

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

Throughline Apartments \$14,840,000 Gap Loan, Up to \$8,499,000 of Preservation and Seismic Safety Program (PASS) Mortgage, and \$2,398,821 in Debt Forgiveness Request

Evaluation of Request for:	Permanent Financing & Debt Forgiveness
Loan Committee Date:	October 15, 2021
Prepared By:	Joyce Slen, Project Manager
MOHCD Asset Manager:	Scott Madden
Sources and Amounts of New Funds Recommended:	\$14,040,000 – Community Development Block Grant (CDBG) <u>\$ 8,899,000 - PASS (Series 2020C)</u> \$22,939,000 - Total
Sources and Amounts of Previous City Funds Committed:	\$ 330,898 – CHRP Loan (1981) \$ 645,286 – CDBG (1983) \$ 829,387 – CDBG Site Acquisition (1989) <u>\$ 101,423 – CDBG (2004)</u> \$5,309,976– Total (w/outstanding balance & accrued interest as of 10/15/21) <u>\$ 800,000 – Housing Trust Fund (HTF) (2020)</u> \$ 814,548- Total (w/acrued interest as of 10/15/21) \$6,124,525 - Total
NOFA/PROGRAM/RFP:	Housing Opportunity/Emergency Preservation
Applicant/Sponsor(s) Name:	Chinatown Community Development Center (Chinatown CDC)

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Throughline Apartments	Sponsor(s):	Chinatown CDC
Project Address (w/ cross St):	777 Broadway (Broadway & Cordelia St) 1204 Mason St. (Mason & Washington St) 1525-1529 Grant Ave (Grant Ave & Union St)	Ultimate Borrower Entity:	CCDC Throughline, LLC

Project Summary:

Chinatown Community Development Center (Chinatown CDC) requests up to \$2,398,821 in existing MOHCD debt forgiveness and gap financing of up to \$22,339,000, which includes \$14,840,000 in CDBG and HTF funds and a residential mortgage under the Preservation and Seismic Safety Loan Program (PASS) ("PASS Loan") of up to \$8,499,000 for the acquisition and rehabilitation of three buildings in the Chinatown, Nob Hill, and North Beach neighborhoods: Bayside Elderly Housing at 777 Broadway, Consorcía Apartments at 1204 Mason Street, and Tower Hotel, a Single Occupancy Room (SRO) Hotel, at 1525-1529 Grant Avenue (the "Throughline Apartments" or the "Project"). In total, Throughline Apartments is 88 existing affordable units in 3 buildings (including three manager's units) and four commercial spaces. Bayside Elderly Housing ("Bayside") serves low-income seniors and is funded under the U.S. Department of Housing & Urban Development (HUD) 202 program, with a Project Based Rental Assistance (PBRA) contract administered by the California Affordable Housing Initiatives, Inc. (CAHI); Consorcía Apartments ("Consorcía") serves low-income families with an average rent of 23% Area Median Income ("MOHCD AMI"); and Tower Hotel ("Tower") serves low- to very low-income individuals with an average rent of 13% MOHCD AMI, respectively.

The Project responds to the San Francisco Consolidated Plan, which furthers the objectives of the [Strategies for a Sustainable Chinatown](#), and achieves MOHCD's racial equity goals by advancing opportunities and improving programmatic outcomes for low-income residents while expanding development opportunity for Black, Brown, Indigenous and other people of color (BIPOC) led community based organizations like Chinatown CDC. Scope of work includes mandatory seismic retrofits for Consorcía and Tower, exterior repairs, building system improvements to fire and life safety, building code, and energy efficiency upgrades, and overall common area and unit improvements.

MOHCD's \$14.84MM gap loan will be loaned to CCDC Throughline, LLC to acquire the Throughline Apartments from Bayside Elderly Housing Corporation (subsidiary of CCDC) and Chinatown CDC (the "Sellers"), with an appraised sales price of \$20.8MM. The Sellers will then disburse seller proceeds back to CCDC Throughline, LLC in two grant agreements to finance the critical rehab of the three buildings. Leveraging debt with the substantial cash flow from Bayside's Section 8 PBRA contract, the Sponsor will hold a 40-year PASS mortgage as part of the Project's financing. Additional permanent financing sources include a Federal Appropriations Grant ("Federal Appropriations Grant"), a MOHCD gap loan, project reserves, Hamlin Hotel excess proceeds, existing MOHCD and Sponsor debt, and a PASS mortgage. The Sponsor's target acquisition date is March 15, 2022, with an April 1, 2022 construction start and construction completion in July 2023.

Project Description:

Construction Type:	Three buildings are all Type V (wood-framed)	Project Type:	Rehabilitation
Number of Stories:	Bayside: 3-story over 1-story concrete masonry unit (CMU) over Ping Yuen North public housing garage building Consorcia: 4-story with partial basement Tower: 3-story with 1-story partial basement	Lot Size (acres or sf):	Total Lot: 19,933 sf Bayside: 11,245 sf Consorcia: 4,738 sf Tower: 3,950 sf
Number of Units:	88 units Bayside: 31 Consorcia: 24 Tower: 33	Architect:	Saida + Sullivan Design Partners (SSDP)
Total Residential Area:	37,110 sf Bayside: 18,325 sf Consorcia: 11,255 sf Tower: 7,530 sf	General Contractor:	BBI Construction
Total Commercial Area:	8,205 sf Consorcia: 2,945 sf Tower: 5,260 sf	Property Manager:	Chinatown CDC
Total Building Area:	45,315 sf Bayside: 18,325 sf Consorcia: 14,200 sf Tower: 12,790 sf	Supervisor and District:	Supervisor Peskin (D3)
Land Owner:	Bayside: Chinatown CDC (air rights from the San Francisco Housing Authority (SFHA)) Consorcia: Chinatown CDC Tower: Chinatown CDC		
Total Development Cost (TDC):	\$30,941,548	Total Acquisition Cost:	\$20,819,568 sales price is part of separate acquisition transaction
TDC/unit:	\$351,609	TDC less land (total acquisition) cost /unit:	\$351,609
Loan Amount Requested:	Gap - \$14,840,000 PASS - \$8,499,000 Total - \$23,339,000	Request Amount / unit:	Gap - \$168,636 PASS - \$96,580
HOME Funds?	No	Parking?	No

PRINCIPAL DEVELOPMENT ISSUES

- 1) HUD Contract Rents** – Bayside’s HUD Section 8 subsidy reduced by \$500/unit/month based off HUD’s third party Rent Comparability Study (RCS) conducted during the pandemic— from \$2,731/unit/month in June 2020 to \$2,231/unit/month in November 2020. After further discussion and appeal, HUD allowed the Sponsor to request a new RCS within a 5-year period to increase contract rents, when the market is expected to improve. The Sponsor has consulted with an appraiser regarding the current market rent to submit an updated RCS to HUD before closing. The proforma assumes HUD will approve higher contract rents at \$2,400/unit/month from an updated RCS. There is significant financial risk to the Project should HUD deny the Sponsor’s RCS during closing. This will consequently force the Sponsor to use lower contract rents at \$2,231/unit/month to leverage a smaller mortgage--creating a larger financing gap in the Project. See Section 7.5 Income Restrictions for All Sources and Section 9.2 Recommended Loan Conditions.
- 2) Cross-collateral Financing & Extremely Low Rents** – Both Consorcia and Tower are unsubsidized buildings with an average rent below 25% AMI. The Project’s financing structure relies heavily on cross-collateralizing Bayside’s asset to secure the future loans on the Project. Because of the large discrepancies between current rents and maximum allowed rents at Consorcia and Tower, the buildings lack sufficient reserves to pay for long term maintenance costs. As a loan condition, the Sponsor will continue to apply tiered rent increases to the Project without harming already over-burdened tenants and will provide a marketing plan outlining the Sponsor’s plan to lease up 9 vacant SRO units at Tower at the maximum allowed rents. See Section 4.8 Marketing & Occupancy Preferences, Section 7.6 MOHCD Restrictions, and Section 9.2 Recommended Loan Conditions.
- 3) GMP Contract** – The Sponsor has not received final bid numbers and budgeted only a 11.3% hard cost contingency— lower than MOHCD’s standard 15% for rehabs. Given the age of the buildings, staff is concerned the Sponsor may encounter unforeseen conditions during construction and will not have sufficient funds to complete the repairs. As a loan condition, the Sponsor must submit the final GMP contract prior to execution for MOHCD’s review and approval. If the \$333K transfer tax is deemed not applicable to the acquisition, the Sponsor must reallocate those funds to increase the Project’s 11.3% hard cost contingency to be closer to MOHCD’s 15% standard for rehabs. See Section 4.2 Proposed Rehab Scope, Section 6.4.1 Permanent Sources Evaluation Narrative, and Section 9.2 Recommended Loan Conditions.
- 4) HUD & SFHA Approvals** – The real estate transfer of Throughline Apartments to the Project’s new ownership entity, requires various HUD and SFHA approvals prior to construction closing. HUD preapproved Chinatown CDC to prepay the existing HUD 202 mortgage at Bayside and to use the building’s reserves and residual receipt reserves to finance Bayside’s portion of the rehab. And as discussed as the Project’s first principal development issue-- there is significant financial risk to the Project should HUD deny the Sponsor’s request to increase contract rents—creating a financing gap in the Project. Chinatown CDC will continue to work with HUD and SFHA to seek necessary Project approvals prior to closing. As loan conditions, the Sponsor will allow MOHCD the opportunity to comment on the Project’s HUD and SFHA documents prior to execution; and will provide bi-weekly progress updates to MOHCD on the HUD and SFHA approvals leading up to closing. See Section 4.1 Site Control, Section 7.5 Income Restrictions for All Sources, and Section 9.2 Recommended Loan Conditions.
- 5) Commercial & Residential Relocation** – There is \$1.93MM in the development budget for relocation. Prior to closing, the Sponsor will need to conduct residential interviews and identify appropriate relocation units in the market for residential relocation. For the commercial spaces at Consorcia, Chinatown CDC will need to negotiate with the commercial tenants on whether they’ll proceed with temporary off-site relocation or temporary business closures. As a loan condition, the Sponsor will need to provide a relocation plan, detailed budget, and schedule to MOHCD for review and approval. Chinatown CDC will also need to provide bi-weekly progress updates on SFHA’s approval on the relocation plan. See Section 4.9 Relocation and Section 9.2 Recommended Loan Conditions.
- 6) Affordable Housing Program (AHP)** – In effort to reduce MOHCD’s gap loan and pay for potential cost overruns, Chinatown CDC will apply for the Federal Home Loan Bank of San Francisco (FHLBSF) Affordable Housing Program (AHP) for \$880,000 in March 2022. Awarded projects in the 2020 AHP round received a minimum score of 72.68 points. The Project will likely be competitive with a self-score of 76.65 points. As a loan condition, Chinatown CDC will apply for AHP financing in 2022 and if not awarded, will apply again during construction in 2023. See Section 6.4.1 Permanent Sources Evaluation Narrative and Section 9.2 Recommended Loan Conditions.

ACQUISITION SOURCES AND USES SUMMARY

Step 1	Forgive Existing Debt (MOHCD)	
	\$5,344,898	Total Existing MOHCD Debt (principal & interest)
This Request	-\$2,398,821.37	Forgive Interest on 1989 MOHCD-CDBG Loan
This Request	\$2,946,077	Existing Debt Assigned (MOHCD)
	\$309,523	Existing Debt Assigned (CCDC)
	\$3,255,600	Remaining Existing Debt - Assign to Buyer (LLC)
Step 2	Acquisition Sources (Buyer - CCDC Throughline, LLC)	
This Request	\$14,840,000	MOHCD funds \$14.84MM CDBG-HTF Acquisition Loan at 55 yrs. @ 3% interest, with residual receipt payment
	\$2,946,077	Existing Debt Assigned (MOHCD)
	\$309,523	Existing Debt Assigned (CCDC)
	\$2,723,968	LLC purchases Bayside reserves
	\$20,819,568	Sales Price
Step 3	Uses of Funds to Seller (Bayside & Chinatown CDC)	
	\$987,209	Repay remaining balance on HUD 202 Mortgage
	\$333,000	Transfer taxes
	\$2,723,968	Existing Project Reserves (Bayside)
	\$2,946,077	Existing Debt Assigned (MOHCD)
	\$309,523	Existing Debt Assigned (CCDC)
	\$13,519,791	Due to Seller*
	\$20,819,568	Total Funds to Seller
Step 4	Source of Cash Funds for Rehab	
	\$13,519,791	Grant from Seller to LLC at 0% interest*
	\$2,723,968	Existing Project Reserves (Bayside)
	\$2,500,000	Federal Appropriations Grant
This Request	\$5,175,891	PASS - Market Rate Loan
This Request	\$2,855,664	PASS - Below Market Rate Loan
This Request	\$467,445	PASS - Deferred Loan
	\$27,242,759	Total

*\$13,519,791 reflects amount due to seller after paying off HUD 202 mortgage and transfer taxes from the \$14.48MM MOHCD-CDBG-HTF for acquisition.

PERMANENT SOURCES AND USES SUMMARY

Permanent Sources	Amount	Terms	Status
MOHCD - PASS Loan	\$8,031,555	40 yrs. @ 2.742%	This Request
MOHCD - PASS Deferred Loan	\$467,445	40 yrs. @ 0.95763%	This Request
Accrued Def Interest - PASS Deferred Loan	\$317		This Request
MOHCD-CDBG-HTF Gap*	\$13,519,791	55 yrs. @ 3% / Res Rec	This Request
MOHCD - 1981 CDBG Loan**	\$733,877	55 yrs. @ AFR	Existing
MOHCD - 1983 CDBG-CHRP Loan**	\$1,038,158	55 yrs. @ AFR	Existing
MOHCD - 1989 CDBG Acquisition Loan**	\$1,162,705	55 yrs. @ AFR	Existing
MOHCD - 2004 CDBG Loan**	\$11,338	55 yrs. @ AFR	Existing
Chinatown CDC - 1985 Tower Loan	\$309,523	55 yrs. @ AFR	Existing
Federal Appropriations Grant	\$2,500,000		Committed
Bayside Project Reserve	\$2,723,968		Committed
GP Capital – Hamlin Hotel Funds	\$600,000		Committed
GP Capital - Property Reserves for Predev Expenses prior to 12/31/2019	\$125,391		Committed
Total	\$31,224,067		

Uses	Amount	Per Unit	Per SF
Acquisition	\$0	\$0	\$0
Hard Costs	\$22,753,459	\$258,562	\$456
Soft Costs	\$7,582,658	\$86,621	\$153
Reserves	\$387,950	\$4,409	\$8
Developer Fee	\$500,000	\$5,682	\$10
Total	\$31,224,067	\$354,819	\$626

*\$13,519,791 reflects amount due to seller after paying off HUD 202 mortgage and transfer taxes from the \$14.48MM MOHCD-CDBG-HTF for acquisition.

**Total Recast Debt at 3/15/2022 Closing

1. BACKGROUND

1.1. Project History Leading to This Request.

The Department of Building Inspections (DBI) created the Mandatory Soft Story Retrofit Program (MSSP) in 2013. The program is to ensure the safety and resilience of San Francisco’s housing stock through the retrofit of older, wood-framed, multi-storied buildings that include housing over a non-housing ground floor space that has less stability or weakened ability for lateral load resistance that creates a soft-story condition. DBI determined 1204 Mason (Consortia) and 1525-1529 Grant Avenue (Tower) as Tier 4 priorities in the MSSP. Tier 4 priorities are required to submit the building’s permit application for the seismic retrofit work by September 15, 2018, with the work completed by September 15, 2020—now extended to October and November 2023 for Consortia and Tower. Furthermore, both buildings must comply with Ordinance No. 51-16, requiring buildings with ground floor commercial to have primary entrances accessible for people with disabilities. The Ordinance is implemented through DBI’s Accessible Business Entrance Program. Neither building has sufficient reserves to fund the seismic retrofit or the accessible entryway work that is required.

In March 2018, Chinatown CDC proposed to MOHCD the syndication of three properties in their portfolio (Bayside, Consortia, and Tower) as one scattered site development project called the

Throughline Apartments. Geographically, the properties create a line that runs from North Beach, through Chinatown, and into Nob Hill, with a quarter mile between each.

