  - N. Tranche C Loan Background

### **Attachment A: Project Milestones and Schedule**

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	8/17/18	
1	Acquisition/Predev Financing Commitment	<u>12/12/18</u>	
2.	Site Acquisition	<u>8/18/22</u>	
3.	Development Team Selection		
a.	Architect	<u>10/10/19</u>	
b.	General Contractor	<u>5/17/19</u>	
c.	Owner's Representative	<u>2/20/19</u>	
d.	Property Manager	<u>N/A</u>	<u>MidPen Property Mgmt</u>
e.	Service Provider	<u>N/A</u>	<u>MidPen Resident Services</u>
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>1/15/20</u>	
b.	Submittal of Design Development & Cost Estimate	<u>5/14/20</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>7/15/20</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>9/11/20</u>	
5.	Commercial Space	<u>N/A</u>	
a.	Commercial Space Plan Submission	<u>N/A</u>	
b.	LOI/s Executed	<u>N/A</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>5/21/20</u>	
b.	CEQA Environ Review Submission	<u>N/A</u>	
c.	NEPA Environ Review Submission	<u>N/A</u>	
d.	CUP/PUD/Variances Submission	<u>N/A</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	<u>1/7/20</u>	
b.	Perm Power Application Submission	<u>10/9/20</u>	
8.	Permits		
a.	Building / Site Permit Application Submitted	<u>11/22/19</u>	
b.	Addendum #1 Submitted	<u>12/23/20</u>	

c.	Addendum #2 Submitted	<u>12/23/20</u>	
9.	Request for Bids Issued	<u>12/22/21</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>2/4/21</u>	
b.	Final	<u>10/1/2023</u>	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	<u>8/17/18</u>	
b.	Gap Financing Application	<u>4/15/22</u>	
12.	Other Financing		
a.	HCD Application	<u>N/A</u>	
b.	Construction Financing RFP	<u>2/4/22</u>	
c.	AHP Application	<u>N/A</u>	
d.	CDLAC Application	<u>N/A</u>	
e.	TCAC Application	<u>3/1/22</u>	
f.	Other Financing Application	<u>N/A</u>	
g.	LOSP Funding Request	<u>N/A</u>	
13.	Closing		
a.	Construction Loan Closing	<u>8/18/22</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>7/1/25</u>	
14.	Construction		
a.	Notice to Proceed	<u>8/19/22</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>8/19/24</u>	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>3/21/22</u>	
b.	Commence Marketing	<u>10/19/23</u>	
c.	95% Occupancy	<u>1/31/25</u>	
16.	Cost Certification/8609	<u>7/1/25 (cost certification)</u> <u>7/1/26 (8609)</u>	
17.	Close Out MOH/OCII Loan(s)	<u>9/1/25</u>	



**Attachment B: Borrower Org Chart**

**(SEE ATTACHED)**

**Attachment C: Development Staff Resumes**

**(SEE ATTACHED- RESUMES FOR PRIMARY STAFF WORKING ON SCV)**

## **Attachment D: Asset Management Evaluation of Project Sponsor**

121 properties and average 66 units currently in MidPen's Asset Management portfolio.

### **Sponsor's current asset management staffing –**

Asset Management is currently fully staffed with no vacant positions. Total of 12 positions. All staff are full time.

- Vice President of Asset Management (1) – Zero assigned units.
- Director of Asset Management (1) – Zero assigned units.
- Senior Asset Manager (1) – 2,008 assigned units.
- Asset Manager (2) – Average assigned units: 2,325
- Associate Asset Manager (1) – 692 assigned units.
- Asset Analyst (4) – Zero assigned units.
- Senior Project Asset Manager (1) – 804 assigned units.
- Project Asset Manager (1) – Zero assigned units.

### **Description of scope and range of duties of sponsor's asset management team**

The Asset Management department is responsible for developing, implementing, monitoring, and managing the short and long-term strategic goals of the properties and their stakeholders, each while adhering to the governing agreements, regulatory restrictions, and project plan, and ensuring the delivery of MidPen's mission. Asset Management oversees physical, financial, and operational performance of the portfolio, working both in internal and external parties to address issues and opportunities.

### **Description of sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc.**

Internal working relationships include significant communication and collaboration with all departments at MidPen. Asset Management is responsible for establishing effective cross-functional processes that ensure efficiency between each department and the successful communication of the status of and strategic goals for the properties. Asset Management works with all level of Property Management and Compliance to develop and execute annual operating budgets, develop and execute corrective action plans for properties not meeting benchmarks, ensuring compliance with governing documents, rules and regulations. Asset Management works with Accounting to calculate annual surplus cash, review and deliver annual financial audits, and scrutinize monthly financial statements, diagnosing and securitizing as needed. Asset Management works with Facilities to address short- and long-term capital needs of the portfolio through capital planning meetings, and facilitating external approval for capital

work. Asset Management works with Information Technology to ensure proper business systems and processes are in place to maintain efficient operations and data integrity. Asset Management works with Development to inform operational expectations on future developments and ensure smooth transition from construction into operations.

**Sponsor's budget for asset management team – shown as cost center for projects in SF**

MidPen's budget for its Asset Management team is \$1,899,726 for 2022. Asset Management staff time is not charged to properties.

**# of projects expected to be in sponsor's AM portfolio in 5 years and, if applicable, plans to augment staffing to manage growing portfolio**

Thirty-three properties are anticipated to complete construction and begin operations in the next 5 years. To account for this growth, the Asset Management team intends to add an additional full-time Asset Manager. As projects come online, the current Associate Asset Manager will be promoted to Asset Manager as an add-role, and the Associate Asset Manager role will be likely be filled from a pool of Asset Analysts.

**Attachment E: Threshold Eligibility Requirements and Ranking Criteria**

**(SEE ATTACHED)**

**Attachment F: Site Map with amenities**

**(SEE ATTACHED)**

**Attachment G: Elevations and Floor Plans**

**(SEE ATTACHED)**

**Attachment H: Comparison of City Investment in Other Housing  
Developments**

**(SEE ATTACHED)**



**Attachment I: Predevelopment Budget – N/A**

**Attachment J: Development Budget**

**(SEE ATTACHED)**

**Attachment K: 1<sup>st</sup> Year Operating Budget**

**(SEE ATTACHED)**

**Attachment L: 20-year Operating Proforma**

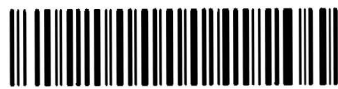
**(SEE ATTACHED)**

**Attachment M: Services Programming Commitment MOU**

**(SEE ATTACHED)**

**Attachment N: Tranche C Loan Background**

**(SEE ATTACHED)**



RECORDING REQUESTED BY  
**OLD REPUBLIC TITLE COMPANY**

Escrow No.: 1117019285  
APN: 1797-007  
Situs: Shirley Chisolm Village - 1360 43rd  
Avenue

WHEN RECORDED MAIL TO

Midpen Housing  
350 College Ave #250  
Santa Rosa, CA 95401

City and County of San Francisco  
Joaquin Torres, Assessor-Recorder

Doc #	<b>2021111360</b>	Fees	\$47.00
7/16/2021	11:39:49 AM	Taxes	\$0.00
YY	Electronic	Other	\$0.00
Pages 12	Title 394	SB2 Fees	\$75.00
Customer	9001	Paid	\$122.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**Notice of Special Restrictions Under The Planning Code**

117019885  
Block 1797, Lot 7  
1360 43rd Ave

**NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE**

NO fee requested

RECORDING REQUESTED BY: )

And When Recorded Mail To: )

Name: Midlen Housing )

Address: 350 College Ave #250 )

City: Santa Rosa, CA 95401 )

State: California Zip: \_\_\_\_\_ ) Space Above this Line For Recorder's Use

I, (We) San Francisco Unified School District, the owner(s) of that certain real property situated in the City and County of San Francisco, State of California more particularly on attached sheet marked "Exhibit A":

**BEING ASSESSOR'S BLOCK: 1797, LOTS: 007;**

**COMMONLY KNOWN AS: 1360 43rd Avenue;**

hereby give notice that there are special restrictions on the use of said property under Part II, Chapter II of the San Francisco Municipal Code (Planning Code).

Said restrictions consist of conditions attached to Building Permit Application Nos. **2019.1209.9006** and **2019.1209.9009** by the Planning Department and are conditions that had to be so attached in order that said application could be approved under the Planning Code (Planning Case No. 2018-15768PRJ). The plans filed with the present application indicate that the proposed project at 1360 43rd Avenue includes the demolition of an existing school site and the construction of a four-to-five-story, 100% affordable residential building with 135 residential units (24 studios, 43 one-bedroom units, 59 two-bedroom units, and 9 three-bedroom units), inclusive of the manager's unit, with residential accessory uses and a community room, conference room, learning center and computer lab, a workspace, and a lounge (the "Project"). One-hundred percent of the units in the residential portion of the Project will be rented at a price that is affordable to 40- to 120-percent Area Median Income (AMI), exclusive of the manager's unit. The Project intends to provide residential units to educators.

**Recordation of Conditions of Approval**

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Department on **May 21, 2020**.



## NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE

### Severability

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent owner or responsible party.

### Changes and Modifications

Changes to the approved plans may be approved administratively by Planning Staff if the modifications to the Project are compliant with the objective provisions of the Planning Code.

### Withdrawn

If the Project is abandoned and Building Permit Application Nos. 2019.1209.9006 and 2019.1209.9009 are withdrawn or cancelled, then this Notice of Special Restrictions may be superseded with a subsequent Notice of Special Restrictions nullifying the Conditions of Approval, Compliance, Monitoring, and Reporting noted below.

### Conditions of Approval, Compliance, Monitoring, and Reporting

#### PERFORMANCE

- 1. Validity.** Pursuant to California Government Code Section 65913.4(e)(1) the authorization and right vested by virtue of this action does not expire, as the Project includes public investment in affordability, and more than 50 percent of units are restricted by a land use restriction or covenant as affordable to households earning at or below 80 percent of the area median income for no less than fifty-five years if rented and forty-five years if owned. *For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863/628-652-7463, [www.sf-planning.org](http://www.sf-planning.org)*
- 2. Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval. *For information about compliance, contact Code Enforcement, Planning Department at 628-652-7463, [www.sf-planning.org](http://www.sf-planning.org)*
- 3. Priority Processing.** This Project was enrolled into the Priority Processing Program, as a Type 1 Project, pursuant to Director's Bulletin No. 2. *For information about compliance, contact the Case Planner, Planning Department at 628-652-7366 [www.sf-planning.org](http://www.sf-planning.org)*

## NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE

### DESIGN – compliance at plan stage

4. **Final Materials.** The Project Sponsor shall continue to work with Planning Department on the building design. Final materials, glazing, color, texture, landscaping, and detailing shall be subject to Department staff review and approval. The architectural addenda shall be reviewed and approved by the Planning Department prior to issuance.  
*For information about compliance, contact the Case Planner, Planning Department at 628-652-7366, [www.sf-planning.org](http://www.sf-planning.org)*
5. **Garbage, Composting and Recycling Storage.** Space for the collection and storage of garbage, composting, and recycling shall be provided within enclosed areas on the property and clearly labeled and illustrated on the building permit plans. Space for the collection and storage of recyclable and compostable materials that meets the size, location, accessibility and other standards specified by the San Francisco Recycling Program shall be provided at the ground level of the buildings.  
*For information about compliance, contact the Case Planner, Planning Department at 628-652-7366, [www.sf-planning.org](http://www.sf-planning.org)*
6. **Rooftop Mechanical Equipment.** Pursuant to Planning Code 141, the Project Sponsor shall submit a roof plan to the Planning Department prior to Planning approval of the building permit application. Rooftop mechanical equipment, if any is proposed as part of the Project, is required to be screened so as not to be visible from any point at or below the roof level of the subject building.  
*For information about compliance, contact the Case Planner, Planning Department at 628-652-7366 [www.sf-planning.org](http://www.sf-planning.org)*
7. **Streetscape Plan.** Pursuant to Planning Code Section 138.1, the Project Sponsor shall continue to work with Planning Department staff, in consultation with other City agencies, to refine the design and programming of the Streetscape Plan so that the plan generally meets the standards of the Better Streets Plan and all applicable City standards. The Project Sponsor shall complete final design of all required street improvements, including procurement of relevant City permits, prior to issuance of first architectural addenda, and shall complete construction of all required street improvements prior to issuance of first temporary certificate of occupancy.  
*For information about compliance, contact the Case Planner, Planning Department at 628-652-7366, [www.sf-planning.org](http://www.sf-planning.org)*
8. **Transformer Vault Location.** The location of individual project PG&E Transformer Vault installations has significant effects to San Francisco streetscapes when improperly located. However, they may not have any impact if they are installed in preferred

## NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE

locations. Therefore, the Planning Department in consultation with Public Works shall require the following location(s): at the ground floor of the project site. The Project Transformer is entirely within the property line. The above requirement shall adhere to the Memorandum of Understanding regarding Electrical Transformer Locations for Private Development Projects between Public Works and the Planning Department dated January 2, 2019.