The scattered site acquisition rehabilitation project will achieve:

- some economies of scale by bundling three project rehabilitations into one project-- saving in administrative, financing, and legal costs;
- the payoff of the remaining HUD 202 mortgage (with an 8.375% interest rate) at Bayside;
- the leveraging of the significant cash flow at Bayside to refinance and replace the 202 mortgage with a PASS loan (blended interest rate of 2.742%); and
- the financing to perform the required soft story and accessible entryway work, in addition to the much-needed in-unit and common area rehabilitation scope for the three buildings.

Property Name	Property Description	Property Needs
777 Broadway <i>Bayside Elderly Housing</i>	31-unit senior HUD 202 building (studios) built in 1990 by Chinatown CDC, on the air rights above the surface parking lot for Ping Yuen North, a previously owned San Francisco Housing Authority (SFHA) public housing building-- now owned and managed by Chinatown CDC through the Rental Assistance Demonstration Program (RAD).	\$7MM rehab • Accessibility improvements • Energy Efficiency Upgrades
1204 Mason <i>Consortia Apartments</i>	24-unit (studios and 1BR units) building with three ground floor commercial spaces and a partial basement that was built in 1909. A substantial rehabilitation was completed in 1982 after Chinatown CDC acquired the property.	\$8.7MM rehab • Seismic retrofit • Accessibility improvements • Fire & life safety code upgrades
1525-1529 Grant Avenue <i>Tower Hotel</i>	33-unit SRO building with communal bathrooms and kitchens, a ground floor commercial space, and a partial basement that was built in 1911. The last major rehab was completed in 1985 after Chinatown CDC acquired the property.	\$6.6MM rehab • Seismic retrofit • Accessibility improvements • Fire & life safety code upgrades

Chinatown CDC has spent over \$125K in Project Reserves prior to December 31, 2019 on predevelopment costs, which serves as a source to the Project. The following milestones have been met from March 2018 to September 2021:

- September 2018 – Submitted Consortia and Tower soft-story drawings to DBI by the September 15, 2018 deadline.
- April 2019 – Engaged California Housing Partnership (CHPC) for financial consulting.
- July 2019 – Selected Saida + Sullivan Design Partners (SSDP) as Project Architect, EDesignC as Project mechanical, electrical and plumbing (MEP) Engineer & Steelhead as Project Waterproofing consultant.
- August 2019 – Engaged Klein & Hornig as legal counsel based in Washington DC to help with HUD Section 202 prepayment.
- September 2019 – Selected Peralta Energy as the Energy consultant.
- October 2019 – SSDP completed 100% Schematic Drawing (SD) set.
- November 2019 – Selected BBI Construction as General Contractor.
- December 2019 – BBI Construction provided preliminary pricing on SD set & selected James G Palmer Appraisals to conduct appraisal reports.
- January 2020 – Selected Rincon Consultants to conduct Phase I for Bayside.
- February 2020 – Secured HUD approval on prepayment of the existing Section 202 mortgage; James G Palmer prepared draft appraisal report; and Steelhead provided Leakage study report for Consortia & Tower.
- March 2020 – Rincon provided draft Phase II report for Bayside, performed radon testing and provided soil vapor test results for Bayside, per HUD requirement. Selected ACC Environmental to draft Phase I report for Consortia & Tower.

- April 2020 – BBI Construction provided revised preliminary pricing on SD set.
- May 2020
 - Procured permit expeditor, Jules Mancilla;
 - Engaged Gubb & Barshay as legal counsel for Throughline syndication, including HUD and SFHA related matters;
 - Selected Newport Realty Advisors to prepare Market Study;
 - Selected Simpson Gumpertz & Heger to perform PML analysis; and
 - ACCE provided Phase I reports for Consorcia & Tower.
- September-December 2020- - Applied to CDLAC-TCAC with an unsuccessful application.
- January-February 2021- Per the new CDLAC/TCAC regulations, Throughline only qualifies under the “Other Affordable Pool” and CDLAC has only allocated \$21M for the entire pool for 2021. There is not enough Private Activity Bond volume cap for Throughline to re-apply to CDLAC (Project needs more than \$28M of tax-exempt bonds).
- March-June 2021 – Applied and awarded for \$2.5MM in federal appropriation funds.
- July-September 2021- Since Throughline is no longer viable as a LIHTC project, the Sponsor looked at other financing scenarios along with five other properties in CCDC’s portfolio that require extensive rehab (Golden Gate Apartments, Larkin Pine, Notre Dame, Swiss American, and Namiki) (the “8 Priority Projects”) with their financial consultant, CHPC, for potential financial restructuring. Chinatown CDC’s Deputy Director of Portfolio, Housing Development and Asset Management staff have been meeting on a monthly basis to strategize financing to rehab the 8 Priority Projects. The Sponsor met with MOHCD to review the portfolio wide rehabilitation plan and identified a finance structure for Throughline using CDBG funds for an April 2021 construction start date.

This request to Loan Committee is for the following approvals:

- Up to \$2,398,821 in existing MOHCD debt forgiveness;
- \$14,840,000 in MOHCD gap funding for acquisition; and
- Up to \$8,499,000 in PASS mortgage financing, which will be drawn down the start of construction.

MOHCD’s existing debt on the Throughline Apartments will not be repaid at construction closing (total outstanding principal balance and accrued interest to close), but will be consolidated into a single subordinate loan, which will include the new \$14.84MM gap loan and \$8.5MM PASS mortgage contemplated in this request. CCDC Throughline LLC will be assigned MOHCD’s existing debt, along with the \$800K predevelopment loan to Throughline, L.P., with the final MOHCD loan to be restructured and conformed to an extended loan term of 55 years. See Section 6.4 Permanent Financing for more information.

1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

Housing Opportunity/Emergency Preservation.

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.

CCDC Throughline LLC (the “LLC”) will be the ultimate borrower for the predevelopment loan, MOHCD CDBG-HTF loan, and PASS loan. The sole managing member of CCDC Throughline LLC is Chinatown Community Development Center, Inc. a California nonprofit public benefit corporation. Throughline L.P. is the borrower of the MOHCD predevelopment loan, which will be assigned to CCDC Throughline LLC at loan closing.

The LLC will purchase the three Throughline Projects: Bayside, Consorcia, Tower, from Bayside Elderly Housing Corporation and Chinatown CDC. See Section 4.1 Site Control for more information.

1.3.2. Demographics of Board of Directors, Staff and People Served.

Chinatown CDC's Board of Directors consists of 23 individuals with a breadth of experience including affordable housing development, supportive housing, real estate, law, and accounting. The Sponsor's Board of Directors is over 80% people of color with a close 50/50 split between male and female representation. Further, the Housing Development Division is a racially diverse team with over 70% people of color, including the Director of Housing Development.

1.3.3. Racial Equity Vision.

Chinatown CDC is a BIPOC-led organization with a 44-year history of advocacy on behalf of low-income residents in Chinatown. Understanding all organizations have room to grow in addressing institutionalized racism, Chinatown CDC has approached this with intention, by modifying organizational policies and procedures to lower barriers of entry to housing, becoming trauma-informed in its services provision, being intentional about hiring bilingual staff that reflects the communities they serve, providing opportunities for BIPOC residents to engage with the neighborhood planning process, and working to heal historic divides between Asian Americans and other BIPOC and White communities.

At the building level, Chinatown CDC's racial equity strategy promotes access to quality and stable housing, social and economic mobility, education, health, and housing assistance to support intergenerational wealth building in BIPOC communities. Chinatown CDC uses a Community Building and Engagement (CB&E) model of resident service provision, which posits that being socially connected and active in one's community not only enhances one's quality of life but is a housing retention strategy, as it reduces feelings like isolation that can lead to behavioral issues. The CB&E model prioritizes residents' experiences, ideas, and skills in the creation of programming.

1.3.4. Relevant Experience.

Chinatown CDC began developing affordable housing over four decades ago and has built and rehabilitated 36 properties across San Francisco. Totalling 3,194 units, this portfolio includes 874 units for seniors and 314 units are designated as supportive housing. Another 576 are former public housing units with deeply supportive service provision. About half of Chinatown CDC's buildings are Type I construction, and an additional five buildings are either Type III/I or Type V/I.

The Sponsor has extensive experience in substantial rehabs. Starting in 2015, the Sponsor took over ownership of all 526 public housing units in Chinatown (including 92 apartments for seniors) through the HUD RAD program and completed \$150MM in renovations. In 2017, Chinatown CDC launched its Small Sites and SRO Programs to acquire and complete critical life-safety repairs in Chinatown buildings with vulnerable residents at risk of eviction. The Sponsor has since preserved 130 units, primarily serving seniors, as permanent affordable housing.

1.3.5. Project Management Capacity.

Bo Han, Project Manager at Chinatown CDC, is managing Throughline Apartments at 45% of her time. Bo is supported by Christina Mirani, recently promoted to Project Manager, spending 40% of her time towards the project.

1.3.6. Past Performance.

1.3.6.1. City audits/performance plans.

Chinatown CDC holds at least 15 contracts/grants with the City-- from tenant counseling (eviction prevention counseling), rental housing counseling (BMR rental housing counseling), and case management for SRO families to CCDC Youth Leadership, Campaign Academy, and Service connections for the API community. The organization has performed exceptionally well programmatically in MOHCD contract/grants.

In FY 19-20, Chinatown CDC received a waiver to submit an audit report, since there were no previous findings and were fiscally healthy in Fiscal Year 18-19 and 17-18. The organization was not chosen for discretionary fiscal monitoring this past year.

1.3.6.2. Marketing/lease-up/operations.

Chinatown CDC’s approach to leasing their own buildings focuses on outreach to Black and Latin-X community members-- including partnering with Cathy Davis, San Francisco’s expert in outreach to Certificate of Preference (COP) holders, and helping tenants secure rental subsidies to meet income requirements. The results of the Sponsor’s latest lease-ups prove the success of these strategies: at 1296 Shotwell, over 60% of tenants selected via lottery were priority populations: 3 COP holders, 14 displaced tenants, and 28 neighborhood residents. The Sponsor attracts more COP holders at buildings in preferred neighborhoods, including 8 at Mary Helen Rogers Senior Community in the Western Addition. MOHCD marketing staff reported that in recent lease ups, the Sponsor ‘s lease up performance has improved due to stable property management staffing.

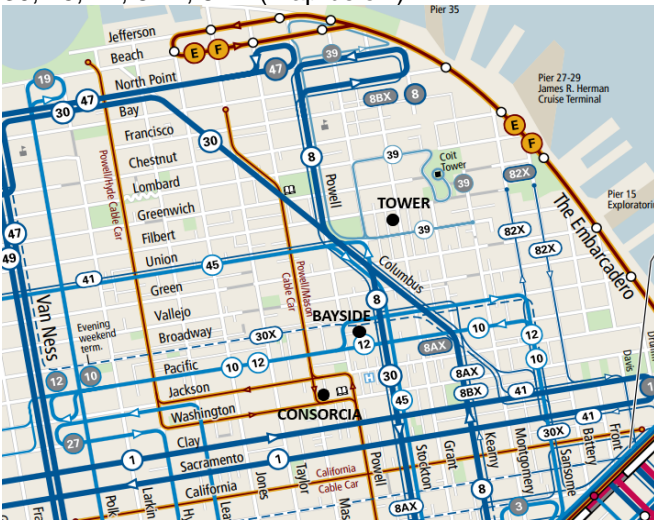
As a loan condition, Sponsor must provide initial draft marketing plan within 8 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City’s preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor’s Racial Equity statement and promotion of positive outcomes for African American San Franciscans. See Section 4.1.1 Marketing/lease-up/operations for more information.

Out of all the units Chinatown CDC manages in the Real Estate Owned (REO) schedule, the breakdown by race includes: 61% Asian, 12% White, 10.5% Black, 9% other, 6% declined to report, 1% Native American, and 0.5% Pacific Islander. There has been only one recorded eviction in the year 2021 to date.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	1204 Mason - RC-3 – Residential-Commercial, Medium Density 777 Broadway – RM-4 – Residential-Mixed, High Density 1525-1529 Grant Ave – NCD-North Beach Neighborhood Commercial
Maximum units allowed by current zoning (N/A if rehab):	N/A
Number of units added or removed (rehab only, if applicable):	0
Seismic (if applicable):	Seismic Zone 4; Probably Maximum Losses (PML) analysis for Consorcia & Tower conducted in May 2020. Scenario Expected Loss (SEL) of 15% for Consorcia, and 11% for Tower.
Soil type:	Soil type D (Clay loam, silty clay loam, sandy clay, silty clay or clay) for Consorcia; Soil type B/C (silty loam/sandy clay loam) for Tower.
Environmental Review:	Rincon Consultants (“Rincon”) completed a Phase I report for Bayside on February 7, 2020, following with a draft Phase II report on March 5, 2020. The report indicates that one Potential Recognized Environmental Condition (REC) is the historical use of adjacent and nearby properties as laundromats/cleaners. Rincon recommended a subsurface soil vapor assessment at Bayside and collected samples from three borings 5-feet below ground surface. Results showed no detection of volatile organic compounds (VOCs), so Rincon recommended no additional assessment is required at Bayside.

	A Phase I report for Consorcia and Tower was completed by ACC Environment in May 2020, recommending a Phase II study due to the presence of previous cleaners on/nearby the sites. Phase II report was completed in September 2020, followed by Air Sampling report two weeks later per recommendation. ACCE report showed no harmful detection of VOCs, and no additional assessment is required at Consorcia or Tower.
Adjacent uses (North):	Bank, Retail
Adjacent uses (South):	Grocery market, Residential, Retail
Adjacent uses (East):	Restaurant, Residential, Retail
Adjacent uses (West):	Affordable housing, Museum, Retail
Neighborhood Amenities within 0.5 miles:	<p>Chinese Hospital- 845 Jackson St, Presbyterian Church-Chinatown – 925 Stockton St Saint Peter and Paul Church- 666 Filbert St Trader Joe’s – 401 Bay St Long Hua’s Grocery Store – 906 Stockton St Mel’s Groceries Inc. – 1037 Stockton St Chinatown Branch Library- 1135 Powell St North Beach Branch Library – 850 Columbus Ave City College of San Francisco, Chinatown/North Beach Branch - 808 Kearny St Garfield Elementary School-420 Filbert St Jean Parker Elementary School- 840 Broadway Francisco Middle School – 2190 Powell St Jamie Food Co- 1135 Stockton St, #2 Man Sung Co – 1116 Grant Ave Kin Tat Co- 1248 Stockton St Charming Sun Market Inc. – 49 Walter U Lum Pl. C&Z Grocery- 1002A Jackson St Kiki Supermarket- 1165 Powell St May Sun Market- 1101 Grant Ave Wing Sun Co- 1201 Stockton St Lien Hing Supermarket- 1121 Stockton St Sun Kau Shing Co- 1352 Stockton St J & L Vegi Supermarket- 1221 Stockton St Powell Grocery- 1301 Powell St Golden Mountain Market- 844 Jackson St Pang Kee Bargain Market- 1308 Stockton St S&S Grocery- 1461 Grant Ave Grant & Green Market- 1401 Grant Ave ABC Supermarket Inc. – 641 Broadway V J Grocery – 1199 Clay St Safeway- 350 Bay St Sheng Hing Market Inc. – 1107 Stockton St J&W Market- 723 Pine St Old Saint Mary’s Cathedral – 660 California St Chinese United Methodist Church- 920 Washington St Buddha’s Universal Church- 720 Washington St Chinese Independent Baptist Church – 981 Washington St Hop Hing Market -1211 Stockton St Tian Market Inc. -1117 Stockton St</p>

<p>Public Transportation within 0.5 miles:</p>	<p>Cable Car lines: Powell/Hyde & Powell/Mason (Stops on Washington/Mason, Jackson/Mason). Public transportation routes around Throughline Apartments: 12, 10, 1, 8, 30, 45, 41, 8AX, 8BX (map below)</p> 
<p>Article 34:</p>	<p>The Project is existing affordable housing and obtained Article 34 approval in July 2020.</p>
<p>Article 38:</p>	<p>The three properties are within the Article 38 Air Pollution Exposure Zone. However, each property is less than 25,000 sf and is not required to apply for Article 38 exemption.</p>
<p>Accessibility:</p>	<p>Bayside is the only building with an elevator and best to accommodate adaptable/accessible features where possible. There will be 6 mobility and 3 communication units at Bayside. Due to physical and cost constraints, there will not be any accessibility improvements at Consorcia and Tower because the residential areas are accessed through the second floor via stairs only.</p>
<p>Green Building:</p>	<p>All three buildings will meet GreenPoint Rating.</p>
<p>Recycled Water:</p>	<p>Exempt</p>
<p>Storm Water Management:</p>	<p>Not applicable - the Project scope of work does not include any landscaping.</p>

2.1. Description.

Throughline Apartments are existing occupied affordable housing with a total of 4 commercial spaces.