*For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 628-271-2000, <http://sfdpw.org>*

9. **Managing Traffic During Construction.** The Project Sponsor and construction contractor(s) shall coordinate with the Traffic Engineering and Transit Divisions of the San Francisco Municipal Transportation Agency (SFMTA), the Police Department, the Fire Department, the Planning Department, and other construction contractor(s) for any concurrent nearby Projects to manage traffic congestion and pedestrian circulation effects during construction of the Project.

*For information about compliance, contact Code Enforcement, Planning Department at 628-652-7463, [www.sf-planning.org](http://www.sf-planning.org)*

10. **Car Share.** Pursuant to Planning Code Section 166, no fewer than one (1) car share space shall be made available, at no cost, to a certified car share organization for the purposes of providing car share services for its service subscribers.

*For information about compliance, contact Code Enforcement, Planning Department at 628-652-7463, [www.sf-planning.org](http://www.sf-planning.org)*

11. **Bicycle Parking** Pursuant to Planning Code Sections 155, 155.1, and 155.2, the Project shall provide no fewer than 116 bicycle parking spaces (109 Class 1 spaces and 7 Class 2 spaces for the residential portion of the Project. SFMTA has final authority on the type, placement and number of Class 2 bicycle racks within the public ROW. Prior to issuance of first architectural addenda, the project sponsor shall contact the SFMTA Bike Parking Program at [bikeparking@sfmta.com](mailto:bikeparking@sfmta.com) to coordinate the installation of on-street bicycle racks and ensure that the proposed bicycle racks meet the SFMTA's bicycle parking guidelines. Depending on local site conditions and anticipated demand, SFMTA may request the project sponsor pay an in-lieu fee for Class II bike racks required by the Planning Code.

*For information about compliance, contact Code Enforcement, Planning Department at 628-652-7463, [www.sf-planning.org](http://www.sf-planning.org)*

12. **Parking Maximum.** Pursuant to Planning Code Section 151, the Project shall provide no more than two-hundred and three (203) off-street parking spaces.

*For information about compliance, contact Code Enforcement, Planning Department at 628-652-7463, [www.sf-planning.org](http://www.sf-planning.org)*

## NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE

### Provisions

- 13. Prevailing Wages.** If the Project is not in its entirety a public work, as defined in Government Code Section 65913.4 (a)(8)(A), all construction workers employed in the execution of the development must be paid at least the general prevailing rate of per diem wages for the type of work and geographic area.  
*For information about compliance, contact the Case Planner, Planning Department at 628-652-7366, [www.sf-planning.org](http://www.sf-planning.org)*
- 14. Anti-Discriminatory Housing.** The Project shall adhere to the requirements of the Anti-Discriminatory Housing policy, pursuant to Administrative Code Section 1.61.  
*For information about compliance, contact the Case Planner, Planning Department at 628-652-7366, [www.sf-planning.org](http://www.sf-planning.org)*
- 15. First Source Hiring.** The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.  
*For information about compliance, contact the First Source Hiring Manager at 415-581-2335, [www.onestopSF.org](http://www.onestopSF.org) For information about compliance, contact the Case Planner, Planning Department at 628-652-7366, [www.sf-planning.org](http://www.sf-planning.org)*
- 16. Educator Housing Project.** The Project shall adhere to the requirements in the Educator Housing Project definition in Planning Code Section 206.9 which state that: a project for the development of deed-restricted Residential Units all of which are restricted for the Life of the Project or 55 years, whichever is longer and consistent with any applicable tax credit regulatory requirements, to occupancy by at least one employee of the San Francisco Unified School District ("SFUSD") or San Francisco Community College District ("SFCCD"), as verified by the Planning Department or MOHCD. At least four-fifths of the units (108 units) in an Educator Housing Project must be deed restricted for the Life of the Project or 55 years, whichever is longer and consistent with any applicable tax credit regulatory requirements to be affordable to households with an income from 30% to 140% of the unadjusted area median family income (AMI), with an overall average of 100% AMI across all such units. Up to one-fifth of the units (27 units) may be deed restricted up to a maximum 160% AMI for the HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco, as published annually by MOHCD. An Educator Housing Project is also allowed to be a mixed-use development project with a maximum 20% of the gross building square footage designated for non-residential neighborhood-serving uses.

## NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE

(A) No units in an Educator Housing Project shall be smaller than the minimum unit sizes set forth by the California Tax Credit Allocation Committee as of May 16, 2017, or smaller than 300 square feet for a studio.

(B) Any units in an Educator Housing Project with a rental rate set above 120% of Area Median Income shall have a minimum occupancy of two persons.

(C) Notwithstanding any other provision of the Code, an Educator Housing Project shall include a minimum of 50% of the total units as 2-bedroom units or larger.

*For information about compliance, contact the Case Planner, Planning Department at 628-652-7366, [www.sf-planning.org](http://www.sf-planning.org) or MOHCD at 415-701-5500, <http://sf-moh.org/index.aspx?page=321>*

17. **Mixed-Income Project.** The Project is anticipated to possibly be subdivided into two separate parcels and two separately financed projects. In such an event, the overall combined Project will maintain a mix of low and moderate income units for educators in accordance with the educator housing definition per Planning Code Section 206.9 and State Law Regulatory Agreement(s), though each subdivided project will have its own specific restrictions that will apply solely to that subdivided project, violation of which will not result in a violation for the other subdivided project. The owner shall execute a new notice of special restrictions, or any amendment to this NSR, for the Project, (or, if applicable, for each subdivided portion of the Project) specifying the affordable housing requirements and designating the low income units and moderate income units within the Project (or, if applicable, within such subdivided portion of the Project), in form and substance approved in writing by the Planning Department and MOHCD.

*For information about compliance, contact the Case Planner, Planning Department at 628-652-7366, [www.sf-planning.org](http://www.sf-planning.org) or MOHCD at 415-701-5500, <http://sf-moh.org/index.aspx?page=321>*

18. **State Law Regulatory Agreement.** The Project was approved ministerially in accordance with the provisions of California Government Code Section 65913, as the project includes public investment in affordability, and more than 50 percent of the residential units are restricted by a land use restriction or covenant as affordable to households earning at or below 80 percent of the area median income for no less than fifty-five years if rented and forty-five years if owned. In addition, the Department has granted waivers from the development standards for setbacks and yards (Planning Code Sections 132 and 134, respectively), usable open space (Planning Code Section 135), dwelling unit exposure (Planning Code Section 140), off-street freight loading (Planning Code Section 152), and building height (Planning Code Section 260) as permitted by the State Density Bonus Law (CA Govt. Code 65915, Planning Code Section 206.6). Prior to the issuance of the first construction document for the Project, the property owner must enter into a regulatory agreement with the City pursuant to the provisions of Planning Code Section 206.6(f).

*For information about compliance, contact the Case Planner, Planning Department at 628-*

## NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE

652-7366, [www.sf-planning.org](http://www.sf-planning.org) or MOHCD at 415-701-5500, <http://sf-moh.org/index.aspx?page=321>

19. **Inclusionary Affordable Housing Program Exemption.** As currently proposed, the Project is exempt from the Inclusionary Affordable Housing Program under Planning Code Section 415.3(f) because it is a 100% affordable housing project in which rents are controlled or regulated by a government unit, agency or authority, excepting those unsubsidized and/or unassisted units which are insured by the United States Department of Housing and Urban Development. A portion of the Project has been awarded or will be awarded low income housing tax credits by the State of California's Tax Credit Allocation Committee (TCAC) and funding from MOHCD, and all of the residential units shall be restricted for occupancy by educators and affordable rent under a recorded TCAC regulatory agreement and/or MOHCD restriction (each, a "Regulatory Agreement"), as applicable. After recordation of each Regulatory Agreement, the Project Sponsor shall deliver to the Planning Department: (a) a conformed copy of each Regulatory Agreement, and (b) a letter from MOHCD that the Project complies with Section 415.3(f). In the event of foreclosure or for any other reason the Project no longer qualifies as a 100% affordable housing project meeting the requirements under Section 415.3(f), the Project shall comply with the inclusionary housing requirements set forth in Section 415 of the Code, or any successor provision, and the requirements of the then-applicable Inclusionary Affordable Housing Program Monitoring and Procedures Manual, as amended from time to time, published by MOHCD. To comply with Section 415 of the Planning Code, the owner shall execute a new notice of special restrictions or any amendment to this NSR, as well as any related regulatory agreement, in form and substance approved in writing by the Planning Department and MOHCD. This condition of approval shall constitute the written determination and notice of the inclusionary housing requirement pursuant to the procedures set forth in Code Section 415.

*For information about compliance, contact the Case Planner, Planning Department at 628-652-7366, [www.sf-planning.org](http://www.sf-planning.org) or the Mayor's Office of Housing at 415-701-5500,*

### MONITORING - after entitlement

20. **Enforcement.** Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.

*For information about compliance, contact Code Enforcement, Planning Department at 628-652-7463, [www.sf-planning.org](http://www.sf-planning.org)*

### OPERATION

21. **Sidewalk Maintenance.** The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

*For information about compliance, contact Bureau of Street Use and Mapping,*

## NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE

Department of Public Works, 628-271-2000, <http://sfdpw.org>

22. **Community Liaison.** Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator and all registered neighborhood groups for the area with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator and registered neighborhood groups shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor. For information about compliance, contact Code Enforcement, Planning Department at 628-652-7463, [www.sf-planning.org](http://www.sf-planning.org)

The use of said property contrary to these special restrictions shall constitute a violation of the Planning Code, and no release, modification or elimination of these restrictions shall be valid unless notice thereof is recorded on the Land Records by the Zoning Administrator of the City and County of San Francisco; except that in the event that the zoning standards above are modified so as to be less restrictive and the uses therein restricted are thereby permitted and in conformity with the provisions of the Planning Code, this document would no longer be in effect and would be null and void.

Under San Francisco Building Code Section 106A.3.8.1, applications filed for permits may be withdrawn by the owner, provided that no part of the work proposed on the application or under the permit has been performed. To withdraw a permit, the owner/applicant shall submit the request to the Central Permit Bureau at the San Francisco Department of Building Inspection (DBI). DBI Information Sheet G-06 explains the procedure for withdrawal.

If the permit applications are withdrawn, owner may submit to the Zoning Administrator of the City and County of San Francisco a request to release and eliminate this Notice of Special Restrictions through a revised Notice of Special Restrictions recorded on the Land Records.

San Francisco Unified School District

Vincent Matthews

(Signature) Vincent Matthews  
Superintendent

Vincent Matthews

(Print Name)

Dated: June 8, 2021 at San Francisco, California.  
(Month, Day) (City)

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

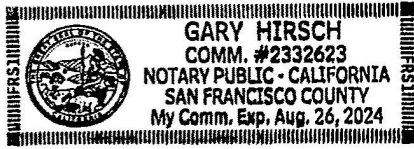
State of California )  
County of San Francisco )

On June 8, 2021 before me, Gary Hirsch, Notary Public,  
Date Here Insert Name and Title of the Officer  
personally appeared Vincent Matthews  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.  
Signature \_\_\_\_\_  
Signature of Notary Public



Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_  
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_  
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_



**NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE**

**Each signature must be acknowledged by a notary public before recordation; add Notary Public Certification(s) and Official Notarial Seal(s) below.**

**NOTICE OF SPECIAL RESTRICTIONS UNDER THE PLANNING CODE**

**EXHIBIT A – Property Description**

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Beginning at a point on the Westerly line of 42nd Avenue, distant thereon 125 feet from the Northerly line of Judah Street; thence at a right angle Westerly 240 feet to a point on the Easterly line of 43rd Avenue; thence at a right angle Northerly along said Easterly line of 43rd Avenue 250 feet; thence at a right angle Easterly 240 feet to a point on the Westerly line of 42nd Avenue; thence at a right angle Southerly along said Westerly line of 42nd Avenue 250 feet to the point of beginning.

Being part of Outside Land Block No. 714

Assessor's Lot 007; Block 1797

# ***Request for Proposals***

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For the development of new affordable housing on the mid-block parcel bounded by Irving Street, 42<sup>nd</sup> Avenue, Judah Street and 43<sup>rd</sup> Avenue, known as Francis Scott Key Annex:

**FRANCIS SCOTT KEY ANNEX**  
(Assessor's Blocks 1797/007)

Issued: **October 3, 2017**

Deadline for Submittals:  
**4:00PM PST on Friday, January 12, 2018**

Issued by:

**City and County of San Francisco**  
**Mayor's Office of Housing and Community Development**  
**1 South Van Ness Avenue, 5<sup>th</sup> Floor**  
**San Francisco, CA 94103**

Contact: Faith Kirkpatrick  
(415) 701-5510  
faith.kirkpatrick@sfgov.org

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2. Proposal Metrics
3. Respondent Description
4. Projected Staffing Workload
5. Disclosures

## I. SUMMARY

The City and County of San Francisco (City), through the Mayor's Office of Housing and Community Development (MOHCD), and in collaboration with the San Francisco Unified School District (SFUSD), is seeking submittals from qualified respondents to develop the Francis Scott Key Annex site, owned by SFUSD, as affordable family rental housing for Educators (Project). The site is located at 1351 42<sup>nd</sup> Avenue and is approximately 60,000 sf (Site).

By facilitating this Educator housing development, the City seeks to support SFUSD and its teachers, whose incomes are generally not high enough to afford market-rate rents or sales prices. SFUSD teacher recruitment and retention have suffered accordingly: in 2016-17, SFUSD faced, and needed to find candidates for, 664 teacher vacancies, up significantly from the previous year. A destabilized Educator workforce has extensive negative impacts on the City's schools, children, and families.

The City also seeks through this Project to serve households with a broader range of incomes than a typical MOHCD-sponsored development. While approximately forty percent of the units will be affordable to low-income households, approximately sixty percent of the units will be affordable to middle-income families. This middle-income group – households earning between 80% and 120% of area median income (AMI) – is the least served by affordable housing programs. Between 2007 and 2014, San Francisco produced only 18% of its Regional Housing Needs Assessment goal for 80%-120% AMI households, the lowest percentage of all the income groups.

The goals of this Request For Proposals (RFP) are, then, to 1) select a Respondent that can develop, own, and operate the Project, including at least 100 mixed-income units, in a professional, sustainable, and expert manner; 2) facilitate a Project that is high-quality while still maintaining development and operational cost efficiencies; and 3) successfully conduct neighborhood outreach and ensure that the Project confers extensive benefits to the broader community as well as to its future residents.

## II. IMPORTANT DATES AND SUBMISSION PROCESS

### A. Important Dates\*

RFP issued by MOHCD	<b>Tuesday, October 3, 2017</b>
Pre-submission meeting at MOHCD	<b>Wednesday, November 8, 2017 10:00 AM – 12:00 PM</b>
Deadline for questions and requests for additional information	<b>Friday, December 15, 2017, 4:00PM</b>
Proposal Submission Deadline	<b>Friday, January 12, 2018, 4:00PM</b>
Notice to Respondents regarding satisfaction of minimum requirements	<b>Friday, January 26, 2018</b>

Developer team interviews (if necessary)	<b>Week of February 12, 2018</b> (subject to availability of selection panel)
Director of MOHCD review/approval of recommended development team	<b>Friday March 2, 2018</b>
Announcement of Award	<b>Friday March 16, 2018</b>

\* Dates are subject to change and take into account the timelines of current and other pending MOHCD/OCII RFPs such as Parcels R, S & U, 1068 Mission, Hunter’s Point 48/53, 266 4<sup>th</sup> Street and others. Any changes in dates will be issued to all interested parties.

**B. Pre-Submission Meeting**

A pre-submission meeting will be held at MOHCD (1 South Van Ness Avenue, 5th floor), on **Wednesday, November 8, 2017 at 10:00 AM**. The purpose of the meeting is to ensure that all interested parties understand the design, financing, scoring and submittal requirements. Although attendance at the pre-submission meeting is not mandatory, it is highly recommended.

RFP mailing list: All attendees at the pre-submission meeting will be added to a Francis Scott Key Annex RFP email list along with any others who may ask to be included. This list will be used to send the RFP itself when it is issued, to notify all interested parties of any Addenda to the RFP, changes in the schedule, and/or RFP-related postings on the MOHCD website that may occur prior to issuance. The same information along with the RFP itself will be posted on the MOHCD website. All interested parties that signed up for notifications about Educator housing at MOHCD website <http://sfmohcd.org/francis-scott-key-annex> will also be included in the RFP mailing list.

**C. Questions and Requests for Information**

Questions raised at the pre-submission meeting may be answered orally. If any substantive new information is provided in response to questions raised at this meeting, it will also be posted on the MOHCD website (<http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>) and will be emailed to all parties that have attended the pre-submission meeting or otherwise requested that they be included on the RFP emailing list. Subsequent to this meeting questions or requests for interpretation will only be accepted by email and all questions and responses will be answered by email and posted on the MOHCD website. No questions or requests for interpretation will be accepted after **4:00PM, Friday, December 15, 2017**. Emailed questions and information requests should be submitted to Faith Kirkpatrick at: [faith.kirkpatrick@sfgov.org](mailto:faith.kirkpatrick@sfgov.org) with the subject line: Educator Housing RFP Request for Information.

**D. Submittal Date and Method**

Submittal of **seven (7)** hard copies of the Proposal must be received by the MOHCD receptionist and an emailed copy sent to [faith.kirkpatrick@sfgov.org](mailto:faith.kirkpatrick@sfgov.org) no later than **4:00 p.m. Friday, January 12, 2018**.

### **III. BACKGROUND**

#### **A. Site History**

SFUSD has owned the Site since 1926. The Site consists primarily of asphalt paved parking lot, but also holds the Francis Scott Key Annex building. Once used for elementary classroom instruction and childcare services, the Annex building does not meet relevant seismic safety standards. From 1989 to present, the Annex building has been used for administrative purposes only, primarily document storage. The two-story wood frame building has an approximately 9,000 SF footprint and a total 18,000 gross SF.

The Site most recently was identified for the Pavement to Parks program, known as Playland, which opened in May 2016 after over a year of community design work and three-month construction period. The temporary public space provides opportunities for gardening, exercising, skating and gathering with neighbors. For more information, see:

<http://groundplaysf.org/projects/playland-at-43rd-avenue/> or  
<http://pavementtoparks.org/plazas/plaza-projects/playland-at-43rd-avenue/>,

#### **B. Soil Conditions**

No information regarding soil conditions at the Site is available.

#### **C. Zoning/Land Use Restrictions**

The Site is currently zoned P (Public), with a 40-X height and bulk classification. Permitted uses include structures and uses of governmental agencies, and certain ancillary, non-public uses as specified in Planning Code Section 211.1. Since residential use is expressly prohibited on Public parcels, the Project's entitlements will require a zoning change and approval by both the Planning Commission and the Board of Supervisors. Any requested changes to the Site's height and bulk classifications will also require Commission and Board approval.

The Site is located in the Outer Sunset neighborhood, a predominately residential neighborhood zoned with nearby commercial uses clustered around certain intersections along the Judah and Irving corridors. The blocks immediately surrounding the Site on all sides are zoned RH-2, which permits one- and two-family houses with minimum rear yards. The nearest district permitting commercial uses is the NC-1 (Neighborhood Commercial, Cluster) district, which permits a variety of retail and commercial uses, as well as residential uses at a maximum density of one unit per 800 square feet of lot area. The surrounding area is predominately classified in the 40-X height and bulk district.

Refer to the San Francisco Planning Property Information Map and San Francisco Planning Code for further information.



#### **D. Environmental Review**

No environmental reports are available.

The Francis Scott Key Annex building is deemed a Historic Resource Category B, meaning that the building is an age-eligible, potential historic resource. The Project therefore requires further historic preservation analysis concurrent with the Project's environmental review.

The selected development team will be required to submit an Environmental Evaluation Application (EEA) to initiate the environmental review process. The EEA may be submitted either concurrently with or following the submittal of the PPA. The selected Developer will be required to file a Historical Resource Evaluation – Supplemental Information Form with the EEA.

### **IV. DEVELOPMENT PLAN ELEMENTS**

#### **A. Housing Program**

1. Minimum Number, Mix and Sizes of Housing Units. Respondents should strive to maximize the unit count while achieving excellent design and high-quality physical amenities for residents. Additional considerations for the unit mix include:
  - a. Unit sizes must meet or exceed the minimums required by the California Tax Credit Allocation Committee ("TCAC") in its regulations governing large family developments. <http://www.treasurer.ca.gov/ctcac/programreg/regulations.asp>
  - b. Respondents may assume height increases and concessions necessary to achieve the optimal, maximized unit count through the Affordable Housing Bonus Program if applicable (see <http://sf-planning.org/affordable-housing-bonus-program-ahbp>) or the State Density Bonus Program in consultation with the San Francisco Planning Department.
  - c. SFUSD recommends the building contain a majority of 2-bedroom units to allow for families and range of household compositions of Educators (see definition below). For RFP purposes, at least 51% of the total units should be assumed as 2-bedroom or larger.
2. Maximum Rents. The Project goal is that 40% of the total number of units will serve Paraeducators (see definition below), and rents for these tenants must not exceed 60% of the MOHCD-published AMI (based upon the HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco: <http://sfmohcd.org/limits-affordable-rental-projects-under-contract-mohcd>). It is assumed but not required that these units will be financed with low-income housing tax credits.

The balance of the units, or approximately 60% of the total number of units, should serve Teacher households (see definition below) earning over 60% AMI and not exceeding 130%

of AMI or 20% below market rents, whichever is lower. Rents for this occupancy group should be set at various tiers, explained more fully in Section C “Financing Plan”, below. Note that modest deviations from the 40%/60% split may be acceptable in the context of a financing structure that substantially reduces MOHCD’s gap funding requirement.

### 3. Eligibility and Occupancy Preferences.

The units will be restricted to “Educators”, defined as teachers and paraeducators employed by the San Francisco Unified School District and represented by the United Educators of San Francisco.

Teacher:

- A teacher is a certificated employee of the San Francisco Unified School District represented by the United Educators of San Francisco (UESF) who has a credential in good standing with the California Commission on Teacher Credentialing. For the purpose of housing eligibility, this definition excludes probationary employees (including teachers on an Emergency Credential and all other teachers who do not have permanent status in the District) and day-to-day substitute teachers.

Paraeducator:

- A paraeducator is a classified employee of the San Francisco Unified School District represented by the United Educators of San Francisco (UESF). For the purpose of housing eligibility, this definition excludes day-to-day substitute paraeducators. Examples of paraeducators include classifications such as instruction aide, special education instructional aide and support services.