2.2. Zoning.

All three buildings are in medium to high density residential-commercial zoning districts, with no proposed change in use.

2.3. Probable Maximum Loss (PML).

Simpson Gumpertz & Heger conducted a PML study in May 2020 for Consorcia and Tower only. Bayside will not have any seismic improvements. The study assessed the buildings' seismic risk of 15% SEL for Consorcia and 11% for Tower.

Consorcia will require the installation of grade beams, bracing, and shear walls in the commercial ground floor. Relocation of commercial residents is required. Tower will require three shear walls to be installed in the basement, involving a complete reconfiguration of Chinatown CDC's Main Office space and temporary relocation of the organization's headquarters. See Section 4.2 Proposed Rehab Scope for more information.

2.4. Local/Federal Environmental Review.

All three buildings are categorized as Historic Resources, with no preservation designation under the Planning Department's Preservation Bulletin No. 16, which outlines the CEQA review process for Historic Resources. Bulletin No. 16 limits the Planning Department's review of the Project to the exterior façade—particularly window replacement standards at Bayside and Tower. Since Bayside is an affordable housing project and was built in 1990, the Planning Department approves the installation of vinyl windows instead of the required historic window specifications. However, to match the historic

design of Tower Hotel that was built in 1911, wood-framed windows will be installed in front of the building, while wood-clad windows are acceptable at the rear of the building at Tower Hotel.

In preparation for federal funding to finance the Project (CDBG & Federal Appropriations Grant), the Sponsor has prepared an Environmental Review for Tower Hotel and Consorcia with MOHCD Environmental Compliance Manager for NEPA clearance. HUD's approval on the NEPA clearance are expected to be complete by January 2022. As part of environmental assessment, lead & asbestos survey was conducted at Tower Hotel and noted no asbestos was detected, except traces of lead paint detected in various walls and surfaces on the building.

Based off Chapter 15 of HUD's Section 8 Renewal Policy Guide, Chinatown CDC verified Bayside is categorically excluded from NEPA review for these reasons: Bayside's unit density has not changed more than 20%; Bayside does not involve land use from residential to non-residential; and the estimated cost of the rehab is less than 75% of the total estimated cost of replacement after rehabilitation. Nonetheless, a Phase I, Phase II, and radon report were completed for Bayside as part of HUD's Section 202 prepayment approval/review. HUD deemed the findings of these reports acceptable, allowing Chinatown CDC to pay off the existing HUD mortgage as part of the Project refinancing.

2.5. Environmental Issues.

- Phase I/II Site Assessment Status and Results.

A Phase I report and Phase II report were completed by Rincon for Bayside in February and March 2020. A soil vapor assessment was conducted and determined there were no VOCs on site. Rincon states that no additional assessment is recommended for the property.

Phase I reports were completed for Consorcia and Tower in May 2020. Due to the previous presence of a laundromat, cleaners and garage near the properties, Phase II reports and air samplings were also completed for Consorcia and Tower in September 2020.

- Potential/Known Hazards.

Bayside Radon test results stated that all lab results were below the United States Environmental Protective Agency (EPA) "action level" for radon of 4.0 pico Curies per liter (pCi/L).

In regard to asbestos, the federal government banned most spray-applied asbestos product in 1973, following a full ban in 1989. Lead-containing paints were also banned a few years later in 1978. Since Consorcia and Tower were built in 1909 and 1911, respectively, Chinatown CDC expects to find both asbestos and lead on the buildings. ACC Environmental Consultants conducted asbestos & lead surveys at all three properties and found no asbestos at Tower and waiting for results for Consorcia. Individual units and allowances for abatement will be incorporated into the final GMP contract.

2.6. Adjacent uses and neighborhood amenities.

Many residents living in the Throughline Apartments are primarily monolingual (Cantonese speaking), first generation immigrant seniors, individuals, and families. The three buildings are located in densely built out neighborhoods, which are amongst the most service-rich and transit-accessible in San Francisco, providing both access to job and recreation opportunities to English and Cantonese speakers.

2.7. Green Building.

The Project aims to improve overall energy efficiency by 20% and all three buildings will obtain GreenPoint Rating. Green features in the rehab project scope are as follows:

Bayside

- Installing Solar Thermal hot water system or Photo Voltaic system
- Replacing existing lights with LED lights in common areas, units and exterior security lights
- Installing smart temperature controller for hot water tanks
- Replacing existing windows with efficient dual pane vinyl windows

Consorcia

- Installing Solar Thermal hot water system
- Replacing existing lights with LED lights in common areas and in units
- Installing smart temperature controller for hot water tanks

Tower

- Replacing existing windows with efficient dual pane windows
- Replacing existing lights with LED lights in common areas and in units
- Replacing a water heater with a new high efficiency condensing type

Green features will offer residents a healthy living environment, extend the useful life of building systems, and promote sustainable operations.

3. COMMUNITY SUPPORT

3.1. Prior Outreach.

Throughout 2019, Chinatown CDC informed residents at the three buildings of the rehab project:

- Bayside residents have met multiple times with on-site Property Management staff to provide feedback on the scope of work and discuss overall Project updates.
- Consorcia and Tower residents expressed concerns around relocating off-site during the renovation. Chinatown CDC informed residents that relocation costs would be covered by the Project budget and their living units and the overall building will substantially improve. With this information, residents are generally in support of the Project.

3.2. Future Outreach.

Chinatown CDC's Property Management and Resident Services teams will conduct monthly outreach meetings to both residential, commercial tenants, and key neighborhood stakeholders starting this December, leading up to construction in April 2022. Future community outreach will include:

- Conducting at least three resident meetings throughout the predevelopment and construction period (November 2021 to July 2023) to provide information and solicit feedback on the upcoming renovations and relocation plans;
- Creating and distributing bilingual Chinese and English informational materials and surveys; and
- Establishing a community contact at each building for neighborhood input regarding the proposed rehab work and schedule.

As a loan condition, MOHCD staff will require Chinatown CDC to prepare a community outreach plan covering the start of the Project through construction completion. The plan should describe the team's overall community and resident relocation outreach strategy, identify key community stakeholders, and include an overall outreach timeline.

3.3. Proposition I.

Neighborhood notification under Prop I is not required.

4. DEVELOPMENT PLAN

4.1. Site Control.

Chinatown CDC owns the land and improvements at Consorcia and Tower. Chinatown CDC's subsidiary company-- Bayside Elderly Housing Corporation, a California nonprofit public benefit corporation, is the owner entity of the Bayside improvements, and an air rights parcel. SFHA owns the Ping Yuen North (PYN) ground floor parking lot located at 777 Broadway, where Chinatown CDC is also the owner and manager of the PYN affordable housing complex. In 1988, Bayside Elderly Housing Corporation entered into a 75-year air rights lease with SFHA, for an annual rent equal to 1.4% of the effective gross income from Bayside so long as the percentage increase in rent does not exceed 4% annually. Moreover, a non-exclusive easement agreement was recorded against the land between SFHA and Bayside Elderly Housing Corporation, allowing Chinatown CDC to access the structural supports of the PYN parking lot for long-term structural maintenance of the Bayside improvements. Since the easement

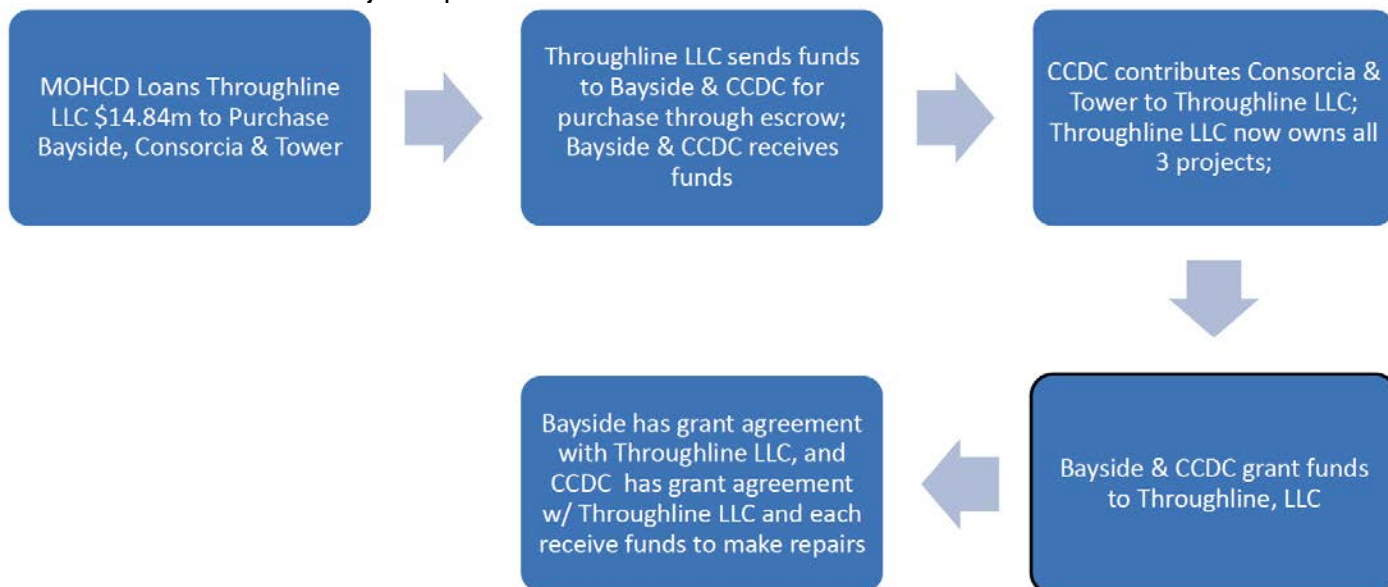
runs with the land and is binding on all successors and assigns, no consent or limitations on transfers of the easement to the LLC are needed.

Acquisition

Chinatown CDC created the entity CCDC Throughline LLC (the “LLC”) for the ownership of the Throughline Apartments. Prior to loan closing, the LLC can apply to become a “title holding company” under California R&T 23701(h) to avoid CA LLC tax and LLC fees.

The flow chart below describes the real estate transaction to finance the rehab Project:

- 1) MOHCD will loan CDBG-HTF funds to the LLC (the Buyer) to purchase the land and improvements at Consorcia and Tower from Chinatown CDC and the improvements from Bayside Elderly Housing Corporation (Sellers).
- 2) The Sellers will receive Buyer proceeds and with those proceeds, fund two grant agreements with the LLC to finance Project repairs.



As a loan condition, MOHCD will review and approve each grant disbursement request made by Chinatown CDC and Bayside Elderly Housing Corporation to the LLC for the Project. This requirement should be outlined in the grant agreements to the LLC. MOHCD will require any excess funds from the Project to repay MOHCD’s loan.

The sales price is based off a brief update from a September 2020 appraisal. The Sponsor will obtain an updated appraisal prior to the acquisition.

\$13,500,000	Improvement Value - Bayside
\$2,000,000	Improvement Value - Consorcia
\$2,500,000	Improvement Value - Tower
\$18,000,000	Appraised Improvements
\$0	Land Value - Bayside
\$34,400	Land Value - Consorcia
\$61,200	Land Value - Tower
\$95,600	Appraised Land Value
\$2,723,968	Existing Bayside Project Reserves
\$20,819,568	Total Appraised Value

Before the acquisition, MOHCD will forgive \$2,398,821.37 (as part of this request) in accrued interest on MOHCD’s 1989 Bayside loan in order to reduce the sales price; and allow MOHCD’s CDBG-HTF acquisition loan to provide at least \$13,519,791 in seller proceeds to finance the rehab.

An estimated seller-buyer settlement statement is below. Should the final appraised value come in lower than stated above, MOHCD will require the Sponsor to forgive a portion of the existing \$309,523 Chinatown CDC 1985 Tower loan to ensure there are sufficient seller grant funds for the rehab. Furthermore, the Sponsor's attorney is evaluating if the estimated \$333K in transfer tax is applicable to the Project-- given the transfer of ownership is between two non-profit entities. If the transfer tax is deemed not applicable to the acquisition, the Sponsor will allocate the \$333K to increase the Project's 11.3% hard cost contingency to be closer to MOHCD's 15% standard for rehabs.

Buyer - CCDC Throughline, LLC

	Debits	Credits
Sales Price	\$20,819,568	
Existing Project Reserves		\$2,723,968
Existing Debt Assigned (MOHCD)		\$2,946,077
Existing Debt Assigned (CCDC)		\$309,523
MOHCD-CDBG-HTF Loan		\$14,840,000
Total	\$20,819,568	\$20,819,568

Seller - Bayside & Chinatown CDC

	Debits	Credits
Sales Price		\$20,819,568
Repay HUD 202 Loan	\$987,209	
Transfer tax	\$333,000	
Existing Project Reserves (Bayside)	\$2,723,968	
Debt Assigned to Buyer (MOHCD)	\$2,946,077	
Debt Assigned to Buyer (CCDC)	\$309,523	
Due to Seller	\$13,519,791	
Total	\$20,819,568	\$20,819,568

HUD & SFHA Approvals

Prior to closing, the following SFHA and HUD approvals are required.

- SFHA's approval to assign the leasehold interest in the air rights lease from Bayside Elderly Housing Corporation to the LLC.
- SFHA's approval of the assignment of an amendment to the air rights lease to the LLC, for an estimated annual residual rent of \$13,543 (with a 2% annual escalation). This will be negotiated through the Option to Lease and Purchase Agreement.
- SFHA's approval of updated financing plan/ to replace the initial anticipated LIHTC financing with the MOHCD CDBG-HTF Loan (seller grant to Bayside) and assign the Bayside Option to Lease and Purchase Agreement to the LLC. The Sponsor has already submitted this request. The Option to Lease will need to be approved by the SFHA Commission.
- HUD's approval on the Mark-up to Market contract renewal as part of the HAP Contract Assignment and Assumption approval process as it will need to be included in the application to HUD as a supporting exhibit and occur prior to the transfer of Bayside to the LLC.
- HUD's approval to transfer the existing HAP contract from Bayside Elderly Housing Corporation to the LLC, which will occur when Bayside is transferred to the LLC.
- HUD's approval of the LLC's purchase and sales agreement of Bayside, which will occur after the Mark-up to Market contract renewal approval.
- SFHA's approval of the relocation plan, which will need to be approved by the SFHA Commission.
- HUD's approval to reconvey the recorded deed of trust on HUD 202 mortgage at Bayside as part of the acquisition.

The various HUD and SFHA approvals represent a layer of complexity to the Project's real estate transaction. As a condition of the loan, the Sponsor will allow MOHCD the opportunity to comment on the Project's HUD and SFHA documents prior to execution. These documents include, but are not limited to the Purchase Agreement, air rights lease amendment, and assignment of the air rights lease amendment. Staff will also require the Sponsor to provide bi-weekly progress updates on HUD and SFHA approvals leading up to closing.

Once the Project converts to permanent financing, MOHCD will be in first-lien position with a 40-year PASS mortgage that requires permanent affordability, and second lien with its gap loan secured on all three properties for an additional 55 years, to preserve long-term affordability.

4.1.1. Proposed Property Ownership Structure.

After the acquisition, CCDC Throughline LLC will be the ultimate owner of the Bayside improvements and land and improvements at Consorcia and Tower. The sole managing member of CCDC Throughline LLC is Chinatown Community Development Center, Inc. a California nonprofit public benefit corporation.

4.2 Proposed Rehab Scope.

The scope of the rehab project will address the major needs listed in the Project's Need Assessments (PNAs), which include improvements to the buildings' structural integrity, accessibility, energy efficiencies, fire and life safety, and common areas. Unit improvements will also enhance the living conditions for Throughline residents, who are among the most vulnerable populations in San Francisco. The scope of work below remains the same to when the Project assumed LIHTC financing; with the caveat there's sufficient funds in the construction budget to cover the entire scope. When the rehab is complete in August 2023, the Sponsor will conduct PNAs for all three properties. From there, Chinatown CDC will know when the Project needs to be recapitalized for the next rehab project.

Bayside

- Accessibility Upgrades: to leasing office, mailboxes, the elevator, and laundry room, and directional signage to include braille
- Green features: installation of LED lights, solar thermal hot water system, or photo voltaic system, and smart controls on existing boilers
- Exterior Repairs: repair stucco, stair handrails and fencing, replace vinyl windows, replace damaged louver and downspouts, and structural support for solar thermal system
- Building Systems: fire and life safety upgrades, replacement of trash chute, installation of bathroom exhaust fans, and potentially installation of City Fiber
- Common Area & Office: replace community room cabinets, counters, door hardware, appliances, and fixtures to be ADA compliant, and trash room improvements
- Unit Improvements: fresh paint, replacement of flooring, kitchen cabinets, countertops, refrigerators, ADA-compliant ranges, bathroom sinks, vanities, and plumbing fixtures with low flow fixtures, refurbishment or replacement of bathtubs, and bathroom reconfiguration per Mayor's Office of Disability (MOD) requirements including grab bars in bathrooms for senior residents
- Pest control, lead and asbestos abatement if required

Consorcia

- Accessibility Upgrades: to commercial business entrance
- Seismic retrofit
- Green features: installation of solar thermal, LED lights, water meter/submeter in commercial café, smart temperature controller for hot water tanks
- Exterior Repairs: of roof, structural support for solar thermal system
- Building Systems: fire and life safety upgrades, replacement of bathroom exhaust fans, corroded plumbing pipes, and potentially installation of City Fiber
- Common Area Repairs: replace flooring, paint ceilings and walls, and trash room improvements
- Unit repairs: fresh paint, ceiling fans, replacement of plumbing, sinks, bathtubs, fridges, kitchen counters and cabinets
- Lead and asbestos abatement if required

Tower

- Accessibility Upgrades: to commercial business entrance
- Seismic retrofit
- Green features: installation LED lights, replacement of one boiler with new high efficiency condensing boiler.

- o Exterior Upgrades: replacement of wood windows on upper levels with dual paned windows and waterproofing of basement
- o Building Systems: fire and life safety upgrades
- o Communal kitchens, bathroom, and common area repairs: replacement of faucet and kitchen fixtures, bathroom exhaust fans, plumbing, door, and handrails.
- o SRO Unit repairs: fresh paint, replacement of flooring, sinks, and plumbing
- o Lead and asbestos abatement if required

MOHCD staff will monitor construction costs closely as existing conditions are further discovered throughout the predevelopment period. As a condition of the loan, Chinatown CDC will continue to work with the MOHCD Construction Representative in order to value engineer items, reduce allowances, resolve outstanding design elements as they relate to MOD/accessibility, allowances, exclusions, construction contingencies, cost breakdown/back-up, and financing assumptions to establish the Project's final Guaranteed Maximum Price (GMP).

Below is the percentage breakdown by building of the total hard cost in the development budget:

Bayside	31%	\$7,055,875
Consortia	39%	\$8,763,667
Tower	29%	\$6,651,398
	Total	\$22,470,940

The Project's general contractor, BBI Construction, is carrying a 5% contingency and Chinatown CDC is carrying an 11.3% hard cost contingency—not MOHCD's 15% standard for rehabs. The Project is also not carrying a bid contingency and is scheduled to go out to bid this October 2021. Staff is concerned the Sponsor may encounter unforeseen conditions during exploratory demo/construction and will not have sufficient funds to make repairs. As a loan condition, the Sponsor must submit the final GMP contract prior to execution for MOHCD's review and approval. If the budgeted \$333K transfer tax is deemed not applicable to the acquisition, the Sponsor must reallocate those funds to increase the Project's 11.3% hard cost contingency to be closer to MOHCD's 15% standard for rehabs.

4.3 Construction Supervisor/Construction Representative's Evaluation.

In June 2020, Chinatown CDC had revised the narrative scope of work for the three buildings and had confirmed at that time that the preliminary construction cost estimate provided by the General Contractor, BBI Construction, reflected those scope changes. Unfortunately, material and labor costs have escalated over the past fifteen months and BBI Construction will need to update their construction cost estimates. The Project will go out to bid with its permit set in October 2021, with bids due by the end of the year, and a GMP contract negotiated and signed by March 2022. If the updated construction costs are substantially higher, further review/value-engineering will be needed. The Project will have a 17-month construction period of April 2022 to August 2023.

Tower's ground floor and basement is occupied by Chinatown CDC's offices with residents at the upper stories. Consortia has ground floor commercial tenants and upper floor residents. Chinatown CDC will sequence the scattered site renovation by starting work at Consortia from April to August 2022, Tower from September 2022 to January 2023, and then Bayside from February to July 2023.

Once the construction cost estimates have been updated, MOHCD's construction representative will conduct a job site walk-through to verify the appropriateness of the revised scope of work for each building and whether other required work will be needed.

For the City's Mandatory Soft Story Program, both the Tower and the Consortia had submitted building permit applications on September 14, 2018 and these seismic-related-only permits were approved and issued by DBI. Prior to the COVID-19 pandemic, DBI had previously established soft-story construction completion deadlines for all Tier IV buildings, like the Tower Hotel and Consortia, of September 15, 2021. The issued DBI permits allow for a completion date of October 25, 2023 for the Tower Hotel and November 8, 2023 for Consortia.

The Throughline buildings also submitted separate DBI renovation building permits in late September and October 2020 to renovate kitchens, bathrooms and upgrades to the exterior as well as building systems. DBI approved and issued a building permit for Bayside on August 17, 2021. Consorcia's renovation permit was issued on September 28, 2021. The Tower Hotel's renovation permit has a few outstanding plan-check comments/stations, with final review expected by mid-October.

4.4 Commercial Space.

- Space Description.
 Throughline Apartments has four commercial spaces and a cellphone tower lease generating commercial income to the Project:

Location	Commercial Space	sf	Lease term	Lease Structure	Monthly Rent / \$ sf
1204 Mason Conсорcia Apartments	Gallery Café	1,335 sf	Lease expired 4/2020 – in negotiation due to the pandemic & pending rehab.	Gross Lease	\$3,000 / \$2.25sf
	Fashion Launderette (Laundromat)	760 sf	Month-to-month	Gross Lease	\$2,060 / \$2.71 sf
	Nicos Chinese Health Coalition (nonprofit office)	850 sf	Month-to-month	Gross Lease	\$1,300 / \$0.64 sf
	Cellphone Tower Lease	N/A	5-yr lease to extend automatically in 2021 w/ 3% increase	3 more 5-yr extensions	\$1,236
1525-1529 Grant Avenue Tower Hotel	Chinatown CDC Main Office (3 offices)	5,260 sf	Month-to-month	NNN	\$7,255 / \$3.94 sf

The four commercial tenants will be required to relocate during the renovation and will not be required to pay rent during construction. Chinatown CDC is working directly with commercial tenants at Consorcia on a relocation plan. At Tower, Chinatown CDC's Main Office has plans to relocate to other CCDC owned properties during construction.

The Project is dependent on commercial revenue, comprising 14% of the annual Project income. Chinatown CDC is assessing the Consorcia commercial lease structures for the rehabilitation, which must comply with MOHCD Commercial Underwriting Guidelines and approved by MOHCD.

- Commercial Leasing Plan.
 The Sponsor's plan for leasing the 4 commercial spaces at Throughline Apartments is to maintain all the current tenants.
 - 1) **Gallery Café (Consorcia):** The tenant requested to exercise their lease option for another five years, commencing in May 2020. Per the terms of their lease, fair market value is no greater than \$4,200 (\$3.14sf) with 3.5% annually thereafter. The tenant paid \$3,000/month starting in May 2020.
 - 2) **Fashion Launderette (Consorcia):** The tenant is currently on a Month-to-Month (MTM) paid in full and has confirmed with OPC, the Project's relocation consultant, the desire to return to the property after the construction is complete. The Sponsor and tenant will mutually agree on concessions for temporary closure of business before construction starts.
 - 3) **NICOS Chinese Health Coalition (Consorcia):** The tenant is currently on a MTM, paid in full. NICOS toured another Chinatown CDC property at 945 Clay and is interested in it as a temporary business location initially and potentially permanently expanding and maintaining two office locations, one at 937 Clay and the one at Consorcia Apts.

- 4) **Chinatown CDC (Tower):** Chinatown CDC is the only tenant at 1525 Grant Avenue. The commercial space will be significantly altered by the retrofit and the associated accessibility upgrades, which will subsequently lose 500 sf on the ground floor. Rent reduction will not be applied to the commercial tenant, Chinatown CDC, who intends to return to Tower, as its proximity to Chinatown makes it an important location for the organization. Relocation of Chinatown CDC's main office is scheduled to start July 2022 and return April 2023.

Chinatown CDC is assessing the commercial lease structure for the rehab, which must be in compliance with MOHCD Commercial Underwriting Guidelines and approved by MOHCD. Their leasing strategy advances racial equity goals by supporting community-serving commercial spaces that serve the Chinatown and Nob Hill neighborhood. As a loan condition, MOHCD Asset Management must review the commercial space leases prior to execution.

- Commercial Operating Pro Forma.

The Project is dependent on the commercial revenue, comprising 14% of the annual Project income. \$178,260 of commercial revenue is expected to be generated in 2023, of which approximately half is from Chinatown CDC's leased office space for its administrative staff. Since commercial revenue is more certain, the Sponsor reduced the vacancy loss to 20%. The Sponsor confirmed commercial tenants will not pay rent during construction, which will not affect the PASS debt service payment in Year 1 of operations.

Currently, none of the leases at Consorcia have provisions for charging the commercial tenants pass through expense such as property tax and insurance. Once the commercial spaces are back online and the economy has recovered to an extent, Chinatown CDC will update the lease to include these provisions. The Sponsor estimates charging \$4,026 for property tax based on non-exempt charges on Consorcia's tax bill and \$4,611 in property insurance (calculated by psf cost), totaling \$8,637.

- Tenant Improvement (TI) Build Out.

Per [MOHCD's Commercial Space Underwriting Guidelines](#) the eligible uses of MOHCD funds for Community Serving Commercial Uses would apply to the 5,260 sf of nonprofit office spaces at 1525 Grant Avenue, Tower Hotel and at one of the 3 commercial spaces at Consorcia, where a small nonprofit office space of 850 sf is located. Chinatown CDC's current assumption is based on a warm shell plus cold shell finishes for the office to return the space "as is". Costs for tenant improvements are not include in the development budget-- any work beyond the warm shell will be covered by each commercial tenants' reserves.

As a loan condition, the Sponsor must submit a commercial leasing plan describing the proposed legal structure of the Project's commercial component, the Project's desired use of commercial cash flow, and the Sponsor's plan to fill commercial vacancies and loss of commercial revenue.

4.5 Service Space.

Well utilized common spaces at Bayside and Tower provide wellness and educational programs led by partnership organizations that are paid through the operation budget. Consorcia does not have a common space area, so instead, Chinatown CDC's Resident Services team organizes outdoor outing opportunities and informs residents of available service programs.

Chinatown CDC's Resident Services team coordinates activities and facilitates programs held by partner organizations. See Section 8 - Supportive Services for the list of residential activities held at the Throughline Apartments.

4.6 Communications Wiring and Internet Access.

MOHCD Communications Wiring Standards is under internal review to be released soon. Costs permitting, the Project scope of work includes potentially installing City Fiber at Consorcia and Tower.

The Sponsor will work with the MOHCD Construction Representative to determine the appropriate communications wiring scope that meets MOHCD's standards.

4.7 Marketing, Occupancy, and Lease-Up

Bayside Section 8 PBRA units will be leased through Bayside's current waiting list. Units not subsidized by PBRAs at Consorcía and Tower are not currently leased through MOHCD's DAHLIA system, but through a waiting list. There are no vacancies at Consorcía and the 9 vacant SRO units at Tower have been kept vacant to reduce crowding in the SRO building during COVID-19. After completion of the renovation in 2023, the Sponsor will bring back all relocated residents from the 3 buildings and proceed with leasing up the 9 vacant SRO units at Tower through MOHCD's DAHLIA system.

As a loan condition, MOHCD will require future vacancies to be marketed to the general public and offered to qualified households through MOHCD's DAHLIA lottery system using the following preferences:

- 1) Certificate of Preference (COP) holders;
- 2) Displaced Tenant Preference Certificate holders (DTHP); and
- 3) Those who live or work in San Francisco.

The Sponsor must provide initial draft marketing plan within 8 months of anticipated TCO, prior to lease-up of the 9 vacant SRO units. The plan should outline Chinatown CDC's plan to lease up vacant units at the maximum allowed rent; and the affirmative steps they will take to market the Project to the City's preference program participants, including COP Holders and Displaced Tenants, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.

4.8 Relocation.

The Project is estimating a 17-month construction schedule, with three phases of relocation. Residents will be required to relocate off-site for at least 5 to 6 months.

Chinatown CDC plans to continue working with a relocation consultant Overland, Pacific & Culter, LLC (OPC) for commercial relocation, and seek additional support from their in-house relocation specialists for residential relocation, Commercial Property Management consultant (Ventura Partners), and on-site Property Management staff that will comprise the Project's relocation team. Starting in October 2021 up till April 2022, the team will conduct resident interviews, assist residents in transferring their utility accounts, facilitate reasonable accommodations, and finalize the relocation plan, budget, and schedule, to ensure compliance with the Uniform Relocation Act (URA). Prior to closing, SFHA will need to approve the federally approved relocation plan.

There is \$1.93MM in the development budget for relocation, which includes \$1.28MM for residential relocation, \$457K for commercial relocation, and \$195K of relocation consultant fees. The preliminary relocation budget is based off Chinatown CDC's recent project requiring off-site relocation at the Hamlin Hotel. The budget considers the cost for security deposits, family and friend stipends, reasonable accommodation for grab bars (specifically for seniors at Bayside), and leasing market rate and vacant units within the Sponsor's portfolio.

Residential Relocation

Chinatown CDC will sequence the scattered site renovation by starting work and relocation at Consorcía from April to September 2022, then Tower from October 2022 to February 2023, and lastly Bayside from March to July 2023. The Sponsor's in house relocation team will begin interviews with residents on their relocation needs from October 2021 to April 2022. It is the Sponsor's intention to use the same 24 market-rate units (with a one-year lease) to relocate residents from all three buildings. Twenty four Consorcía residents will first be relocated, then the 24 Tower residents (since there are 9 vacancies at Tower), and last, the 31 Bayside seniors. For the additional 7 relocation units needed for Bayside seniors, the Sponsor will sign month-to-month leases.

Commercial Relocation

Relocation concessions and moving expenses are included in the development budget for all three

commercial tenants at Consorcia, along with temporary relocation for Chinatown CDC’s main office at Tower. In the next few months, the Sponsor will negotiate with the three Consorcia commercial tenants on their expected return date (estimated early 2023) after the seismic renovation is complete. Ultimately, the commercial tenants will have two options for relocation – either temporary closure of their business or temporary off-site relocation. It is highly likely that the businesses will choose to temporarily close, and in that case, the Sponsor will negotiate and pay the business owner a payment that may address several components of a temporary closure such as business interruption or lost revenues, moving and storage expenditures, and reestablishment expense. The tenants will not owe rent during the period of temporary closure, which is assumed in the commercial proforma.

Although the Sponsor’s plan is to have the commercial tenants continue to stay after the renovation, per the Uniform Relocation Assistance and Real Property Acquisition Act (“URA”) and California Relocation Assistance Law and Guidelines, the tenants will be provided with a 90-day notice prior to relocation and will be provided with the options of Temporary Closure, Temporary Relocation, and Permanent Relocation with the advisory assistance.

As a loan condition, the Sponsor will provide a relocation plan, detailed budget, and schedule to MOHCD for review and approval. Chinatown CDC will also need to provide bi-weekly progress updates on SFHA’s approval of the relocation plan.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Saida + Sullivan Design Partners	Y	N
General Contractor	BBI Construction	N	N
Owner’s Rep/Construction Manager	TBD	TBD	TBD
Financial Consultant	California Housing Partnership Corporation	N	N
Energy Consultant	Peralta Energy	N	N
MEP Consultant	EDesignC	N	N
Waterproofing/Leak Study	Steelhead Engineers, Inc.	Y	N
Environmental (Bayside)	Rincon Consultants, Inc.	N	N
Environmental (Conсорcia & Tower)	ACC Environmental Consultants, Inc.	N	N
Structural Engineer	SMW & Associates, Inc.	Y (needs recertification)	N
PML Analysis Engineer	Simpson Gumpertz & Heger	N	N
Permit Expediting	Jules Mancilla, Inc.	N	N
Legal	Gubb & Barshay, LLP	N	N
HUD Legal	Klein & Hornig, LLP	N	N
ALTA Survey	Luk & Associates	Y	Y

5.1. Procurement Plan.

As a City requirement, Chinatown CDC engaged Contract Management Division (CMD) in the Project’s consultant procurement process. In June 2020, CMD established a 20% Local Business Enterprise (LBE) goal for the Project’s design and engineering portion.