The selected Development Team will work with the City and SFUSD to establish occupancy eligibility standards and verification systems prior to any marketing and lease-up.

It is anticipated that Educators in units not financed with low-income housing tax credits (LIHTC), as applicable, will have a limited tenancy of up to 7 years in order for the program to serve as many Educators as possible. MOHCD and SFUSD will collaborate with the selected Developer to create early assistance strategies to help Educators transition to new housing opportunities at the end of their tenures, such as access to the City’s down-payment assistance loan programs and other assisted ownership opportunities.

If the Respondents are assuming LIHTC financing for the low-income households, please refer to California Senate Bill No. 1413 for occupancy restrictions to Educators: ([https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201520160SB1413](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB1413)).

See also the two City of San Francisco resolutions No. 99-17 and No. 238-17:

<https://sfgov.legistar.com/View.ashx?M=F&ID=5099322&GUID=481EA2DC-E85B-4388-9BC1-215A996F8CD5>

<https://sfgov.legistar.com/View.ashx?M=F&ID=5276610&GUID=6306131D-2FB5-43A3-A65D-155F7CFC642F>

The companion Board of Education resolution can be found here:

[http://www.boarddocs.com/ca/sfUSD/Board.nsf/files/ANLAPV03064D/\\$file/20170622164314223.pdf](http://www.boarddocs.com/ca/sfUSD/Board.nsf/files/ANLAPV03064D/$file/20170622164314223.pdf)

### *Occupancy Preferences*

While the selected Developer must work closely with SFUSD on the resident application process, the Developer will retain final selection authority for all occupants in accordance with a Marketing and Tenant Selection Plan approved by MOHCD. The Project will also be required to comply with SF Administrative Code housing preferences unless exceptions are sought.

#### 4. Resident Services.

The selected Developer team must demonstrate an ability to help all residents create stable tenancies and to assist residents on an as-needed basis with service referrals. As previously stated, the selected Developer team must also assist residents to secure new housing opportunities at the end of their rental tenures (as applicable). Assistance may take the form of financial literacy, savings plan modeling, and homeownership counseling.

Demonstration of this experience and capacity may be through submission of an initial concept plan (see Submittal Requirements) that will assist residents prepare for transition after their seventh year of tenancy, as well as ongoing assistance the Developer/Owner may be called upon to provide in order to assist households maintain stable tenancies.

### **B. Design and Construction**

MOHCD is seeking excellent architectural design and construction planning that demonstrate a sophisticated understanding of the Site's location and context; the financial constraints inherent in affordable housing production; and the physical elements essential to high-quality living standards. The successful Respondent will maximize density, so that the Project can serve as many Educators as possible, while also creating a contextually appropriate building with amenities and open spaces that enhance the lives of residents.

Respondents are required to submit simple massing drawings only, with floor plans. The massing drawings should support the unit count in the proposed financing plan and state assumptions around parking and open space. Respondents are required to submit a narrative regarding proposed design concept that contains:

- a. Unit count
- b. Open space

- c. Parking
- d. Residential services (offices etc.)
- e. Community amenities for the public, if proposed

**IMPORTANT:** No drawings, renderings, elevations, or models of any kind that exceed or are not otherwise compliant with the submission requirements will be accepted. Materials in excess of, or in conflict with, the described documentation shall be discarded and may impact the panel's ability to review and evaluate the submission. Furthermore, Respondents are prohibited from presenting any additional drawings, renderings, elevations or models in excess of the accepted submission at community meetings, interviews, or media engagement. See Submittal Requirements section (V.D.4., Development Concept and Site Plan) of the RFP for more details.

1. Preliminary Site Feasibility Design Considerations. Certain major factors will affect design and total unit count and should be considered in the massing concept.
  - a. Site Slope and Height Limits/Building Location and Massing. Proposals must thoughtfully address buildings adjacent to the site and neighborhood context. The existing property's grade facing 42<sup>nd</sup> Avenue is below the adjacent public sidewalk while the existing property's grade facing 43<sup>rd</sup> Avenue is elevated above the sidewalk. The current legislative setback is 3 feet at both 42<sup>nd</sup> and 43<sup>rd</sup> Avenues.
  - b. Parking and Alternative Transportation. The Site has no parking minimum and a low parking ratio is desired, such as 0.25 parking spaces: 1 residential unit. Respondents should also consider the provision of alternative transportation vehicles, e.g., thoughtfully designed bicycle parking and car-sharing space. Alternative parking ratios are acceptable and Respondents should include narrative explanation of rationale for the proposed parking ratio.
  - c. Resident Amenities. Project sponsors should propose a list of resident amenities and services, describe who they are intended to serve, and note their general location, size, and connections to associated exterior open spaces. Examples include property management offices, community lounges, laundry, roof tops, gathering spaces, etc.
  - d. Resident Useable Open Space. Planning Code minimums for the overall combined areas of common and private spaces determine threshold open space requirements. There are no rear yard requirements for the Site. Respondents should therefore design open spaces (at grade and other levels) by considering what passive and active outdoor activities will best support the tenants at differing ages. Open space decisions should also take into consideration existing public open spaces within walking distance and the Site's physical context, e.g., sun angles, wind, the character of adjacent streets, and residents' general comfort and safety needs.
  - f. Community amenities. Respondents are encouraged to include a community amenity that is open to the public with established hours, in consideration for the neighborhood support and use of Playland at the Site currently. Examples are a small tot lot open to the public, publicly accessible pocket park, community garden, etc.

- g. Commercial space. Commercial space is not desired within the Project. Objectives are to maximize housing units and provide publicly accessible amenities at the Site.

## 2. Other Design Considerations

Note: This section is provided for informational purposes only. Respondents may point to their experience with these areas, although that is not required.

- a. Civic Design Review: Pursuant to Charter Section 5.103, any new construction on City property is subject to Civic Design Review as well as onsite provision of public art valued at 1% of City-funded portion of hard construction costs. The Planning Department shall not approve any permit until this requirement is fulfilled. Partial fulfillment of the design review requirements will be met through Arts Commission representation on the selection panel for this RFP. More information including the Civic Design Review Committee Submission Guidelines is available on the Arts Commission website: <http://www.sfartscommission.org/CDR/home/index.html>.
  - b. Storm Water Management Ordinance: Projects that disturb 5,000 square feet or more of the ground surface must comply with the Storm Water Design Guidelines and submit a Storm Water Control Plan to the SFPUC for review as part of their construction permit application. To view the Guidelines and download instructions for preparing a Storm Water Control Plan, go to <http://sfwater.org/index.aspx?page=446>.
  - c. Green Design Guidelines. The City seeks to maximize the overall sustainability of the Project to the extent possible through the integrated use of sustainable building elements. Development plans that improve indoor air quality, reduce resource consumption, and approach zero-energy consumption are desired. At a minimum, Projects should meet the requirements of the 2013 San Francisco Green Building Code, California Title 24, and the California Tax Credit Allocation Committee regulations regarding sustainable buildings. Buildings that exceed this measurement and achieve net-positive sustainability strategies are highly encouraged. Among other resources, respondents may obtain more information at <http://www.enterprisecommunity.org/solutions-and-innovation/green-communities/tools-and-services>, and [www.ecodistricts.org](http://www.ecodistricts.org).
  - d. Family Friendly Design. Proposals should consider incorporation of “family-friendly” design features, including those described in the Planning Department’s “Housing for Families With Children” report from January 2017 ([http://default.sfplanning.org/publications\\_reports/Family\\_Friendly\\_Briefing\\_01-17-17\\_FINAL.pdf](http://default.sfplanning.org/publications_reports/Family_Friendly_Briefing_01-17-17_FINAL.pdf)). For example, proposals should consider how to incorporate adequate for large items like strollers into the units and/or project.
3. Priority Permit Processing. Pursuant to San Francisco Department of Building Inspection (“DBI”) policy, this project qualifies for “priority permit processing” because 100% of the units will be affordable. The selected Respondent must understand this preference and secure

all available priority processing benefits. Type 1 Application for Priority Processing, as detailed in Director's Bulletin No. 2, is available at [www.sfplanning.org](http://www.sfplanning.org).

### C. Financing Plan

1. Sources & Uses Budget. Developers should create a feasible Sources & Uses budget for the Project that includes but is not limited to the following:

- Total development costs, including, but not limited to; utility connections and site work; fine grading and shoring; the full costs of vertical construction; architectural and engineering expenses; all permitting and applicable City fees; financing costs; and marketing and lease-up costs.
  - Respondents should determine construction type. Construction cost estimates should reflect current construction costs and exclude escalation assumptions.
- MOHCD gap funds (in the form of a 55-year, residual receipts loan), minimized to the greatest extent feasible by other funding sources and/or financing models other than the traditional structure employed by MOHCD that relies on LIHTC equity. MOHCD is prepared to provide gap funding in the form of a 55-yr residual receipts loan with 0-3% interest rate in order to make this development possible. Teams may consider affordable housing funding sources such as:
  - 4% low-income housing tax credits and tax-exempt bond financing (9% LIHTC proposals will not be accepted).
    - If LIHTCs are proposed, the Respondent should briefly discuss in the financing narrative the proposed ownership structure and how to address any capital account or other tax-related issues.
  - Federal Home Loan Bank Affordable Housing Program funds.
- Rental income that meets program needs and supports project financing. Maximum rent levels are provided in Section A.2. "Maximum Rents".
  - Respondents should tier rent levels to serve a range of households, e.g., 20% of the total units at 50% AMI and 20% of the total units at 60% AMI to serve Paraeducators. For Teachers, the rent schedule should be tiered up to 130% of AMI, or 20% below market-rate rents, whichever is lower. Respondents intending to serve households at 130% AMI must include market data in their submissions to demonstrate that this rent level is at least 20% below market. The affordability range for Teacher households should be between, roughly, 70% to 130% of AMI.
- A 20-year cash flow that includes
  - Sufficient long-term cashflow to maintain highest quality habitability and timely capital repairs.

- Operating expenses reflecting full costs to operate the Project, hard debt service payments, reserves deposits, and all other residual receipts waterfall distributions. Respondents should consult MOHCD’s Underwriting Guidelines (see Section 4 “Underwriting Guidelines”, below) for guidance.
  - The operating budget should specifically itemize property taxes paid given the middle-income units.
2. **Ground Lease.** Respondents should assume a 75-year initial term ground lease agreement (with an option to extend to a total of 99 years) with SFUSD for the Site.
    - SFUSD’s eventual transfer of the Site to the selected Developer under a ground lease will be “as is” with respect to physical, environmental and regulatory conditions, including, but not limited to, any liabilities for remediation of toxic materials that may be present. A template of the SFUSD ground lease is not available at this time; terms and conditions will be determined during the predevelopment period.
  3. **Underwriting Guidelines.** All submissions should conform to MOHCD’s most current Underwriting Guidelines and other published MOHCD policies, such as its Developer Fee Policy. See Policies and Guidelines: <http://sfmohcd.org/documents-reports-and-forms>.
    - Notwithstanding this general requirement for conformance with MOHCD’s Underwriting Guidelines, some sections of the Guidelines may not apply, given the mixed-income structure of the Project and, as applicable, non-traditional financing a Respondent may propose. In such cases, Respondents should simply note variations in their submittal narrative.
  4. **Predevelopment Funding.** MOHCD will provide up to \$3,000,000 in predevelopment funding to the selected Respondent, subject to the Respondent’s demonstration of its compliance with the City’s vendor requirements and approval by the San Francisco Citywide Affordable Housing Loan Committee.

**D. Property Management/Maintenance Oversight**

Respondents must provide information regarding the proposed property management team’s experience – including previous work with family rental housing. The preferred Respondent will include a property management company that has demonstrated successful approaches to managing buildings with mixed-income communities.