SSDP as the architect, is the main consultant with the SBE/LBE status, and their contract comprises over 20% of the overall design/engineering fee. SMW & Associates is certified as a Minority-Owned SF

LBE, but the certification has expired. As of September 2021, SMW & Associates is still awaiting a response from CMD on the firm's recertification.

Due to challenges with the Project's Construction Manager this past year, the Sponsor terminated the Construction Manager contract. In September 2021, Chinatown CDC received CMD approval to hire a new Construction Manager without issuing a Request for Qualifications, in preparation for the Sponsor's GMP negotiations and construction start next year.

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Prior MOHCD/OCII Funding:

Since 1981, the City and County of San Francisco (CCSF) provided various loans and grants to the Throughline Apartments.

Consortia (1981) was Chinatown Community Housing Corporation's (CCHC) (now known as Chinatown CDC) first affordable housing acquisition in March 1981. To finance the building's rehabilitation, the City loaned \$206,790 in funds to CCHC, at 6.0% simple interest for a 30-year term, and deferred repayment. This loan later was subordinated to the California Department of Housing & Community Development (HCD)'s Deferred Rehabilitation Program Loan (DRPL) of \$100,000 in July 1982 and the property's first mortgage lender. In April 1999, the City's loan was amended to include \$124,108 in accrued interest, totaling the outstanding principal loan balance to **\$330,898**. The loan matured on 11/17/2011, so no interest has accrued beyond this date.

Five years later in December 2004, CCSF made a second loan to Chinatown CDC in the amount of **\$101,423** in at 3.0% simple interest for a 55-year term, and residual receipts repayment. Chinatown CDC paid off HCD's \$100,000 DRPL loan in May 2018, moving the City's 1981 loan of \$330,898 and 2004 loan of \$101,423 to first and second-lien position. As of October 2021, the outstanding principal balance of the 2004 CDBG loan is \$10,625 with \$579 of accrued interest.

Tower (1983) was acquired by CCHC in August 1983. Through the San Francisco Community Housing Rehabilitation Program (CHRP), the City loaned \$340,000 in funds to finance the rehabilitation of the property in August 1983 at 6.0% simple interest for a 30-year term, and deferred repayment. The City loaned another \$22,709 in March 1984 and \$40,477 in March 1985, increasing the principal balance of the City's loan to \$403,186. To complete the rehab project in 1985, CCHC made a \$309,523 loan to the property and sits in second-lien position.

In April 1999, the original 1983 loan agreement and promissory note was amended to reflect the principal balance of \$403,186 and consolidated accrued interest of \$242,100, totaling the principal balance of CCSF's loan to **\$645,286**. The loan matured on 3/15/2005, so no interest has accrued beyond this date.

Bayside (1989) In September 1989, the City loaned **\$829,387** to Chinatown CDC to develop and construct Bayside at 10% simple interest for a 50-year term, and deferred repayment.

Existing HUD Financing:

In 1989, HUD loaned \$1,644,800 at 8.375% interest rate for a 40-year term and monthly mortgage payment of \$12,046 to Bayside Elderly Housing Corporation. The principal balance of \$987,209 will be paid off at construction closing through the LLC's purchase of the Project. HUD's deed of trust on the 202 mortgage will be reconveyed at closing.

Throughline (2020) In September 2020, MOHCD loaned \$800,000 (in Housing Trust Funds) at 3% interest rate for a 57-year term to the Sponsor as predevelopment loan funds. There is \$14,548.25 of accrued interest as of 10/15/21. The principal and accrued interest will be assigned from Throughline, L.P. to CCDC Throughline, LLC and rolled into MOHCD's final gap loan to the Project.

MOHCD's existing debt as of October 15, 2021, to the Project are as follows:

Property	Loan Type / Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance (A)	Accrued Interest as of 10/15/21 (B)	(Total of A+B)
Consortia	CDBG*	11/16/1981	\$330,898	6.00%	11/17/2011	Deferred payment	\$330,898.00	\$402,978.61	\$733,876.61
Tower	CDBG-CHRP*	8/15/1983	\$645,286	6.00%	3/15/2005	Deferred payment	\$645,286.00	\$392,871.63	\$1,038,157.63
Bayside	CDBG Acquisition	9/25/1989	\$829,387	10.00%	9/25/1939	Deferred payment	\$829,387.00	\$2,697,350.83	\$3,526,737.83
Consortia	CDBG	12/9/2004	\$101,423	3.00%	12/9/2054	Residual Receipts	\$10,625.33	\$579.08	\$11,204.41
Throughline	HTF	9/11/2020	\$800,000	3.00%	9/11/2077	Residual Receipts	\$800,000.00	\$14,548.25	\$814,548.25
Total			\$2,706,994				\$2,616,196.33	\$3,508,328.40	\$6,124,524.73

*The 1981 CDBG loan for Consortia and the 1983 CDBG loan for Tower have matured. No interest accrued beyond the maturity dates.

Before the acquisition, MOHCD will forgive \$2,398,821.37 (as part of this request) in accrued interest on MOHCD's 1989 Bayside loan in order to reduce the sales price; and allow MOHCD's acquisition loan to provide at least \$13,519,791 in seller proceeds to finance the rehab.

MOHCD's total existing debt (total outstanding principal balance and accrued interest to close) will not be repaid at construction closing and will be consolidated into a single subordinate loan, including the new \$14.84MM gap loan and PASS loan contemplated in this request. MOHCD's loan will be restructured and conform to an extended loan term of 55 years. See Section 6.4.1. Permanent Sources Evaluation Narrative for more details.

6.2. Disbursement Status.

In June 2020, Loan Committee approved the \$800,000 predevelopment loan to Throughline, L.P. Loan Committee approved the Project to incur costs dating back to January 1, 2019, so long as these costs are deemed acceptable and correspond to predevelopment budget. As of Draw #6 (approved August 2021), \$643,568 has been drawn with \$156,432 remaining.

As part of the acquisition, MOHCD's \$800K predevelopment loan will be assigned to the ultimate borrower of this loan request – CCDC Throughline, LLC, and included in the final MOHCD gap loan amount.

6.3. Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this Project was last at Loan Committee on June 19, 2020 for the Project's preliminary gap and PASS financing:

By September 15, 2020:

- Sponsor will assess ways to improve the Project's CDLAC self-score to ensure a competitive application.
 - **Status: Complete.**
- Sponsor to provide an alternative funding schedule, in the event the Project does not receive a CDLAC/TCAC award in December 2020.
 - **Status: Complete.** Sponsor applied for federal appropriation funds.
- Sponsor will secure an extension from DBI on performing the seismic retrofit at Consortia Apartments and Tower Hotel.
 - **Status: Complete.**
- Sponsor to provide a community outreach plan for the period of January 2019 through construction completion. The plan should outline COVID-19 related health measures to conduct community outreach, identify key community stakeholders, description of the relocation team's community and resident relocation outreach strategy, and overall outreach timeline.
 - **Status: In Process.** This will be a condition upon MOHCD's execution of the loan documents. See Section 9.2 Recommended Loan Conditions.

Prior to Gap Loan Request:

- Sponsor will work with MOHCD construction team to refine rehabilitation scope as the predevelopment period progresses.
 - **Status: In process.** This will be a condition upon MOHCD's execution of the loan documents. See Section 9.2 Recommended Loan Conditions.
- Sponsor to submit a relocation plan including COVID-19 related measures, schedule and budget for MOHCD review and approval.
 - **Status: In Process.** This will be a condition upon MOHCD's execution of the loan documents. See Section 9.2 Recommended Loan Conditions.
- Sponsor to submit a commercial leasing plan describing the proposed legal structure of the Project's commercial component, the Project's desired use of commercial cash flow, and the Sponsor's plan to fill commercial vacancies and loss of commercial revenue due to the COVID-19 small business impacts.
 - **Status: In Process.** This will be a condition upon MOHCD's execution of the loan documents. See Section 9.2 Recommended Loan Conditions.
- Sponsor must provide MOHCD financial analysis with more conservative underwriting assumptions, without increasing MOHCD's maximum gap commitment.
 - **Status: N/A.** The Project is not pursuing tax-credit and bond financing, so tax-credit underwriting standards are not applicable to the Project.
- Sponsor must provide the equity investor Request for Proposal (RFP) for MOHCD review and approval before finalizing and releasing the RFP.
 - **Status: N/A.** The Project is not pursuing tax-credit and bond financing.
- Sponsor must provide all lender and investor RFP responses prior to selections for MOHCD review and approval.
 - **Status: N/A.** The Project is not pursuing tax-credit and bond financing.
- Sponsor must notify MOHCD of the developer's lender and investor selection for MOHCD review and approval.
 - **Status: N/A.** The Project is not pursuing tax-credit and bond financing.
- Sponsor must provide true debt test.
 - **Status: N/A.** The Project is not pursuing tax-credit and bond financing.
- Sponsor must provide raw financial data from the developer or financial consultant prior to the selected lender and investors for MOHCD review and approval.
 - **Status: N/A.** The Project is not pursuing tax-credit and bond financing.

Prior to Closing:

- Sponsor must provide MOHCD the opportunity to comment on HUD and SFHA documents.
 - **Status: In Process.** Option to Lease Agreement with SFHA is in place, but this condition will be remain. See Section 9.2 Recommended Loan Conditions.
- Sponsor must provide MOHCD the opportunity to comment on the final commercial leases with the LLC.
 - **Status: In Process.** This will be a condition upon MOHCD's execution of the loan documents. See Section 9.2 Recommended Loan Conditions.
- Sponsor must obtain a TCAC waiver to reduce the 10% mobility requirement to 5% per building.
 - **Status: N/A.** The Project is not pursuing tax-credit and bond financing.
- Sponsor must apply to AHP in March 2021 and again in March 2022 if initial application is unsuccessful.
 - **Status: In Process.** This will be a condition upon MOHCD's execution of the loan documents. See Section 9.2 Recommended Loan Conditions.

Post-closing:

- Sponsor to provide marketing plan and budget to MOHCD 6 months prior to lease-up of newly vacant units.
 - **Status: In Process.** This will stay as a post-closing condition. See Section 9.2

Recommended Loan Conditions.

- Sponsor must continue to apply tiered rent increases to the Project without harming over-burdened tenants.
 - **Status: In Process.** This will stay as a post-closing condition. See Section 9.2 Recommended Loan Conditions.

6.4. Permanent Financing

HUD’s Debt Service Requirement

In November 2019 the Sponsor requested HUD’s pre-approval to pay off the HUD 202 mortgage and the scattered site financing structure. Bayside’s annual debt service at the time was \$144,552 (\$4,663/unit). As a condition to the new mortgage under Throughline Apartments, HUD required the Sponsor to reduce per unit debt service below the current \$4,663/unit. The \$8.49MM PASS mortgage contemplated in this request reflects an annual per unit debt service of \$3,658-- \$1,005 less than \$4,663. This requirement consequently reduces the permanent mortgage the Sponsor can borrow by approximately \$450K.

6.4.1. Permanent Sources Evaluation Narrative:

The Borrower proposes to use the following sources to permanently finance the Project.

- 1) **MOHCD - PASS Permanent Loan (\$8,031,555)** – The Project estimates a permanent mortgage of \$8,499,000 or \$96,580/unit, at a blended interest rate of 2.742%, for a 40-year term. The source is MOHCD’s Preservation and Seismic Safety Loan Program (“PASS”), a taxable general obligation bond funded program that provides senior loans for the acquisition, improvement, and rehabilitation of at-risk multifamily buildings. The Project’s PASS loan (2020 Series C) will be fully secured by a first-lien position against the fee interest on all three properties and any improvements financed with PASS Loan proceeds. Below is the breakdown of the PASS loan amount.

Description	Amount	Term
PASS - Market Rate Loan	\$5,175,891	40 yrs. @ 3.87289%%
PASS - Below Market Rate Loan	\$2,855,664	40 yrs. @ 0.95763%
PASS - Deferred Loan	\$467,445	40 yrs. @ 0.95763%
Total	\$8,499,000	40 years @ 2.742% blended

The principal and interest on the PASS loan will be charged at closing and funds will be drawn down during construction. Operating income from the Project’s cash flow during construction will repay both principal and interest during construction – therefore the Project’s permanent sources and uses does not include cost for construction loan interest.

- 2) **PASS Deferred Loan (\$467,445)** – The \$467,445 PASS Deferred Loan will require a balloon payment at the 40-year maturity date and serves as a source to the Project.
- 3) **Accrued Deferred Interest on PASS Deferred Loan (\$317)** – Of the \$467,445 PASS Deferred Loan, \$318 of deferred interest accrued and serves as a source and a use to the Project.
- 4) **MOHCD-CDBG-HTF Gap Loan (\$13,519,791)** – MOHCD will loan \$14,840,000 to the LLC to acquire the Throughline Apartments to pay off Bayside’s HUD 202 mortgage of \$987,209 and \$333,000 in transfer taxes. The remaining difference of \$13,519,791 will be seller grant funds to the LLC to finance the rehab.

MOHCD’s \$14.84MM gap loan contemplated in this request will be a 3.0% interest rate with a 55-year term, with residual receipts repayment. Included in this amount is MOHCD’s \$800K predevelopment funds loaned to the Project, with \$21,524 of accrued

interest (to close on 3/15/22) that will be restructured as part of MOHCD's final gap loan.

In effort to reduce MOHCD's gap loan, Chinatown CDC will apply for the Federal Home Loan Bank of San Francisco (FHLB-SF) Affordable Housing Program (AHP) for \$880,000 in March 2022. The Sponsor did not apply for AHP in 2021 because the Project was still determining a finance plan without tax-credits and bonds. Awarded projects in the 2020 AHP round, received a minimum score of 72.68 points. The Project may be competitive with a self-score of 76.65 points. This is based on the deep affordability and timing to submit the application to maximize project readiness points. As a loan condition, Chinatown CDC will apply for AHP financing in 2022 and if not awarded, will apply again during construction in 2023.

- 5) **MOHCD-CHRP Loan/MOHCD-CDBG Loan/MOHCD-Site Acquisition Loan (\$2,946,077)** – Before the acquisition, MOHCD will forgive \$2,398,821.37 (as part of this request) in accrued interest on MOHCD's 1989 Bayside loan in order to reduce the sales price; and allow MOHCD's acquisition loan to provide at least \$13,519,791 in seller proceeds to finance the rehab.

See table below for the amount of MOHCD's existing loans that will be forgiven prior to acquisition and the remaining debt to be consolidated into one loan (along with the new gap financing) for a 55-year term. The interest rate will be lowered to the applicable federal rate (AFR) of currently 1.73%.

Property	Loan Type / Program	Original Loan Amount	Outstanding Principal Balance (A)	Interest Rate	Repayment Terms	Accrued Interest to Close 3/15/22 (B)	Debt Forgiveness Prior to Acquisition (C)	Total of A+B+C
Consortia	1981 CDBG*	\$330,898.00	\$330,898.00	6.00%	Deferred payment	\$402,978.61	\$0.00	\$733,876.61
Tower	1983 CDBG CHRP*	\$645,286.00	\$645,286.00	6.00%	Deferred payment	\$392,871.63	\$0.00	\$1,038,157.63
Bayside	1989 CDBG Acquisition	\$829,387.00	\$829,387.00	10.00%	Deferred payment	\$2,732,139.01	\$2,398,821.37	\$1,162,704.64
Consortia	2004 CDBG	\$101,423.00	\$10,625.33	6.00%	Residual Receipts	\$712.78	\$0.00	\$11,338.12
Total		\$1,906,994.00	\$1,816,196.33			\$3,528,702.03	\$2,398,821.37	\$2,946,077.00

*The 1981 CDBG loan for Consortia and the 1983 CDBG loan for Tower have matured. No interest accrued beyond the maturity dates.