**E. Community Outreach**

It is critical to the success of the development program that the selected Developer conduct extensive community outreach and establish positive links with surrounding neighbors and the larger community throughout the development process. Accordingly, Respondents must include a Community Outreach Plan (see Submittal Requirements) in their responses to this RFP that demonstrates the Respondent’s ability to engage diverse communities, including but not limited to monolingual non-English speaking communities. Compliance with the City’s Language

Access Ordinance will be required (Admin. Code Chapter 91). The selected Developer will be expected at minimum to provide periodic updates and present the proposed design to members of the community for their input.

## **V. SELECTION PROCESS, SELECTION CRITERIA AND SUBMITTAL REQUIREMENTS**

### **A. Selection Process**

MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements.

A selection panel of up to seven members will be appointed by the Director of the Mayor's Office of Housing and Community Development and SFUSD, composed of persons with expertise in the areas of development, affordable housing financing, architecture, and property management. At least one selection panel member will be familiar with the Outer Sunset community, and one member will be a representative from the Arts Commission Design Review Committee. The selection panel will review all qualified responses and preliminarily score each qualified submittal. The selection panel will then interview all Respondents, soliciting additional information regarding the major characteristics of their proposal. Following the interviews, the selection panel will rank the Respondents and present this ranking to the Director.

The Selection Panel's scoring of each proposal will be done by consensus and will be final. The MOHCD Director will then select a development team, and MOHCD will exclusively negotiate a loan agreement and ground lease for the Site, in consultation with SFUSD and in accordance with the terms of this RFP. Any objections to the RFP, qualification determinations or the final selection must follow the objection requirements outlined in Section VI.D. of this RFP.

### **B. Minimum Experience and Capacity Requirements**

All respondents must meet the following Minimum Experience and Capacity Requirements in order to qualify for selection under this RFP:

1. Development Team Characteristics: The proposed Development Team must include:

- At least one multifamily housing developer or joint-venture partner with experience developing housing in San Francisco (which experience can be satisfied through a development consultant) **and/or** experience in developing multifamily housing for teachers in any jurisdiction;
  - If the team is proposing to use LIHTC financing, the developer team must have completed at least 1 additional LIHTC project in the last 10 years in California.
- A lead architectural firm with experience in design and construction of multifamily housing. While the lead architect's LBE status will not be considered in scoring



responses to this RFP, it will be counted toward the Project's overall procurement goals, which will be set at a later date.

- A property management entity with experience managing multifamily housing in San Francisco;

*Letters of intent (LOIs) or memoranda of understanding (MOUs) from property management entities that are not affiliated with the developer must be submitted with the application.*

## 2. Development Team Minimum Experience Qualifications

Minimum experience must be demonstrated by identifying specific Qualifying Projects and Architect Qualifying Projects in which team members have participated, as further described below.

For Developer, Owner and Property Manager, a **Qualifying Project (QP)** must have all of the following characteristics:

- new construction
- residential
- a majority of multiple-bedroom units
- location in San Francisco **and/or** housing developed specifically for teachers (Educators)

For the Architect, an **Architect Qualifying Project (AQP)** must be new, multi-family residential construction completed in the last ten years. An AQP is not required to be located in San Francisco nor developed specifically for Educators.

***Minimum Developer Experience:*** The proposed Developer must have completed within the past ten years at least one Qualifying Project.

For joint venture Developer teams, the experience of the lead entity may suffice for the joint-venture partnership. An MOU between joint venture Development partners must be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process. The contract for development services must be submitted with the RFP response and must be acceptable to MOHCD.

***Minimum Ownership Experience:*** If the Developer does not intend to own the property for at least 5 years after construction completion, then the Development Team must include the proposed Owner, which must have owned at least 2 Qualifying Projects for at least 3 years prior to the Submittal Deadline of this RFP. Developers intending to be long term Owner of the Project only need to comply with the minimum qualifications for Developers (one QP).

**Minimum Property Manager Experience:** The proposed property manager must have managed at least two Qualifying Projects, each for at least 24 months, all of which must be 50 units or more in size.

**Minimum Architectural Experience:** The proposed lead architectural firm must have completed at least one (1) AQP.

**Note Regarding Experience:** For any Respondent team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members’ experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform during the proposed development of the Site.

3. Minimum Developer and Architect Capacity Qualifications

The proposed Developer and Architect must document their capacity to successfully plan, design, and develop the housing they propose to develop, throughout the period of development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. This documentation should include a description of the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. In addition, the Developer or other proposed owner (as general partner of a proposed tax credit partnership) must provide evidence of its capacity to own and asset manage the proposed project or specific plans for increasing its capacity if necessary.

**C. Selection Criteria – (100 points possible):**

All applications that meet the minimum experience and capacity requirements will be rated and ranked according to the following scoring criteria (see Scoring Criteria details below):

	<b>Category</b>	<b>Points</b>
(1)	<b>Experience:</b>	40
a.	Developer Experience (25 pts):	
b.	Architect Experience (10 pts):	
c.	Property Management Experience (5 pts):	
(2)	Development Concept and Preliminary Site Plan:	35
(3)	Financing and Cost Control Innovations:	25
	<b>TOTAL POSSIBLE POINTS</b>	<b>100</b>

Scoring Criteria details:

**(1a) Development Experience -- (25 points possible):**

Respondents will be scored according to the number of Qualifying Projects completed or under development in excess of the minimum.

One Qualifying Project completed in excess of the minimum required QP.	<b>10 Points</b>
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Two or more Qualifying Projects for every completed or under development in excess of the minimum required QP.	<b>20 Points</b>
At least one completed project that includes units targeted for teachers or other School District employees.	<b>5 additional points</b>

**(1b) Lead Architectural Firm Experience – (10 points possible):**

Respondents will be scored according to the number of Architect Qualifying Projects completed or under development in excess of the minimum.

One Architect Qualifying Project completed or under development in excess of the minimum required AQP.	<b>4 points</b>
Additional points given for each additional AQP in excess of two AQP, with maximum of six total points	<b>2 additional points</b>

**(1c) Property Management Experience – (5 points possible):**

Two points for active management of 3-5 multifamily housing rental properties	<b>2 points</b>
Three points for active management of 6-10 (or more) multifamily housing rental properties	<b>3 points</b>
Two additional points for managing a multifamily property that is targeted for teachers or School District employees.	<b>2 additional points</b>

**(2) Development Concept and Preliminary Site Plan – (35 points possible):**

Proposals will be scored according to the degree to which the preliminary site and development plan maximizes housing opportunities while also creating excellent resident-focused habitability features and strong community benefits through site amenities and open spaces. Respondents' Community Outreach Plans and Resident Services Plans will be considered in this scoring section.

The Selection Panel will base its evaluation on how well the Development Concept and Preliminary Site Plan address the Design Considerations and Guidelines described above in Section IV. B. and will score each respondent's plans using the following scoring system:

Outstanding	<b>35 points</b>
Very Good	<b>28 points</b>
Good	<b>21 points</b>
Fair	<b>14 points</b>
Poor	<b>7 points</b>
Inadequate	<b>0 points</b>

**(3) Financing, Cost Control and Innovations – (25 points possible):**

Proposals will be ranked according to the degree to which they 1) propose a financing plan that is feasible and consistent with the requirements, limitations and opportunities associated with its

proposed sources; 2) minimize MOHCD’s permanent financing; and 3) propose innovative sources, financing instruments, and/or construction means and methods. All proposals must clearly address specific considerations for the mixed-income nature of this development (e.g., property tax requirements, LIHTC capital account issues, and the feasibility of access to and likelihood of securing unconventional financing).

Top ranked proposal re: financial and cost control innovations:	<b>25 points</b>
2 <sup>nd</sup> ranked proposal	<b>15 points</b>
All other proposals	<b>10 points</b>

**D. Submittal Requirements**

Responses to this RFP should be organized as follows, utilizing Attachment 1, Submittal Checklist as a guide:

1. **Summary.** Provide a concise narrative description of the proposal for developing the Site, including the development’s overall size, uses, resident and community amenities, general layout, and summarized financing plan. Additionally, please submit **Attachment 2, Proposal Metrics.**
2. **Development Team.** Using **Attachment 3, Respondent Description,** Provide the name of each organization, names of the Director and primary contact persons, and phone numbers and email addresses for each of the following:
  - Lead Developer
  - Co-Developer (if applicable)
  - Development Consultant (if applicable)
  - Lead Architect
  - Property Manager
  - Service Provider(s) (if applicable)

For each Developer or Co-Developer, submit a current copy of the following documents:

- *Certificate of good standing from California Secretary of State*
- *Certification of 501(c)(3) status from the Internal Revenue Service* (for any nonprofit corporations).
- *The latest two (2) years of tax returns or audited financial statements* (with management letters, if any).

3. **Developer Team Experience and Capacity**

- a. **Developer Experience.** Describe at least one and no more than five (5) Qualifying Projects completed or under development by Respondent, including co-developer or development consultants if any, using one page per Project and including the following information for each Project in the following order:

- Developer or consultant’s name and role in the project
  - Location of the project
  - All uses included in the project, including resident or community amenities (e.g. childcare center, tenant services space), commercial uses, etc.
  - Total number of units and unit mix
  - Construction type(s)
  - Target Population, including affordability levels if applicable
  - Summary of all financing sources
  - Total residential square footage, including private and common area open space, and parking if applicable
  - Green building elements, if any
  - Public art, if any
  - Experience with community outreach for the project
  - Current project status with dates of commencement, completion, as appropriate
  - Whether the project was completed on/under/over budget and on/ahead/behind schedule.
- b. Development Capacity. Summarize in one page the organizational structure of the development team that will be responsible for developing the Project, including the roles of Developer, Co-Developer and Development Consultant. Identify and briefly describe the experience of key project development staff. Using **Attachment 4, Projected Staffing Workload**, describe their projected workload for the period of the Project’s development.
- c. Ownership Experience and Capacity: Summarize in one page the ownership experience and, also in one page, the asset management capacity of the proposed owner of the Project, including descriptions of:
- As described in Section V.B.2, the proposed Owner of the Project must have owned at least one Qualifying Project for at least three years or at least two QPs if proposed Owner is unaffiliated with the proposed Developer. Describe that Qualifying Project, including location, non-residential uses, number of units, completion dates, capital financing and target population; and
  - The current asset management structure, staffing, and portfolio of the proposed owner, and its capacity for assuming asset management of an expanded portfolio once development is complete.
- d. Lead Architect Experience. Using no more than one page per project, describe at least one but no more than 5 (five) completed Architect Qualifying Projects, including the projects’:
- Location
  - Number of units
  - Type of construction
  - Completion dates

- Target population
- On-site amenities or associated uses (such as child care and/or small scale neighborhood serving commercial uses)
- Green building design features (if applicable)
- Public art (if applicable)
- Client contact information for each Project.

Using **Attachment 4, Projected Staffing Workload**, describe the projected workload of key staff expected to be involved in the development of the Project.

e. Property Manager Experience. Describe the following:

- At least two Qualifying Projects that have been managed for at least 24 months, all of which must be 50 units or more in size. Describe their location, resident population, associated uses and amenities, size, capital financing sources, and relevant dates of service.
- The total number of buildings in the property management company's portfolio and the number years each building has been successfully managed.
- The firm's experience with mixed-income housing projects, as well as its track record providing sound operational and building management, and its standard procedures regarding resident outreach/marketing.

4. **Development Concept and Site Plan**. Please prepare and submit a conceptual design that includes:

a. Narrative Project Concept Description. In 1,000 words maximum (or maximum of 2 pages) describe the major qualities and features of the project design concept. When describing public and common areas and amenities, indicate what anticipated activities they accommodate. Indicate particular groups served by the programs and spaces (tots, children, teens, adults, etc.) The description should include the following:

- Overall rationale for configuration of building and open spaces on the parcels.
- Proposed tenant amenities (e.g., community rooms, youth space, etc.)
- How the design concept fits within the neighborhood context
- Description of the proposed community amenities, especially with respect to open space

b. Conceptual Design Document Submission Requirements and Limitations: Respondents shall limit their design document submissions to the following:

- Site plan at 1/32" = 1'-0", in black and white showing building massing and the relationship of buildings, open space, private pedestrian walkway, streets and parking areas. Indicate locations of main residential, retail and services entrances, auto ingress/egress, etc. Indicate approximate square footages for these spaces on the plan.

- Conceptual floor plans at 1/32" = 1'-0" for the ground floor and each Typical Floor showing proposed uses including Residential, Management, Services, Retail, Community or Other. Color may be used only to differentiate program areas from one another. Ground floor uses shall identify approximate square footages of each program area. Typical Residential Floor plans shall indicate the number of bedrooms per unit, but not show unit layouts.
- Conceptual Façade Elevations at 1/32" = 1'-0", in black and white representing general fenestration, entries and roof lines **without distinguishing color or materials**.
- Sections: Two site sections at 1/32" = 1'-0", in black and white, one longitudinal and one transverse, that best describe the massing concept.

5. **Financing and Cost-Control Innovations**. Describe the overall financing plan as further described and in conformance with the requirements of Section IV.D, "Financing Plan", above, with sufficient information to allow MOHCD to fully determine the proposal's feasibility, including:

- Predevelopment and Development Sources & Uses budget
- 20-year cash flow, including any commercial income/expenses
- Year 1 operating budget, including any commercial income/expenses
- A MOHCD proforma Excel file along with the electronic submission of response
  - Respondents may also submit their own proforma, especially to highlight any limitations of MOHCD format for use for Educator housing. However, total development cost, sources of funds, the MOHCD gap value and cash flows should be consistent between submissions. Respondents are also encouraged to use the "Notes" section of the MOHCD proforma to explain financing elements that the proforma doesn't accommodate.

Highlight any financing approaches atypical for 100% affordable housing intended to minimize MOHCD's projected capital gap financing. Include estimated savings calculations if appropriate.

6. **Community Outreach Plan**. Submit a Community Outreach plan that describes how the selected development team will establish positive links with surrounding neighbors and the larger community, and provide them with periodic updates and opportunities to provide input throughout the development process. The Outreach Plan should include efforts designed to engage all interested community members, including monolingual non-English speaking members of the community and how Respondents intend to comply with the City's Language Access Ordinance.

7. **Initial Services Concept Plan**. Submit an Initial Services Concept plan that describes how the selected development team will establish linkages with appropriate services to meet the

needs of Educators and their families. The Initial Services Concept plan may also include proposed collaboration with SFUSD and MOHCD programs (Down Payment Assistance Program, Teacher Next Door etc). The plan should address any costs associated with services provision and source identified to fund these costs.

8. **Disclosure Form.** Submit a completed and signed copy of **Attachment 6, Disclosures**, which requires any respondent to this RFP to disclose defaults, lawsuits, legal proceedings, bankruptcy filings or financial interests affiliated with MOHCD staff, SFUSD staff, or Citywide Affordable Housing Loan Committee members.
9. **Evidence of Authority.** Provide a certified corporate resolution of the applicant or, in the case of a partnership, the applicant's general partner, expressly authorizing the applicant to provide a response to this RFP and, if selected by the City, to enter into negotiations with the SFUSD for the long-term lease of the Site.

## **VI. TERMS AND CONDITIONS OF REQUEST FOR PROPOSALS**

### **A. Developer Responsibilities**

The selected developer will be responsible for all aspects of development of the Site, including but not limited to the following:

- Investigating and determining conditions of the Site and the suitability of the Site for the proposed Project.
- Securing all required development approvals, including but not limited to any necessary permits or approvals from the City's Planning Department and Department of Building Inspection, and from federal and State agencies associated with environmental and historic preservation reviews as applicable.
- Obtaining adequate financing for all aspects of the proposed Project, including predevelopment, construction and operation.
- Designing and building the Project in a manner that produces a high-quality, enduring living environment.
- Owning, managing, and operating the Project in a manner that ensures its long-term financial viability and the ongoing satisfaction of residents.
- Complying with the requirements of any financing for the Project, including but not limited to:
  - a. Equal Employment Opportunities – The selected developer will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in the project. To ensure that equal opportunity plans are consistent with City and Federal



procurement requirements, sponsors should meet with MOHCD and San Francisco Contract Monitoring Division staff prior to hiring their development team to develop a plan for such compliance. Although the City's Contract Monitoring Division (CMD) does not require prior approval or monitoring of procedures for selecting the architect for purposes of responding to this RFP, the architect's Local Business Enterprise (LBE) status will be counted toward the overall project's procurement goals which will be set at a later date.

b. Environmental Review - Depending on conditions at the project site and on project plans, the proposed Project may be subject to review under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and specifically the Section 106 historical resources preservation review. Department of City Planning design review may also be required.

c. Accessibility Requirements - Project sponsors will be responsible for meeting all applicable accessibility standards related to publicly-funded multifamily housing under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco. At least 50% of all units must be adaptable and a minimum of 10% of the units must be accessible, including units for the visually and hearing impaired.

d. Prevailing Wages – This project will be subject to applicable local, state or federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

e. Employment and Training – The selected development team will be required to work with the CityBuild initiative of the Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the Project.

f. Sustainable Design - The Mayor's Office of Housing seeks to maximize the overall sustainability of financed projects through the integrated use of "green" building elements in partnership with the Green Communities Initiative established by Enterprise and Natural Resources Defense Council (NRDC) (see <http://www.greencommunitiesonline.org>). The selected development team will be required to pursue any funding that may become available to help pay for the cost of planning and implementing green building components.<sup>1</sup>

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<sup>1</sup> Programmatic goals for projects should focus on durability, energy efficiency, indoor air quality and recycling. Respondents may obtain more information about "green" building strategies and resources from Leadership in Energy and Environmental Design (LEED) program, described at <http://www.usgbc.org>. Additional information on

g. Insurance Requirements – see Exhibit A -- Insurance Requirements

**B. Errors and Omissions in RFP**

Respondents are responsible for reviewing all portions of this RFP. Respondents are to promptly notify MOHCD, in writing, if the respondent discovers any ambiguity, discrepancy, omission, or other error in the RFP. Any such notification should be directed to MOHCD promptly after discovery, but in no event later than five (5) working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

**C. Addenda to RFP**

MOHCD may modify the RFP, prior to the response due date, by issuing written addenda. Addenda will be sent via email to the last known address of each person or firm listed with MOHCD as having received a copy of the RFP for proposal purposes. MOHCD will make reasonable efforts to notify Respondents in a timely manner of modifications to the RFP. Notwithstanding this provision, the Respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by MOHCD prior to the proposal due date regardless of when the proposal is submitted.

**D. Objections**

1. RFP Terms - Should any interested party object on any ground to any provision or legal requirement set forth in this RFP, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection by December 15, 2017. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
2. Notice of Non-Responsiveness - Should a Respondent object on any ground to a determination that its proposal is non-responsive to this RFP, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more than 7 calendar days after the date of the letter notifying the Respondent of MOHCD's determination of non-responsiveness. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
3. Selection of Respondent for Exclusive Negotiations - Should any interested party object on any ground to the MOHCD Director's authorization to proceed with exclusive negotiations with a selected Respondent, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more

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“green” affordable housing initiatives can be found in Alameda County's *Multifamily Green Building Guidelines* at <http://www.stopwaste.org/home/index.asp?page=291>, and at <http://www.greenaffordablehousing.org>.

than 7 calendar days after the developer selection is made public and exclusive negotiations are authorized. If a Respondent files a timely objection, MOHCD's authorization to enter into exclusive negotiations with the selected Respondent will not be binding until the MOHCD Director denies the protest. A Mayoral decision to grant the protest will void MOHCD's prior exclusive negotiations authorization. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.

4. Delivery of Objections - Objections must be submitted in writing, addressed to the person identified on in this RFP and delivered to the MOHCD receptionist during business days between the hours of 8:00 a.m. and 5:00 p.m. at 1 South Van Ness Avenue, 5<sup>th</sup> Floor by the dates due in order to be considered. If an objection is mailed, the objector bears the risk of non-delivery by the deadlines specified above. Objections should be transmitted by a means that will provide written confirmation of the date MOHCD received the objections.

**E. Claims Against MOHCD and SFUSD**

No Respondent will obtain by its response to this RFP, and separately by its response waives, any claim against MOHCD and SFUSD by reason of any or all of the following: any aspect of this RFP, any part of the selection process, any informalities or defects in the selection process, the rejection of any or all proposals, the acceptance of any proposal, entering into exclusive negotiations, conditioning exclusive negotiations, terminating exclusive negotiations, approval or disapproval of plans or drawings, entering into any transaction documents, the failure to enter into a lease or lease disposition and development agreement, any statements, representations, acts, or omissions of MOHCD and SFUSD, the exercise of any discretion set forth in or concerning any of the above, and any other matters arising out of all or any of the above.

**F. Sunshine Ordinance**

In accordance with San Francisco Administrative Code Section 67.24(e), contractors' bids, responses to RFP's and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

**G. Reservations of Rights by the City and SFUSD**

1. The issuance of this RFP and the selection of a developer pursuant to this RFP are in no way a limitation of the discretion of any City board, commission, department, employee or official with respect to any review or approval required in connection with the proposed Project.

The City's selection of a developer is in no way deemed to be the final approval of any project proposed by the developer.

2. The information in this RFP is provided solely for the convenience of respondents.

3. The City and SFUSD expressly reserves the right at any time to do waive or correct any defect or technical error in any response or procedure, as part of the RFP or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; reissue a Request for Qualifications or Proposals; modify or suspend any and all aspects of the selection procedure, the scope of the proposed project or the required responses, or the processes indicated in this RFP; request that respondents clarify, supplement or modify the information submitted; extend deadlines for accepting responses, or request amendments to responses after expiration of deadlines; negotiate with any, all or none of the respondents to this RFP; make a selection based directly on the proposals, or negotiate further with one or more of the respondents; during negotiation, expand or contract the scope of the proposed project, or otherwise alter the project concept in order to respond to new information, community or environmental issues; if at any time prior to the execution of binding agreements with the developer MOHCD and SFUSD, in its sole discretion, determines that the selected developer will be unable to proceed with a timely and feasible Project in accordance with this RFP, MOHCD and SFUSD may terminate negotiations with the highest ranked respondent and begin negotiations with the next highest ranked respondent; or determine that no project will be pursued.

4. The issuance of this RFP does not obligate the City to pay any costs whatsoever incurred by any respondent, including but not limited to costs incurred in connection with the preparation or presentation of responses or negotiations with the City. Developer teams responding to this RFP do so at their own expense. **The foregoing notwithstanding, MOHCD will reimburse the cost for architectural analysis and submittal materials required by this RFP as set forth below.**

MOHCD is requiring the submittal of a number of architectural work products as part of this RFP. In order to encourage participation by qualified architects and to mitigate some of the design costs to the developers and architects submitting proposals, MOHCD will reimburse Respondents whose proposals are not selected pursuant to this RFP and which, in the sole discretion of MOHCD, are deemed to have been complete and to have met each of the minimum qualifications described in **Section V. B. *Minimum Experience and Capacity Requirements*** of this RFP. The total aggregate payment for architectural reimbursables by MOHCD shall not exceed \$50,000 and the reimbursement paid to any single Respondent shall not exceed \$5,000. Reimbursement requests may be made upon a Respondent's receipt of notice from MOHCD that its proposal was complete and met the minimum qualifications but was not selected by the Director of MOHCD for implementation of the Project, upon execution of a grant agreement with MOHCD for these funds, and upon submission of invoices from the appropriate Architects.

5. The issuance of this RFP is only an invitation to submit qualifications, and does not constitute an agreement by the City that any contract will actually be entered into by the City.

This RFP does not in any way limit the discretion of any City board, commission, employee or official with respect to any review or approval of any aspect of a proposed project.