MOHCD's total loan to the Project at closing will be broken down by the following:

Amount	Source	Term
\$5,175,891	PASS - Market Rate Loan	40 yrs. @ 3.87289%%
\$2,855,664	PASS - Below Market Rate Loan	40 yrs. @ 0.95763%
\$467,445	PASS - Deferred Loan	40 yrs. @ 0.95763%
\$14,840,000	MOHCD CDBG-HTF Acquisition Loan	55 yrs. @ 3% / Res Rec
\$733,876	1981 CDBG	55 yrs. @ AFR / Res Rec
\$1,038,157	1983 CDBG CHRP	55 yrs. @ AFR / Res Rec
\$1,162,704	1989 CDBG Acquisition	55 yrs. @ AFR / Res Rec
\$11,338	2004 CDBG	55 yrs. @ AFR / Res Rec
\$26,285,077	Total Amount in MOHCD Loan Agreement	

- 6) **Chinatown CDC 1985 Tower Loan (\$309,523)** – Chinatown CDC’s 1985 loan to Tower of \$309,523 will serve as a source and use to the Project. At construction closing, the loan will be extended another 55 years at AFR (currently 1.73%).
- 7) **Federal Appropriations Grant (\$2,500,000)** – In January 2022 federal appropriation funds are expected to be available to Chinatown CDC to rehab the Tower Hotel through Nancy Pelosi’s Office - <https://pelosi.house.gov/community-projects-funding>. The funds, when approved, will be come as a HUD-Economic Development Initiative Grant directly to Chinatown CDC; and drawn down by the end of December 2022 as a grant.
- 8) **GP Capital - Bayside Project Reserves (\$2,723,968)** – The Project’s existing reserves will serve as a source to the Project. In March 2020, HUD approved Chinatown CDC to use Bayside’s replacement reserves and residual receipts reserve, totaling approximately \$2.7MM to pay solely for the rehab work at Bayside.
- 9) **GP Capital – Hamlin Hotel Funds (\$600,000)** – In 2019, there were \$600,000 in excess rent proceeds from the new Section 8 subsidies the Sponsor received from the transfer of the Hamlin Hotel to the RAD program (RAD 2.0). MOHCD will require the Sponsor to use these funds as a source to the Project.
- 10) **GP Capital – Project Reserves for Predev Expenses prior to 12/31/2019 (\$125,391)**
 Before January 1, 2020, the Sponsor used existing replacement reserves to pay for early predevelopment costs like architectural design fees for the seismic retrofit and tax-credit and HUD counsel for feasibility analysis.

Chinatown CDC will draw down funds in the following order:

- 1) MOHCD’s CDBG-HTF Loan for acquisition
- 2) Chinatown CDC and Bayside Grants to the LLC (seller grant)
- 3) Federal Appropriations Grant – Tower Hotel
- 4) MOHCD PASS Loan
- 5) GP Capital – Bayside Project Reserves
- 6) GP Capital – Hamlin Hotel Funds

6.4.2. CDLAC Tax-Exempt Bond Application:
 N/A.

6.4.3. Commercial Space Sources and Uses Narrative
 The Sponsor is unable to provide a separate commercial space sources and uses because the renovation cost for the commercial space overlaps with the soft story retrofit. The development budget includes repairs for a warm shell plus cold shell finishes for the office; any work beyond that would be covered by each organization’s reserves. Tenant improvement costs are not included in the development budget.

6.4.4. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$352,063/unit
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	N	Hard Cost Contingency is 11.3%, lower than MOHCD’s 15% standard for rehabs.

		The Sponsor is requesting a waiver on the Project's hard cost contingency; and will submit the final GMP contract prior to execution for MOHCD's review. If the \$333K in transfer tax is deemed not applicable to the acquisition, the Sponsor must reallocate those funds to hard cost contingency to cover any cost overruns.
Architecture and Engineering Fees are within standards	Y	Total Architectural & Design fees is \$895,000, which is within underwriting guidelines
Construction Management Fees are within standards	Y	\$90,000 total for a 12-month predevelopment and 17-month construction period.
Developer Fee is within standards, see also disbursement chart below	N	Total Dev Fee is \$500,000. See Section 6.4.5 below for waiver request.
Consultant and legal fees are reasonable	Y	\$105,000 for consultants and \$65,000 for legal fees is reasonable.
Entitlement fees are accurately estimated	Y	\$220,000 for entitlement / permit fees is accurate for this size project.
Construction Loan interest is appropriately sized	Y	\$0 in construction loan interest, as net operating income from cash flow during construction will pay the principal and interest for the PASS loan.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 2.2%. Relocation line item includes its own contingency. Chinatown CDC is requesting a waiver on its soft cost contingency; and will apply for AHP financing in 2022 and if not awarded, will apply again during construction in 2023 to reduce MOHCD's gap loan and cover any cost overruns.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is \$299,950 equals to 3 months.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	Y	\$88,000 or \$1,000/unit for 88 units.

6.4.5. Developer Fee Evaluation:

Per [MOHCD's Policy on Development Fees For Non-Tax Credit Projects](#), the maximum allowable developer fee (the "Maximum Fee") for projects in which all units are newly affordable units shall not exceed the lesser of one-half of the maximum developer fee that would be allowed by the California Tax Credit Allocation Committee (CTCAC) for the project if it were financed with 9% Low Income Housing Tax Credits as may be modified by the CTCAC (max. \$2.2MM cash-out) or 7.5% of the total development costs (approx. 2MM), regardless of the source of the fee. Maximum Fee is \$1.1MM.

The maximum allowable developer fee for re-capitalizing existing affordable housing projects shall not exceed 25% of the Maximum fee (\$275k), with no at-risk fee allowed unless newly affordable units are being added to the existing affordable building. Since the Throughline Apartments is technically three rehab projects under one financing structure, MOHCD staff recommends waiving this policy and allow the Sponsor to collect \$500K in developer fee.

Total Developer Fee:	\$500,000	
Project Management Fee Paid to Date:	\$75,000	
Amount of Remaining Project Management Fee:	\$425,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$0	
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	\$0	
Amount of Fee Deferred (the "Deferred Fee"):	\$0	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$0	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Predevelopment Loan Closing (Paid)	\$75,000	15%
Construction close	\$0	0%
Permanent Conversion	\$0	0%
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	\$0	0%
Permanent conversion	\$425,000	85%
Project close-out	\$0	0%
Milestones for Disbursement of that portion of Developer Fee defined as Commercial Fee	\$0	0%

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

7.1 Annual Operating Budget.

Chinatown CDC's operating budget is based off 2021 actuals and mostly compliant with MOHCD policies, except for the Project's vacancy assumptions. The current operating expense ("OpEx") breakdown shows the Project's OpEx per unit per annum ("PUPA"), ranging from \$8K-\$10K – significantly lower than comparable projects with escalated OpEx PUPA for year 2023, which range from \$12.5K - \$14.5K. The Sponsor is seeking a waiver on the Project's PUPA in order to leverage as much debt permitted by HUD to finance Project repairs.

Building	Percentage Breakdown	Total OpEx	PUPA
Bayside	38.00%	\$309,952	\$9,998
Consortia	29%	\$236,542	\$9,856
Tower	33.00%	\$269,168	\$8,157
	Total Operating Expenses	\$815,662	

Residential & Commercial Vacancy Assumptions

Both Bayside & Consortia have been fully occupied and rarely see any vacancies, unless when someone passes away. For Tower, the Sponsor has kept the 9 out of 33 units vacant in preparation for the major rehab and to prevent crowding during the COVID-19 pandemic in 2020 and 2021. After

completion of renovation in 2023, the Sponsor will lease the 9 vacant units through MOHCD's DAHLIA system.

The commercial operating proforma assumes the blended 20% vacancy rate in lieu of the industry standard of 50% vacancy rate. Since Chinatown CDC's Main Office is the major source of commercial revenue to the Project, the Sponsor is confident in the steady income source.

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	Y	DSCR is 1.272 at Year 1 and 1.144 at Year 17.
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	N	Income escalation factor is 2.0%. Escalation assumptions are consistent with Project's CHPC proforma.
Annual Operating Expenses are increased at 3.5% per year	N	Expenses escalation factor is 3.0% Escalation assumptions are consistent with Project's CHPC proforma.
Base year operating expenses per unit are reasonable per comparables	N	Total Operating Expenses are \$9,269 PUPA, including services and replacement reserve payments. See previous Section 7.1.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$72,405 (or \$832 PUPA) + \$7,446 Commercial Management fee, totals \$79,851 (or \$918 PUPA).
Property Management staffing level is reasonable per comparables	Y	See above staffing chart, which includes a total of 3.0 FTE staff.
Asset Management (AM) and Partnership Management (PM) Fees meet standards	Y	Reflects a 2023 operating start with an annual AM Fee of \$22,670/yr. and no PM Fee collected since the Project is a non-tax credit project.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$52,600 or \$600 PUPA for 88 units.
Limited Partnership Asset Management Fee (LP AMF) meets standards	N/A	Project is a non-tax credit project.

7.3 Staffing Summary.

The operating budget for all 3 sites includes a staffing plan as follows:

Title	FTE allocated to Project	Exp allocated to Project
Office Salaries		
<i>Assistant Property Manager</i>	1.0	\$42,715
Subtotal	1.0	\$42,715
Manager Salaries		
<i>Property Manager</i>	1.0	\$61,250
Subtotal	1.0	\$61,250
Maintenance		
<i>Technician</i>	1.0	\$65,000
Subtotal	1.0	\$65,000
Total FTEs and Expenses	3.0	\$168,965

7.4 Capital Needs Assessment & Replacement Reserve Analysis.

The development budget includes \$299,933 in capitalized operating reserves for 3 months and \$88,000 (\$1,000/unit) in capitalized replacement reserves—both of which meet MOHCD’s Underwriting Guidelines. An annual replacement reserve deposit of \$52,800 or \$600 PUPA is included in the operating budget.

7.5 Income Restrictions for All Sources.

Current Income Restrictions

The Project serves 88 households including three unrestricted manager units. Tower Hotel includes a mix of SROs restricted to 80% to 140% AMI (per the low- and moderate-income definitions under the CDBG program¹). Consorcia Apartments is comprised of studios and one-bedrooms to accommodate individuals, couples, and families, restricted at 80% HUD AMI. Bayside Elderly Housing has 30 studios restricted to 50% HUD AMI for seniors receiving Project Based Rental Assistance with Section 8. Existing MOHCD-CDBG loans on the Projects reflect the maximum income restrictions in the table.

Property	Unit Type	Current Number of Units	Avg Sq. Ft	Avg Current Rent	Max. % AMI	Rent or Operating Subsidies
Tower	SRO	32	115	\$398	80% to 140%	
Bayside	studio	30	375	\$891	80%	PBRA
Consorcia	studio	17	375	\$428	80%	
Consorcia	1BR	6	500	\$553	80%	
Bayside	Studio	1	500	\$0	Manager’s Unit	
Consorcia	1BR	1	500	\$0	Manager’s Unit	
	Total Units	87				

¹https://www.hud.gov/program_offices/comm_planning/communitydevelopment/rulesandregs/memoranda/lmidef84

Consortia Income Restrictions

In the 2018 Annual Monitoring Report (AMR), the Sponsor stated there is now a large discrepancy between current rents and maximum allowed rents. Rents had been set at the State of California, Housing & Community Development's (HCD) required limit of 40% TCAC AMI. Chinatown CDC paid off the HCD loan in 2018 and the rent restrictions sunset. The maximum rent now goes to the next most restricted level as required by the MOHCD regulatory agreement which sets rents at 30% of 80% AMI. The average rent is at 23% AMI.

Chinatown CDC plans to increase revenue at the Consortia by charging the maximum allowed rents to incoming tenants. However, there is very little turnover at the Consortia. The last time a unit was vacated was in 2015 and currently, there are no vacancies. Chinatown CDC will use tiered rent increases to move the building toward the correct levels without harming already over-burdened tenants.

Tower Income Restrictions

Similar to Consortia, there is a large discrepancy between charged rents and maximum allowed rents at Tower. The current average rent at Tower is at 13% AMI. The 1983 CHRP-CDBG loan to Tower, Section 8.15 states, "51% of the units [are] to be restricted to HUD low-income (18 units at 80% AMI) and the remaining units [are] to be moderate-income (15 units up to 140% AMI)." This is per the low- and moderate-income definitions under the CDBG program.²

As a loan condition, Chinatown CDC will continue to apply tiered rent increases to the Project without harming existing over-burdened tenants and will require a marketing plan outlining the Sponsor's plan to lease up vacant units at the maximum allowed rents.

Bayside Section 8 PBRA Contract Rents

Bayside's Section 8 PBRA contract is directly with HUD and administered through the California Affordable Housing Initiatives, Inc. (CAHI). In order to increase contract rents, the Sponsor needs HUD's approval of a Rent Comparability Study (RCS) as part of their renewal of HUD's Mark-up-to-Market Program HAP under Option 1B for at least a 20-year term. In November 2020, HUD issued a third party RCS, which showed Bayside's HUD Section 8 subsidies \$500/unit/month less than the \$2,731/unit/month contract rent in June 2020 at \$2,231/unit/month. The Sponsor submitted a "directive waiver" request per HUD Section 8 renewal guide to postpone the use of new RCS for 3 years until the local economy is able to recover from the effects of the COVID-19 pandemic. HUD denied the request in February 2021. After further discussions with HUD's regional office and headquarters, HUD allowed the Sponsor to request a new RCS within the 5-year period, when the market is expected to improve. Chinatown CDC will need to submit a new RCS prior to closing or do the Operating Cost Adjustment Factor (OCAF) 120 days prior to the Housing Assistance Payments (HAP) contract date of 12/6/2021.

The Sponsor has consulted with an appraiser regarding the current market rent to submit an updated RSC to HUD before closing. The proforma assumes HUD will approve higher contract rents from \$2,231/unit/month to \$2,400/unit/month from an updated RCS. There is significant financial risk to the Project's financing should HUD deny the Sponsor's RCS before closing. This will consequently force the Sponsor to use lower contract rents (from November 2020) to leverage a smaller mortgage--creating a larger financing gap in the Project.

Required HUD Approvals

- Approval of the repayment of the existing HUD 202 loan (approved on 3/5/20)
- New Use Agreement as condition of prepaying the HUD 202 (approved on 3/5/20)
- Renewal of Mark-up-to-Market Program HAP under Option 1B for at least a 20-year term
- Approval of the Rent Comparability Study required for the Market-up to Market renewal application
- Approval to assign the HAP contract to the LLC
- Approval of the LLC executing the Purchase Agreement to acquire the Throughline Apartments

²Ibid

- o Approval of the LLC to enter into the 20-year Housing Assistance Payments Contract (HAP contract). For HUD to approve the renewal and assign the HAP contract to the LLC, Chinatown CDC will need to submit a rent comparability study to HUD.

As a loan condition, Chinatown CDC will provide MOHCD the opportunity to review all HUD documents prior to execution.

7.6 MOHCD Restrictions.

Proposed MOHCD Income Restrictions

MOHCD staff propose updating the income restrictions as reflected in MOHCD's September 2020 predevelopment loan and approved by MOHCD asset management.

Unit Number	No. of Units	Unit Size	Maximum Income Level
Bayside 102, 103, 104, 105, 106, 107, 108, 109, 110, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310	30	Studio	30% of Median Income
Tower 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35	32	SRO	50% of Median Income
Consortia 1, 3, 4, 5, 6, 9, 11, 12, 14, 15, 16, 18, 19, 21, 22, 24, 25	17	Studio	60% of Median Income
Consortia 2, 8, 10, 17, 20, 26	6	1BR	60% of Median Income
Bayside - Manager's Unit	1	Studio	N/A
Consortia – Manager's Unit	1	1BR	N/A
Tower – Manager's Unit	1	SRO	N/A
	88		

Property	No. of Units	Maximum Income Level
Bayside	30	30% of Median Income
Tower	32	50% of Median Income
Consortia	23	60% of Median Income
Manager's Units	3	N/A
	88	

8. SUPPORT SERVICES

8.1. Services Plan.

Chinatown CDC has developed its resident services program specifically to address resident health and wellness and the needs of immigrants, such as translation and interpretation. This includes assisting residents navigate paperwork and access to public benefits, and providing information on and referrals to local resources. In addition, the team works to build resident leadership by providing opportunities for residents to plan and implement community programs for residents and participate in advocacy efforts, including the ability preserve affordable housing.