6. The City or SFUSD will not approve any ground lease for the Site that would allow for its development until there has been compliance with the California Environmental Quality Act (CEQA), and, as applicable, the National Environmental Protection Act (NEPA). If the proposed Project is found to cause significant adverse impacts, the City reserves absolute discretion to require additional environmental analysis, and to: (a) modify the project to mitigate significant adverse environmental impacts; (b) select feasible alternatives which avoid significant adverse impacts of the proposed project; or (c) reject or proceed with the project as proposed, depending upon a finding of whether or not the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

7. The City reserves the right to disqualify any respondent to this RFP based on any real or apparent conflict of interest that is disclosed by the responses submitted or on the basis of other information available to the City. This City may exercise this right in its sole discretion.

## **Exhibit A: Insurance Requirements**

### 1. Developer, Contractors.

(a) to the extent Developer 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 One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) 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 Developer 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 One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Developer's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Developer 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 Developer'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) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) 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 Developer's contractor, provided that the policy must be "claims made" coverage and Developer must require Developer's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

### 2. Property Insurance.

Developer 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 Developer 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 Developer 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 Developer 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 Developer 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 Developer 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 Developer, 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.

Developer must require that all nonresidential tenants' liability insurance policies include Developer and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Developer 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; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.



4. General Requirements.

(a) General and automobile liability policies of Developer, 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.

(c) With respect to any property insurance, Developer hereby waives all rights of subrogation against the City to the extent of any loss covered by Developer's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Developer's insurance by the City will not relieve or decrease the liability of Developer 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 Developer demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Developer.

(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) Developer 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.

ATTACHMENTS:

1. Submittal Checklist
2. Proposal Metrics
3. Respondent Description
4. Projected Staffing Workload
5. Disclosures



# SAN FRANCISCO PLANNING DEPARTMENT

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## Notice of Final Approval of an SB-35 Project

*Date:* May 21, 2020  
*BPA No.:* **2019.1209.9009**  
*Planning Record No.* 2018-015768PRJ  
*Project Address:* **1351 42nd Avenue**  
*Zoning:* P (Public) District  
40-X Height and Bulk District  
*Block/Lot:* 1797/007  
*Project Sponsor:* Matthew Lewis  
MidPen Housing Corporation  
1970 Broadway, Suite 100  
Oakland, CA 94612  
*Staff Contact:* Jeff Horn – (415) 575-6925  
[Jeffrey.Horn@sfgov.org](mailto:Jeffrey.Horn@sfgov.org)

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

### PROJECT DESCRIPTION

The project proposes the demolition of an existing school site and the new construction of a 4- to 5-story tall, 165,193 gross square foot multifamily residential building located on a 59,999 square foot through-lot fronting on 42<sup>nd</sup> Avenue and extending to 43<sup>rd</sup> Avenue. The project would consist of 135 residential units, comprised of 24 studios, 43 one-bedroom units, 59 two-bedrooms units and nine three-bedrooms units, and includes a 8,050 square foot publicly assessable open space adjacent to 43<sup>rd</sup> Avenue, 13,285 square feet of common usable open space for residents, a community room, residential lobby, mail room, manager's office, laundry room, conference room, learning center and computer lab, a workspace and lounge, 110 Class 1 bicycle spaces and 10 Class 2 bicycle spaces, 50 off-street vehicle parking spaces including two carshare spaces, and an on-street loading area on 43<sup>rd</sup> Avenue. The units are 100 percent affordable ranging from 40% - 120% AMI.

### BACKGROUND

California Senate Bill 35 (SB-35) was signed by Governor Jerry Brown on September 29, 2017 and became effective January 1, 2018. SB-35 applies in cities that are not meeting their Regional Housing Need Allocation (RHNA) goal for construction of above-moderate income housing and/or housing for households below 80% area median income (AMI). SB-35 amends Government Code Section 65913.4 to require local entities to streamline the approval of certain housing projects by providing a ministerial approval process, removing the requirement for CEQA analysis, and removing the requirement for Conditional Use Authorization or other similar discretionary entitlements granted by a Planning Commission.

On February 7, 2020, Matthew Lewis of MidPen Housing Corporation submitted an SB-35 Application for a residential project at 1351 42<sup>nd</sup> Avenue. Department staff determined that the SB-35 Application was complete, and that the proposed project was eligible for SB-35 on February 25, 2020.

The Planning Director did not request a Planning Commission Hearing or Historic Preservation Commission Hearing for this project.

## PROJECT APPROVAL

The Project Sponsor seeks to proceed pursuant to Planning Code Section 206.6, Individually Requested State Density Bonus Law, Government Code Section 65915 et seq (the State Law. Under the State Law, a housing development that includes affordable housing is entitled to additional density concessions and incentives, and waivers from development standards that might otherwise preclude the construction of the project. Since the Project Sponsor is providing 135 units of housing affordable to moderate-, lower- and very low-income households, the project is entitled to a density bonus of 35%, unlimited waivers, and up to three concessions/incentives. The project sponsor is seeking waivers from the development standards for setbacks and yards (Planning Code Sections 132 and 134), usable open space (Planning Code Section 135), dwelling unit exposure (Planning Code Section 140), off-street loading (Planning Code Section 152), and building height (Planning Code Section 260).

### *Waivers*

In no case may the Department apply any development standard that will have the effect of physically precluding the construction of a development at the densities or with the concessions or incentives permitted by the State Density Bonus Law. The Department is not required to waive or reduce development standards if the waiver or reduction would have a specific, adverse impact upon health, safety, or the physical environment, and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact. The Department is not required to waive or reduce development standards that would have an adverse impact on any real property that is listed in the California Register of Historical Resources, or to grant any waiver or reduction that would be contrary to state or federal law.

*The requested waivers from setback and yards, usable open space, dwelling unit exposure, off-street loading, and height are required to accommodate the proposed project with the density permitted by the Density Bonus Law. A waiver from height allows the project to accommodate approximately 28,500 square feet of residential uses to be located on a portion of the site that is zoned for a maximum building height of 40 feet. Waivers from a reduction of setbacks, yards, off-street loading, and dwelling unit exposure would allow the project to accommodate approximately 6,000 additional square feet of residential density within the building. Denial of any of these waivers could preclude the development with the density bonus allowed by the State Density Bonus Law.*

*The project is not seeking any waivers that would have an adverse impact to real property listed on the California Register of Historical Resources, and is not seeking any waiver that is contrary to state or federal law.*

The Department has determined that the project meets all the objective standards of the Planning Code and has completed design review of the project. The project has been approved in accordance with the provisions of SB-35, as recorded in Building Permit Application No. **2019.1209.9009**.

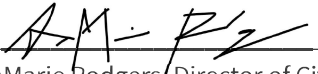


# GENERAL PLAN REFERRAL

June 2, 2022

**Case No.:** 2018-015768GPR  
**Address:** 1360 43rd Avenue  
**Block/Lot No.:** Block 1797, Lot 007  
**Applicant:** Michelle Kim  
MidPen Housing Corporation  
303 Vintage Park Drive Suite 250  
Foster City, California 94404  
415-356-2982  
mkim@midpenhousing.org

**Staff Contact:** Tam Tran  
628-652-7473  
tam.tran@sfgov.org

**Recommended By:**   
AnMarie Rodgers, Director of Citywide Policy for  
Rich Hillis, Director of Planning

**Finding:** The project, on balance, is **in conformity** with the General Plan

## Project Description

The proposed project is to demolish the existing Francis Scott Key Annex and construct a 100% affordable multi-family housing project for educators. The proposed new building will be a total of four stories in height on 42nd Avenue and five stories in height on 43rd Avenue. It will include 130 permanently affordable dwelling units, which will be a combination of studios, one-bedroom units, two-bedroom units, and three-bedroom units. The proposed project will also include a community facility space, publicly accessible open space, and private and common open space areas for residents.

MOHCD will be taking two loan agreements to the Board of Supervisors for this project, which is the impetus for this General Plan Review.

## Environmental Review

The proposed project was approved under California Senate Bill 35, which is a ministerial approval and thereby not subject to CEQA review.

## General Plan Compliance and Basis for Recommendation

The proposed project is, on balance, **in conformity** with the General Plan.

### HOUSING ELEMENT

#### OBJECTIVE 1

**IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.**

##### POLICY 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

##### POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing.

*The proposed project would increase affordable housing supply that is permanent, as it would construct housing that is reserved for people working in education.*

##### POLICY 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking, and bicycling for the majority of daily trips.

*The proposed project is new housing that is located near a variety of sustainable transportation options. It is located within walking distance of the N-line rail service and the 7/7X bus service, both of which are a part of the Muni Rapid Network. The proposed project is located within two blocks of a protected bikeway on Kirkham Street and about 10 blocks from a bicycle lane on Irving Street and Sunset Boulevard.*

#### OBJECTIVE 4

**FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFESTYLES.**

##### POLICY 4.6

Ensure that new permanently affordable housing is located in all of the city's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

##### POLICY 4.7

Encourage an equitable distribution of growth according to infrastructure and site capacity.

*The proposed project is located in the Sunset District, where relatively little development has occurred. The subject site's development will contribute to a broader distribution of housing – particularly affordable housing – by increasing the affordable housing stock in a neighborhood that has seen relatively little of such development. The proposed project will contribute additional affordable units at a broad income range of 40% to 120% area median income to the Sunset District, thereby helping diversify its housing stock.*

### **Planning Code Section 101 Findings**

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The proposed project is consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

*The proposed project would not affect neighborhood-serving retail uses or opportunities for employment in or ownership of such businesses. By providing housing for new residents, the proposed project would potentially generate new customers or new employees for nearby businesses.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

*The proposed project would not remove any existing housing. It is two stories taller than nearby buildings. However, its design components (e.g., setbacks, landscaping, materials) help to break down the scale so that neighborhood character is respected. The proposed project would provide urgently needed affordable housing units, most notably for educators who are essential workers.*

3. That the City's supply of affordable housing be preserved and enhanced;

*The proposed project would add to the City's supply of affordable housing, thereby enhancing it. It would do so in a time when San Francisco direly lacks housing that is affordable to most individuals and families, including educators.*

4. That commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking;

*The site is served by nearby public transportation options, as it is situated within a quarter-mile of two Muni Rapid lines. The proposed project would not have a significant adverse effect on auto traffic congestion or create parking problems in the neighborhood.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

*The proposed project would not have an adverse effect on the City's industrial or service sectors nor on opportunities for resident employment and ownership. No industrial or service sector use would be*



*displaced by the Project.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

*The proposed project would adhere to existing building and fire codes to protect against earthquake-related injury and loss of life.*

7. That the landmarks and historic buildings be preserved;

*The Francis Scott Key Annex is not a designated landmark under Article 10, nor does not have a designation under Article 11, However, it is considered a “Category A Historic Resource” under “San Francisco Preservation Bulletin No. 16 – City and County of San Francisco Planning Department CEQA Review Procedures for Historic Resources” as it is discussed in “The Historic Context Statement of the Oceanside – A Neighborhood of the Sunset District San Francisco”. While the building is proposed to be demolished, it would be demolished to enable the production of much-needed affordable housing in an area that is rich with supporting uses, transit, and other modes of non-vehicular travel. Construction of these affordable units would help meet urgent housing needs in San Francisco and help the City meets its state-mandated regional housing needs allocation numbers.*

8. That our parks and open space and their access to sunlight and vistas be protected from development;

*The proposed project would not block access to sunlight or vistas.*

**Finding: The project, on balance, is in conformity with the General Plan**

1 [Urging the Mayor's Office of Housing and Community Development to Create Affordable  
2 Rental Housing for Educators of the San Francisco Unified School District]

3 **Resolution urging the Mayor's Office of Housing and Community Development to**  
4 **develop a pilot program to create affordable rental housing for educators of the San**  
5 **Francisco Unified School District.**

6  
7 WHEREAS, The City and County of San Francisco (the "City") is committed to serving  
8 our children by attracting and retaining well-qualified classroom teachers and  
9 paraprofessionals who provide quality education; and

10 WHEREAS, The City places a high value on our public education system, and the  
11 availability of affordable housing for classroom teachers and paraprofessionals of the San  
12 Francisco Unified School District ("SFUSD") is critical to the overall success and stability of  
13 each school in the City; and