Chinatown CDC's Resident Services team spends 25 hours a week (0.60 FTE) coordinating and facilitating the residential programs and activities at the Throughline Apartments. Services may include:

- o Social activities: bingo, arts and crafts, annual summer field trips, cultural, and holiday celebrations.
- o Education activities: residents' rights and responsibilities, independent living, home safety, disaster preparedness, financial management, health and wellness, greening (recycling, composting, water conservation, and energy conservation), voter education, resident relationships, cultural

competency, stress talk, and on-going inter-generational programming with Chinatown youth through Adopt A Senior Building program. Case management, information and referrals, benefits assistance and advocacy, money management, financial literacy and counseling.

- Resident meetings with site staff to share/discuss concerns and receive updates on management operations.
- Health and wellness activities: annual health fairs, health workshops, home delivery groceries, and the food bank.

Staff assigned to Throughline residents coordinate with various partner organizations like the Chinatown YMCA, San Francisco State University’s School of Nursing, San Francisco Friends Who Care, Self-Help for the Elderly, On Lok Lifeways, San Francisco Marin Food Bank, and Glide to provide services listed above.

8.2. Services Budget.

The Project’s operating budget includes a total \$38,000 for supportive services-- \$30,000 of which is for staff time (0.60 FTE) and \$8,000 for residential activities. Chinatown CDC services staff is able to provide more services to residents beyond what is paid through the operating budget with the help and collaboration of partner organizations.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Gap Loan (CDBG-HTF Acquisition)	
Loan Amount:	\$14,840,000
Loan Term:	Up to 55 years
Loan Maturity Date:	2077
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	January 1, 2019

Financial Description of Preservation and Seismic Safety (PASS) Loan	
Loan Amount:	\$8,499,000
Loan Term:	40 years
Loan Maturity Date:	2062
Loan Repayment Type:	Monthly payments on the Market Rate and Below Market Rate portions of the PASS loan. Payment on portion of Deferred Loan due at maturity.
Loan Interest Rate:	2.742% blended, compounding monthly
Date Loan Committee approves prior expenses can be paid:	October 15, 2021

9.2. Recommended Loan Conditions

Prior to Closing:

- Sponsor will work with MOHCD construction team to refine rehabilitation scope prior to executing the GMP.

- Sponsor to submit the final GMP contract prior to execution for MOHCD's review and approval.
- Sponsor must provide an updated appraisal prior to closing.
- Sponsor must forgive a portion of the existing \$309,523 CCDC loan at Tower Hotel should the final appraisal sales price decrease to ensure sufficient seller grant funds for the Project.
- Sponsor must allow MOHCD's review and approval of each grant disbursement request made by Chinatown CDC and Bayside Elderly Housing Corporation to the LLC for the Project.
- Sponsor to provide a community outreach plan for the period of January 2019 through construction completion. The plan should identify key community stakeholders, description of the relocation team's community and resident relocation outreach strategy, and overall outreach timeline.
- Sponsor to submit a relocation plan, schedule, and budget for MOHCD review and approval.
- Sponsor must provide MOHCD the opportunity to comment on HUD and SFHA documents.
- Sponsor must provide bi-weekly progress updates to MOHCD on HUD and SFHA approvals.
- Sponsor to submit a commercial leasing plan describing the proposed legal structure of the Project's commercial component, the Project's desired use of commercial cash flow, and the Sponsor's plan to fill commercial vacancies and loss of commercial revenue due to the COVID-19 small business impacts.
- Sponsor must provide MOHCD Asset Management the opportunity to comment on the final commercial leases with the LLC.
- Sponsor must apply to AHP in March 2022 and again in March 2023 if initial application is unsuccessful.

Post-closing:

- Sponsor must provide initial draft marketing plan within 8 months of anticipated TCO, prior to lease-up of the 9 vacant units. The plan should outline Chinatown CDC's plan to lease up vacant units at the maximum allowed rent; and the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders and Displaced Tenants, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
- Sponsor must continue to apply tiered rent increases to the Project without harming over-burdened tenants within 8 months of anticipated TCO.
- Sponsor must repay MOHCD's loan should there be excess proceeds after the rehabilitation.

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 Minibar, Director of Housing
Department of Homelessness and Supportive Housing

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Sally Oerth, 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. N/A
 - J. Development Budget
 - K. 1st Year Operating Budget
 - L. 20-year Operating Pro Forma
 - M. 20-year Commercial Operating Pro Forma

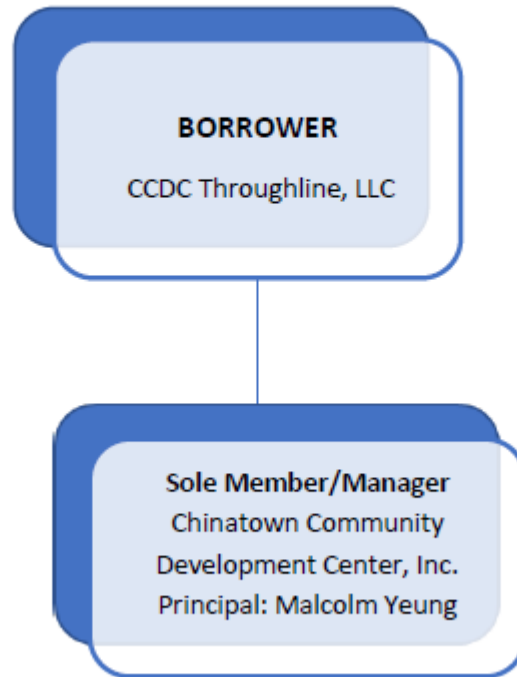
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)	<u>N/A</u>	
1	Acquisition/Predev Financing Commitment	<u>6/19/2020</u>	
2.	Site Acquisition	<u>11/01/2021</u>	_____
3.	Development Team Selection		
a.	Architect	<u>8/1/2019</u>	
b.	General Contractor	<u>11/1/2019</u>	
c.	Owner's Representative	<u>10/1/2021</u>	
d.	Property Manager	<u>N/A</u>	
e.	Service Provider	<u>N/A</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>10/30/2019</u>	_____
b.	Submittal of Design Development & Cost Estimate	<u>7/02/2020</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>9/22/2020</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>10/04/2021</u>	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	<u>N/A</u>	
b.	NEPA Environ Review Submission	<u>1/31/2022</u>	
c.	CUP/PUD/Variances Submission	<u>N/A</u>	
6.	Permits		
a.1.	Bayside Building / Site Permit Application Submitted	<u>10/1/2020</u>	_____
a.2.	Consortia Building / Site Permit Application Submitted	<u>10/28/2020</u>	_____
a.3.	Tower Building / Site Permit Application Submitted	<u>10/21/2020</u>	_____
b.	Addendum #1 Submitted	<u>N/A</u>	
c.	Addendum #2 Submitted	<u>N/A</u>	
7.	Request for Bids Issued	<u>10/2021</u>	
8.	Service Plan Submission	<u>N/A</u>	
a.	Preliminary	<u>N/A</u>	
b.	Interim	<u>N/A</u>	
c.	Update	<u>N/A</u>	
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	<u>N/A</u>	
b.	Gap Financing Application	<u>10/15/2021</u>	

10.	Other Financing		
a.	Construction Financing RFP	<u>N/A</u>	
b.	HUD 202 or 811 Application	<u>N/A</u>	
c.	Other Financing Application	<u>N/A</u>	
11.	Closing		
a.	Construction Closing	<u>3/15/2022</u>	
b.	Permanent Financing Closing	<u>3/15/2022</u> PASS loan will close at construction closing.	
12.	Construction		
a.	Notice to Proceed	<u>4/1/2022</u>	_____
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>6/1/2023</u>	_____
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>1/2023</u>	_____
b.	Commence Marketing	<u>4/2023</u>	
c.	95% Occupancy	<u>9/1/2023</u>	_____
14.	Cost Certification/8609	<u>N/A</u>	
15.	Close Out MOH/OCII Loan(s)	<u>N/A</u>	

Attachment B: Borrower Org Chart

THROUGHLINE APARTMENTS – BORROWER ORGANIZATIONAL CHART



CCDC Throughline, LLC will be the ultimate borrower of the MOHCD Gap Loan. The LLC will purchase the 3 Throughline projects: Bayside, Consorcia and Tower, from Bayside Elderly Housing Corporation and Chinatown CDC. Chinatown Community Development Center, Inc. a 501(c)(3) tax-exempt California nonprofit public benefit corporation, is the sole member/manager of CCDC Throughline LLC.

Attachment C: Development Staff Resumes

Chinatown CDC has developed over 2,730 units of affordable housing over the course of its 40-year history and has another 765 units in the development pipeline (see below). In addition, San Francisco will release approximately 4 projects under RFPs every year; we plan to submit proposals for many if not all. We are also actively seeking small sites (5- to 25-unit buildings) currently housing low-income residents at risk of displacement to acquire, rehabilitate and maintain as affordable housing to help stabilize households and neighborhoods facing evictions and gentrification.

Development Pipeline:

- Swiss American - 534 Broadway; soft-story only (\$6.2MM rehab); in process of securing funding
- Notre Dame – 1590 Broadway; (\$27.8MM rehab); in process of securing funding
- Hamlin - 385 Eddy St (\$13.6MM rehab); construction started beginning of 2020
- Larkin Pine (estimated \$11.1MM refinancing/rehab)
- Golden Gate Apartments (estimated \$22MM refinancing/rehab)
- Small Sites (4 buildings rehab projects)
 - 1535 Jackson – \$4M rehab, in construction; 99% complete
 - 1201 Powell/900 Jackson – \$2M rehab, in construction; 64% complete.
 - 289 9th/800-810 Clement, \$1M rehab, in construction; 28% complete.

- 937 Clay – \$1.5M rehab, in construction; 44% complete
- 1005 Powell - \$7.2M rehab, in pre-acquisition with acquisition target date of Nov 30, 2021 & construction to start Jan. 2021.
- 1590 Broadway – under renovation
- Maceo May; construction loan closed April 2020
- Throughline (777 Broadway, 1204 Mason, 1525-1529 Grant Ave.) major rehab permitting completed for 777 Broadway & 1204 Mason, and waiting on 1525 Grant Avenue.
- 730 Stanyan; predevelopment
- Transbay Block 2 Senior; predevelopment

Attachment D: Asset Management Evaluation of Project Sponsor

- **# of projects and avg. # of units/project currently in sponsor's asset management portfolio**
33 Projects, 84 average units per project
- **Sponsor's current asset management staffing – job titles, FTEs, org chart and status of each**
The Asset Management Department (AM) is comprised of 4.625 FTE:
 - Director of Asset Management
 - Senior Asset Manager
 - Asset Manager
 - Asset Management Coordinator
 - Asset Management Assistant (25 hours per week)Their duties are outlined in the job descriptions included at the end of the document. All positions are filled.
- **Description of scope and range of duties of sponsor's asset management team**
AM monitors the financial and physical health of the portfolio. They produce financial projections for each building in order to monitor the long-term viability of the property. They commission capital needs analyses for each building every five years and monitor the process of getting all called for repairs and replacements done. They collaborate with the Housing Development Department to develop work-out plans for troubled properties. With the Property Management Department, they set rents at each building according to the various programs and funding sources in place. They are the main point of contact between CCDC and the lenders, partners, and regulators of the portfolio. This includes all periodic reporting.
- **Description of sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc.**
AM meets twice-monthly with the Housing Development, Property Management, and Fiscal departments to discuss cross-department topics and coordinate the organization's approach to property and portfolio issues. The Director of Property Management, Compliance Managers, and Property Supervisors, and Fiscal Department are located in the same building as AM, which allows for easy communication and an awareness of each other's roles and challenges.
- **Sponsor's budget for asset management team – shown as cost center for projects in SF**
CCDC does not maintain a separate budget for the Asset Management team since it is part of their Fiscal Department.
- **# of projects expected to be in sponsor's AM portfolio in 5 years and, if applicable, plans to augment staffing to manage growing portfolio**
With respect to the number of projects the Sponsor expects to have in its asset management portfolio in the coming five years, CCDC has provided its Real Estate Owned schedule ("REO schedule." In the next five years, CCDC will add the following projects to the portfolio:
 - 2060 Folsom (127 units)
 - 1150 3rd Street a.k.a. Mission Bay Block 3E (101 units)
 - Treasure Island, with Sword to Plowshares (100 units)
 - 730 Stanyan with TNDC (150+units to be determined)

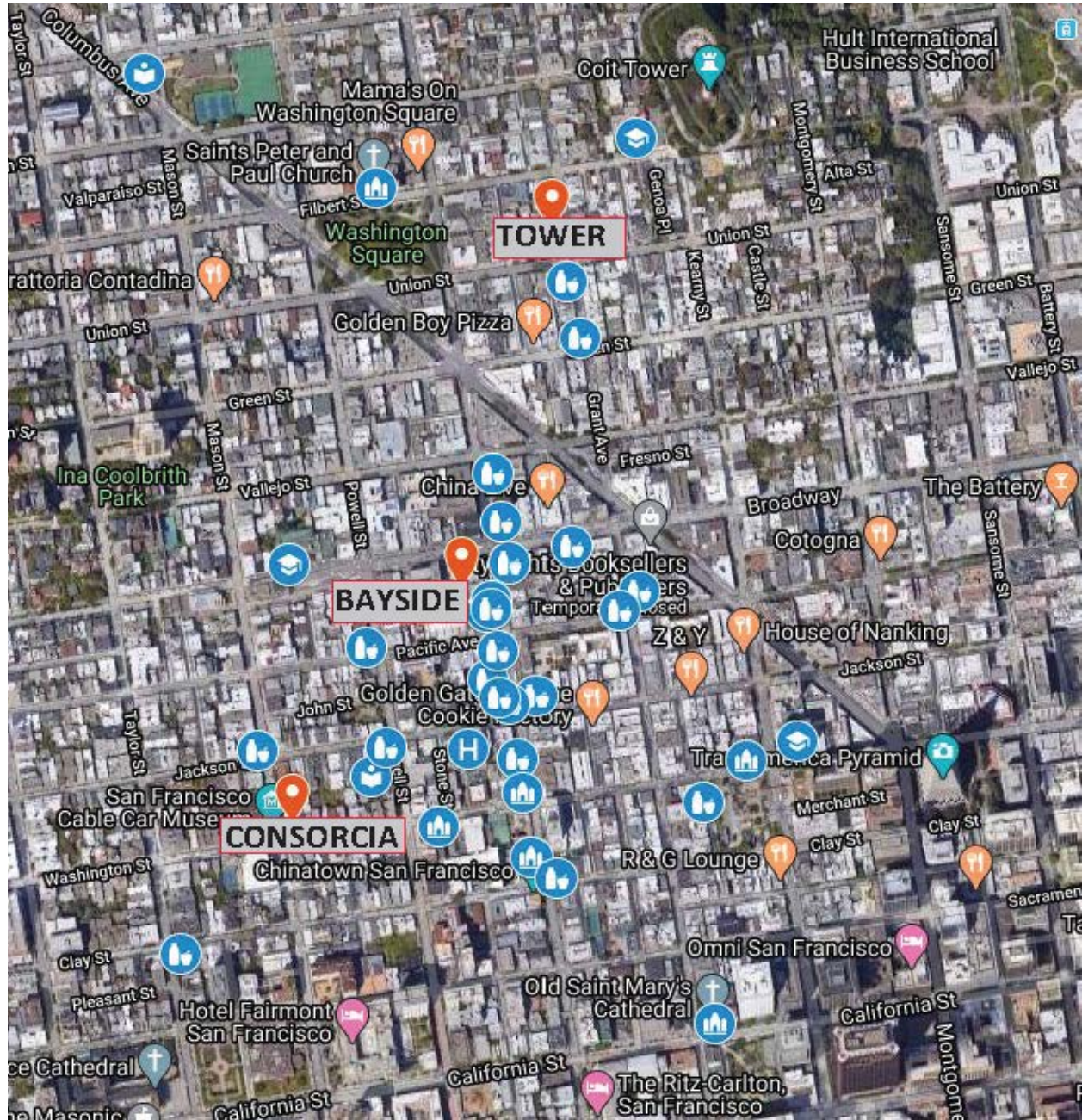
A number of other projects are under consideration and may be added to the portfolio. In addition, through the Small Sites program we expect to add 15 to 20 new properties totaling between 60 and 400 units.