14 WHEREAS, Students and the community at large benefit from classroom teachers and  
15 paraprofessionals of SFUSD ("SFUSD Educators") living in the community in which they  
16 practice their profession, which promotes stability, community involvement, and stronger ties  
17 between SFUSD Educators, their students, and their families; and

18 WHEREAS, Any shortage of SFUSD Educators negatively impacts the quality of  
19 education in SFUSD schools, student academic achievement and morale of teachers, staff  
20 and administrators; and

21 WHEREAS, SFUSD requires a total of 3,600 teachers annually to meet classroom  
22 needs but is challenged by a teacher attrition rate of approximately 10 percent annually, which  
23 is primarily attributed to less experienced teachers leaving and inevitable retirements, as 33  
24 percent of SFUSD teachers are over 50 years of age and 19 percent are over 60 years of  
25 age; and

1 WHEREAS, Enrollment in teacher preparation programs in California has dropped by  
2 75 percent in the past decade thereby decreasing the number of eligible classroom teachers  
3 and increasing competition between school districts for certificated staff; and

4 WHEREAS, The high cost of housing in the City along with the teacher shortage is  
5 making it more difficult for SFUSD to recruit new educators and is also cited as a factor in  
6 attrition; and

7 WHEREAS, Based on a survey administered by SFUSD in June 2016, many SFUSD  
8 Educators are paying more than 30 percent of household income toward rent with nearly 58  
9 percent of SFUSD teachers surveyed and nearly 67 percent of SFUSD paraprofessionals  
10 surveyed reporting that it is "somewhat difficult" or "very difficult" to afford housing costs each  
11 month; and

12 WHEREAS, Over 70 percent of SFUSD teachers surveyed and 56 percent of SFUSD  
13 paraprofessionals surveyed also reported that their salaries provide the majority of their  
14 household income; and

15 WHEREAS, Between 2011 and 2017, average market rents increased 50% and home  
16 prices increased 72% (Zillow), deeply exacerbating an already inadequate housing supply for  
17 households earning less than 120% of AMI, including many SFUSD Educators; and

18 WHEREAS, Many SFUSD Educators who reside in the City face untenable rent  
19 burdens: an experienced educator earning 100% of AMI (\$80,700 for an individual) must pay  
20 47% of his or her income for a market-rate 1-bedroom apartment (\$3,173; Trulia, Zillow,  
21 Zumper); and

22 WHEREAS, The high cost of housing is also a statewide challenge, given that  
23 California has six of the most expensive rental markets in the nation and almost half of  
24 Californian renters pay more than 35 percent of their income toward rent according to the  
25

1 Public Policy Institute of California's report dated January 2017, and 75 percent of public  
2 school districts are experiencing teacher shortages at an increasing rate; and

3 WHEREAS, The City and the United States Department of Housing and Urban  
4 Development ("HUD") support housing opportunities for teachers through programs like the  
5 Teacher Next Door program and the Teacher Housing Initiative, which the latter was a  
6 partnership between HUD and SFUSD pursuant to SFUSD Board Resolution 04-25A4  
7 adopted May 23, 2000; and

8 WHEREAS, Section 42(g)(9) of the Internal Revenue Code (26 USC § 42(g)(9)) allows  
9 the use of tax credits for projects with occupancy restrictions that favor tenants who are  
10 members of a specified group under a State program or policy that supports housing for such  
11 a specified group; and

12 WHEREAS, The Teacher Housing Act of 2016 (Health & Safety Code § 53570 et seq.)  
13 was enacted by the California Legislature to create a specific state policy supporting housing  
14 for teachers and school district employees as set forth in Section 42(g)(9) of the Internal  
15 Revenue Code and permit school districts and developers in receipt of local or state funds or  
16 tax credits designated for affordable rental housing to restrict occupancy to teachers and  
17 school district employees on land owned by school districts; and

18 WHEREAS, SFUSD desires to work with the Mayor's Office of Housing and  
19 Community Development ("MOHCD") to implement the Teacher Housing Act of 2016  
20 pursuant to Resolution No. 75-23Sp1 of the SFUSD Board of Education; and

21 WHEREAS, SFUSD and MOHCD desire to work together to utilize tax credits, tax  
22 exempt bonds, public and private partnerships and other innovative financing to develop  
23 affordable housing for SFUSD Educators; and

1           WHEREAS, The purpose of this Resolution is to state the City's policy to create  
2 affordable housing opportunities for SFUSD Educators and support SFUSD's implementation  
3 of the Teacher Housing Act of 2016; and

4           WHEREAS, The Board of Supervisors of the City and County of San Francisco (the  
5 "Board") finds and declares that it is a necessary and important public purpose to provide  
6 affordable housing to SFUSD Educators, and the SFUSD Board of Education has made the  
7 same findings; and

8           WHEREAS, The Board finds and declares that a restriction for affordable housing for  
9 SFUSD Educators unable to afford market rents is necessary to achieve the important public  
10 purpose of increasing opportunities for such persons to continue to live in the City, reduce  
11 turnover of SFUSD Educators, and support the educational success and stability of each  
12 school in SFUSD and the children in the City, and the SFUSD Board of Education has made  
13 the same findings; now, therefore, be it

14           RESOLVED, That the Board hereby urges the Director of MOHCD (the "Director"), on  
15 behalf of the City and County of San Francisco, to develop a pilot program for the  
16 development and construction of affordable housing for households of SFUSD Educators, and  
17 utilization of tax credits, tax exempt bonds, public and private partnerships and other  
18 innovative financing and land transfers for such purpose; and, be it

19           FURTHER RESOLVED, That the Board of Supervisors urges the Director, on behalf of  
20 the City and County of San Francisco, to assist SFUSD to implement any policies or programs  
21 pursuant to the authority granted by the Teacher Housing Act of 2016.



City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

Tails  
Resolution

File Number: 170627

Date Passed: June 06, 2017


Resolution urging the Mayor's Office of Housing and Community Development to develop a pilot program to create affordable rental housing for educators of the San Francisco Unified School District.

June 06, 2017 Board of Supervisors - ADOPTED

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

File No. 170627

I hereby certify that the foregoing Resolution was ADOPTED on 6/6/2017 by the Board of Supervisors of the City and County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

  
Mayor

  
Date Approved



## San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org) . [www.sfethics.org](http://www.sfethics.org)

Received On:

File #: 220767

Bid/RFP #:

### Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

#### 1. FILING INFORMATION

<b>TYPE OF FILING</b>	<b>DATE OF ORIGINAL FILING (for amendment only)</b>
Original	
<b>AMENDMENT DESCRIPTION – Explain reason for amendment</b>	

#### 2. CITY ELECTIVE OFFICE OR BOARD

<b>OFFICE OR BOARD</b>	<b>NAME OF CITY ELECTIVE OFFICER</b>
Board of Supervisors	Members

#### 3. FILER'S CONTACT

<b>NAME OF FILER'S CONTACT</b>	<b>TELEPHONE NUMBER</b>
Angela Calvillo	415-554-5184
<b>FULL DEPARTMENT NAME</b>	<b>EMAIL</b>
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

#### 4. CONTRACTING DEPARTMENT CONTACT

<b>NAME OF DEPARTMENTAL CONTACT</b>	<b>DEPARTMENT CONTACT TELEPHONE NUMBER</b>
Judy Shepard-Hall	628-652-5824
<b>FULL DEPARTMENT NAME</b>	<b>DEPARTMENT CONTACT EMAIL</b>
MYR Mayor's Office of Housing and Comm. Dev	judy.shepard@sfgov.org

5. CONTRACTOR	
<b>NAME OF CONTRACTOR</b> MP Francis Scott Key 2 Associates, L.P.	<b>TELEPHONE NUMBER</b> 650-356-2982
<b>STREET ADDRESS (including City, State and Zip Code)</b> 303 Vintage Park Drive, Ste 250, Foster City, CA 94404	<b>EMAIL</b> mkim@midpen-housing.org

6. CONTRACT		
<b>DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)</b>	<b>ORIGINAL BID/RFP NUMBER</b>	<b>FILE NUMBER (If applicable)</b> 220767
<b>DESCRIPTION OF AMOUNT OF CONTRACT</b> MOHCD Loan up to \$2,656,208		
<b>NATURE OF THE CONTRACT (Please describe)</b> The resolution requests approval of a MOHCD loan in the amount up to \$2,656,208 to finance the construction of Shirley Chisholm Village. The project consists of 35 units of affordable family housing, with priority given to educators and all other school district employees, to be developed by MidPen Housing Corporation with MP Francis Scott Key 2 Associates, L.P. as borrower and operator.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS



**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Harrison	Eric	Board of Directors
2	Garcia-Kohl	Jessica	Board of Directors
3	Torres	Enrique	Board of Directors
4	Diaz	Gina	Board of Directors
5	Freeman	Terry	Board of Directors
6	Bartlett	Beth	Board of Directors
7	Bathey	Mark	Board of Directors
8	Hicks	Jennifer	Board of Directors
9	Goon	Fay Sien	Board of Directors
10	McDonnell	Renee	Board of Directors
11	Martinez	Jennifer	Board of Directors
12	de Laet (Jagerson)	Elisa	Board of Directors
13	Lee	Chan U	Board of Directors
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16	Vergura	Michael	Other Principal Officer
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20	NEF Assignment Corporation		shareholder
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<input type="checkbox"/>	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

**10. VERIFICATION**

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

<p><b>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</b></p>  <p>BOS Clerk of the Board</p>	<p><b>DATE SIGNED</b></p>
---	---------------------------



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<b>DESCRIPTION OF AMOUNT OF CONTRACT</b> MOHCD Loan up to \$45,543,792		
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This contract was approved by:	
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**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

<p><b>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</b></p>  <p>BOS Clerk of the Board</p>	<p><b>DATE SIGNED</b></p>
---	---------------------------



**From:** [Conine-Nakano, Susanna \(MYR\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Paulino, Tom \(MYR\)](#); [Wright, Edward \(BOS\)](#); [Geithman, Kyra \(MYR\)](#); [Nickolopoulos, Sheila \(MYR\)](#); [Gluckstein, Lisa \(MYR\)](#)  
**Subject:** Mayor -- Resolution -- Shirley Chisholm Village Loan Agreement  
**Date:** Tuesday, June 28, 2022 4:43:30 PM  
**Attachments:** [Mayor -- Resolution -- Shirley Chisholm Village Loan Agreement.zip](#)

---

Hello Clerks,

Attached for introduction to the Board of Supervisors is a Resolution 1) approving and authorizing a Loan Agreement in an amount not to exceed \$2,656,208 for a minimum loan term of 57 years (“Low Income Loan Agreement”) to finance the development and construction of a project located at 1360 43rd Avenue in San Francisco (“Property”) with the MP Francis Scott Key 2 Associates, L.P. in order to construct a 100% affordable, 35-unit multifamily rental housing development affordable to low-income households with priority to educators and employees of the San Francisco United School District; 2) approving and authorizing an Amended and Restated Loan Agreement in an amount not to exceed \$45,543,792 for a minimum loan term of 57 years (“Moderate Income Loan Agreement”) to finance the development and construction of a project located at the Property with MP Francis Scott Key 1, LLC. in order to construct a 100% affordable, 100-unit multifamily rental housing development affordable to moderate-income households with priority to educators and employees of the San Francisco United School District, and space for community-serving purposes; 3) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 4) authorizing Mayor and the Director of MOHCD to execute the Low Income Loan Agreement and Moderate Income Loan Agreement, and make certain modifications to such agreements, as defined herein, and take certain actions in furtherance of this Resolution, as defined herein.

Please note that Supervisor Mar is a co-sponsor of this legislation.

Please let me know if you have any questions.

Best,  
Susanna

Susanna Conine-Nakano  
Office of Mayor London N. Breed  
City & County of San Francisco  
1 Dr. Carlton B. Goodlett Place, Room 200  
San Francisco, CA 94102  
415-554-6147