AM is a relatively new department and has spent considerable time in the past two years developing and implementing policies and procedures that are improving the quality and efficiency of our work. We expect to be able to add these projects without increasing staffing. The asset management activity that creates spikes in our regular work flow is refinancing. If these should prove too great a strain on staffing, we have relationships with very competent consultants who can perform the work for us and charge their time to the project.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

N/A.

Attachment F: Site Map with amenities



Attachment G: Elevations and Floor Plans

N/A.

Attachment H: Comparison of City Investment in Other Housing Developments

See attached.

REHABILITATION COST COMPARISON (25 Units and Larger or Scattered)

Updated 10/8/2021

PROJECTS COMPLETED						Square Footage	DEVELOPMENT COSTS					Comments
Project Name	Address	Contract Date	Population Type	# of Units	# of BR ¹	Total	Acq. Cost ²	Constr. Cost ⁴	Soft Cost ⁵	Local Subsidy ⁶	Total Dev. Cost	
Robert B Pitts	1150 Scott Street	Dec-17	Family	203	543	80,251	36,224,828	\$ 42,170,436	\$ 8,989,530	\$ -	\$ 87,384,794	RAD Phase I - significant rehab
Westside Courts	2501 Sutter Street	Dec-18	Family	136	224	106,953	26,920,000	\$ 51,531,653	\$ 17,457,234	\$ 10,189,576	\$ 95,908,887	RAD Phase II - significant rehab
Hunters Point East and West	1068 Palou	Jun-18	Family	213	532	258,406	47,300,000	\$ 64,008,965	\$ 22,576,070	\$ 845,790	\$ 133,885,035	RAD Phase I - significant rehab
Westbrook Apartments	40 Harbor Road	Jul-19	Family	223	656	233,493	42,570,000	\$ 102,555,121	\$ 7,281,442	\$ 16,705,632	\$ 152,406,563	RAD Phase II - significant rehab
Ping Yuen	655, 711, 895 Pacific	Mar-19	Family	234	539	238,081	67,240,000	\$ 70,327,265	\$ 35,351,530	\$ 5,787,522	\$ 172,918,795	RAD Phase II - significant rehab
Alemany Apartments	951 Ellsworth	Nov-19	Family	150	340	137,652	51,008,000	\$ 69,106,493	\$ 25,518,895	\$ 3,828,778	\$ 145,633,388	RAD Phase II - significant rehab
Completed Projects:	Average:			193	472	175,806	\$ 45,210,471	\$ 66,616,655	\$ 19,529,117	\$ 6,226,216	\$ 131,356,244	

PROJECTS UNDER CONSTRUCTION						Square Footage	DEVELOPMENT COSTS					Comments
Project Name	Address	Compl. Date	Population Type	# of Units	# of BR ¹	Total	Acq. Cost ²	Constr. Cost ⁴	Soft Cost ⁵	Local Subsidy ⁶	Total Dev. Cost	
Bernal Dwellings	3138 Kamille Court	Oct-21	Family	160	391	170,280	\$ 41,929,181	\$ 50,124,996	\$ 21,330,207	\$ 0	\$ 113,384,376	RAD Phase IV - significant rehab large site, 2 story townhomes
Hayes Valley South	401 Rose	Dec-21	Family	110	236	132,658	\$ 35,344,033	\$ 45,312,032	\$ 19,355,350	\$ 7,207,832	\$ 100,011,415	RAD Phase IV - significant rehab large site, 2 story townhomes
Hayes Valley North	650 - 667 Linden	Jul-22	Family	84	211	100,376	\$ 30,387,921	\$ 42,248,048	\$ 19,517,405	\$ 8,854,288	\$ 92,153,374	RAD Phase IV - significant rehab large site, 3 story townhomes (predev LE 4/20)
Gran Oriente	106 South Park	Dec-21	Senior	24	24							3 Story over basement, SRO major rehab & seismic
Park View	102 South Park	Jan-22	Senior	39	39	32,049	\$ 21,050,000	\$ 22,906,291	\$ 12,946,956	\$ 10,300,000	\$ 56,903,247	4 Story partial basement, SRO modest rehab & seismic
Hotel Madrid	22 South Park	Dec-21	Senior	44	44							3 Story over basement, SRO modest rehab & seismic
Under Construction:	Average:			77	158	108,841	\$ 32,177,784	\$ 40,147,842	\$ 18,287,480	\$ 8,787,373	\$ 60,408,737	

PROJECTS IN PREDEVELOPMENT						Square Footage	DEVELOPMENT COSTS					Comments
Project Name	Address	Start Date (anticipated)	Population Type	# of Units	# of BR ¹	Total	Acq. Cost ²	Constr. Cost ⁴	Soft Cost ⁵	Local Subsidy ⁶	Total Dev. Cost	
San Cristina	1000 Market Street	Jan-22	Senior	58	58	34,500	\$ 17,400,000	\$ 16,918,502	\$ 18,862,448	\$ 2,566,506	\$ 52,508,176	4 story, type III UMB (TCAC App 5/20/21)
480 Eddy Street - Yosemite		Nov-21	Mixed	32	32	20,178	\$ 5,619,999	\$ 15,166,293	\$ 9,429,056	\$ 1,800,000	\$ 30,215,348	6 story masonry and steel bldg., significant rehab with seismic
Mariposa Gardens	2425 Mariposa		Family	63	150	56,163	\$ -	\$ 8,875,320	\$ -	\$ -	\$ 8,875,320	3 Buildings, 3-4 stories plus 59 pkg Community Rm Playground
2800 Bryant Street	2800 Bryant Street	Sep-21	Family	7	16	7,350	\$ -	\$ 1,848,641	\$ -	\$ -	\$ 1,848,641	3 story wood framed wood siding + comml. GMP pricing 9/8/21
3019 23rd Street	3019 23rd Street		Family	6	10	4,780	\$ -	\$ 3,212,038	\$ -	\$ -	\$ 3,212,038	3 story wood framed mixed siding
3434 18th Street	3434 18th Street		Family	11	11	4,202	\$ -	\$ 3,639,756	\$ -	\$ -	\$ 3,639,756	3 story wood framed, 8 Units + 3 ADU
Dunleavy Plaza	36 Hoff St		Family	49	81	29,000	\$ -	\$ 1,669,405	\$ -	\$ -	\$ 1,669,405	4 story wood framed 49 units + 22 parking
Maria Alicia Apts	3092 16th Street		Family	20	157	17,857	\$ -	\$ 3,420,592	\$ -	\$ -	\$ 3,420,592	4 story wood framed
SFHA Scattered Sites	200 Randolph St., 2006 Great Highway	Jan-22	Family	70	67	68,915	\$ 17,592,500	\$ 43,470,283	\$ 17,140,072	\$ 31,377,832	\$ 78,202,855	5 Scattered Sites various ages, types and size properties
75 Dore - Folsom Dore Apts	75 Dore											
Ambassador / Ritz	55 Mason & 216 Eddy Streets	Jan-22	Sr. Disabled	186	186	102,109	\$ 30,841,633	\$ 41,100,938	\$ 24,215,585	\$ 1,424,514	\$ 96,158,156	2 bldgs 4-6 story SRO significant rehab (MOHCD app 5/26/20)
The Knox	241 6th Street	Jul-22	SRO	140	140	54,450	\$ 11,550,000	\$ 12,375,137	\$ 9,385,429	\$ 8,072,019	\$ 33,310,566	8 story Type I SRO constructed 1994 (May 21 Eval data)
In Predevelopment	Average:			35	65	36,319	\$ 7,545,830	\$ 13,790,628	\$ 15,806,518	\$ 9,048,174	\$ 28,460,078	

ALL PROJECTS	Average:			102	232	106,988	\$ 28,311,362	\$ 40,185,042	\$ 17,874,372	\$ 8,020,588	\$ 73,408,353	
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SUBJECT PROPERTY	777 Bdwj, 1204 Mason, 1525 Grant	Apr-22	Mixed	88	88	49,870	\$ -	\$ 22,753,459	\$ 8,470,608	\$ 13,519,791	\$ 31,224,067	Bayside: 3+ 1- pkg; Consorcia: 4+ prtl. bsmt; Tower: 3+ prtl. bsmt (9/28/21)
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PROJECTS COMPLETED		Construction Costs			Total Dev Costs by Unit / Bed / SF			Subsidy
Project Name	Contract Date	Const/unit	Const/Bedroom	Const / SF	Gross TDC / unit	TDC/Bedroom	Gross TDC/sq.ft ⁷	Subsidy / unit
Robert B Pitts	Dec-17	\$ 207,736	\$ 77,662	\$ 525	\$ 430,467	\$ 160,930	\$ 1,089	\$ -
Westside Courts	Dec-18	\$ 378,909	\$ 230,052	\$ 482	\$ 705,212	\$ 428,165	\$ 897	\$ 74,923
Hunters Point East and West	Jun-18	\$ 300,512	\$ 120,318	\$ 248	\$ 628,568	\$ 251,664	\$ 518	\$ 3,971
Westbrook Apartments	Jul-19	\$ 459,888	\$ 156,334	\$ 439	\$ 683,438	\$ 232,327	\$ 653	\$ 74,913
Ping Yuen	Mar-19	\$ 300,544	\$ 130,477	\$ 295	\$ 738,969	\$ 320,814	\$ 726	\$ 24,733
Alemany Apartments	Nov-19	\$ 460,710	\$ 203,254	\$ 502	\$ 970,889	\$ 428,333	\$ 1,058	\$ 25,525
Completed Projects:	Average:	\$ 351,383	\$ 153,016	\$ 415	\$ 692,924	\$ 303,705	\$ 823	\$ 34,011

PROJECTS UNDER CONSTRUCTION		Construction Costs			Total Dev Costs by Unit / Bed / SF			Subsidy
Project Name	Contract Date	Const/unit	Const/Bedroom	Const / SF	Gross TDC / unit	TDC/Bedroom	Gross TDC/sq.ft ⁷	Subsidy / unit
Bernal Dwellings	Oct-21	\$ 313,281	\$ 128,197	\$ 294	\$ 708,652	\$ 289,986	\$ 666	\$ -
Hayes Valley South	Dec-21	\$ 411,928	\$ 192,000	\$ 342	\$ 909,195	\$ 423,777	\$ 754	\$ 65,526
Hayes Valley North	Jul-22	\$ 502,953	\$ 200,228	\$ 421	\$ 1,097,064	\$ 436,746	\$ 918	\$ 105,408
Gran Oriente								
Park View		\$ 954,429	\$ 954,429	\$ 715	\$ 2,370,969	\$ 2,370,969	\$ 1,776	\$ 429,167
Hotel Madrid								
Under Construction:	Average:	\$ 545,648	\$ 368,713	\$ 443	\$ 1,271,470	\$ 880,369	\$ 1,028	\$ 200,034

PROJECTS IN PREDEVELOPMENT		Construction Costs			Total Dev Costs by Unit / Bed / SF			Subsidy
Project Name	Start Date (anticipated)	Const/unit	Const/Bedroom	Const / SF	Gross TDC / unit	TDC/Bedroom	Gross TDC/sq.ft ⁷	Subsidy / unit
San Cristina	Jan-22	\$ 291,698	\$ 291,698	\$ 490	\$ 905,313	\$ 905,313	\$ 1,522	\$ 44,250
480 Eddy Street- Yosemite	Apr-21	\$ 473,947	\$ 473,947	\$ 752	\$ 944,230	\$ 944,230	\$ 1,497	\$ 56,250
Mariposa Gardens		\$ 140,878	\$ 59,169	\$ 158	\$ 140,878	\$ 59,169	\$ 158	\$ -
2800 Bryant Street		\$ 264,092	\$ 115,540	\$ 252	\$ 264,092	\$ 115,540	\$ 252	\$ -
3019 23rd Street		\$ 535,340	\$ 321,204	\$ 672	\$ 535,340	\$ 321,204	\$ 672	\$ -
3434 18th Street		\$ 330,887	\$ 330,887	\$ 866	\$ 330,887	\$ 330,887	\$ 866	\$ -
Dunleavy Pl. 36 Hoff Street		\$ 34,069	\$ 20,810	\$ 58	\$ 34,069	\$ 20,810	\$ 58	\$ -
Maria Alicia Apts 3092 16th St.		\$ 171,030	\$ 21,787	\$ 192	\$ 171,030	\$ 21,787	\$ 192	\$ -
SFHA Scattered Sites	Jan-22	\$ 621,004	\$ 648,810	\$ 631	\$ 1,117,184	\$ 1,167,207	\$ 1,135	\$ 448,255
75 Dore - Folsom Dore								
Ambassador / Ritz	Jan-22	\$ 220,973	\$ 220,973	\$ 403	\$ 516,979	\$ 516,979	\$ 942	\$ 7,659
The Knox	Jul-22	\$ 88,394	\$ 88,394	\$ 227	\$ 237,933	\$ 237,933	\$ 612	\$ 57,657
In Predevelopment	Average:	\$ 288,392	\$ 235,729	\$ 427	\$ 472,839	\$ 421,896	\$ 719	\$ 55,825

All Projects:	AVERAGE	\$ 395,141	\$ 252,486	\$ 428	\$ 812,311	\$ 535,324	\$ 857	\$ 96,623
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Throughline (Grant, Mason, Bdwj)	Apr-22	\$ 258,562.03	\$ 258,562	\$ 456	\$ 354,819	\$ 354,818.94	\$ 626	\$ 153,634
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¹ Items highlighted in yellow represent gaps in information
² Includes studios as 1BRs
³ Residential sq. ft. includes circulation, recreation, parking, office space and common areas; excludes day care centers, and commercial (non-res.)
⁴ Acquisition includes cost of buying land/building including costs if City buys site; excludes demolition of existing building
⁵ Construction includes unit construction, site preparation/demolition (if applicable), site improvements, environmental remediation and hard cost contingency for Predev & During Construction. Completed projects include used Contingency and are escalated per ENR CCI data
⁶ Soft Cost = TDC less Acquisition and Hard Costs
⁷ All non-amortized local funds
⁸ Total square footage
⁹ Leveraging = subsidy/unit as % of TDC/unit Cost cert values

Attachment I: Predevelopment Budget

N/A.

Attachment J: Development Budget

See attached.

Application Date: 9/28/21 # Units: 88
 Project Name: Throughline Apartments # Bedrooms: 88
 Project Address: 777, 1204, 1525 Broadway, Mason, Grant St, St, A # Beds: 88
 Project Sponsor: Chinatown Community Development Center

SOURCES	Total Sources									Comments	
	13,519,791	8,031,555	467,445	317	2,500,000	3,255,600	3,323,968	125,391	-		31,224,067
						Existing Consorcia, Bayside + Tower CDBG debts & Accrued Def Interests	GP Capital - Proj Reserves	Predev Exp from RR up to 12/31/2019			
Name of Sources: MOHCD/OCII											

USES

ACQUISITION											
Acquisition cost or value											0
Legal / Closing costs / Broker's Fee											0
Holding Costs											0
Transfer Tax											0
TOTAL ACQUISITION	0	0	0	0	0	0	0	0	0	0	0

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	11,369,884	6,559,784			2,500,000					20,429,668	Include FF&E
Commercial Shell Construction										0	
Demolition										0	
Environmental Remediation										0	
Onsite Improvements/Landscaping										0	
Offsite Improvements										0	
Infrastructure Improvements										0	HOPE SF/OCII costs for streets etc.
Parking										0	
GC Bond Premium/GC Insurance/GC Taxes										0	0.0%
GC Overhead & Profit										0	0.0%
CG General Conditions										0	0.0%
<i>Sub-total Construction Costs</i>	<i>11,369,884</i>	<i>6,559,784</i>	<i>0</i>	<i>0</i>	<i>2,500,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>20,429,668</i>	
Design Contingency (remove at DD)										0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at Bid)										0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)										0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency	569,501	1,471,771						282,519		2,323,791	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>569,501</i>	<i>1,471,771</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>282,519</i>	<i>0</i>	<i>2,323,791</i>	
TOTAL CONSTRUCTION COSTS	11,939,385	8,031,555	0	0	2,500,000	0	282,519	0	0	22,753,459	

SOFT COSTS

Architecture & Design												
Architect design fees			400,000								400,000	See MOHCD A&E Fee Guidelines: http://smohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)											0	
Architect Construction Admin								300,000			300,000	
Reimbursables											0	
Additional Services											0	
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>0</i>	<i>400,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>300,000</i>	<i>0</i>	<i>0</i>	<i>700,000</i>	
Other Third Party design consultants (not included under Architect contract)											195,000	Consultants not covered under architect contract, name consultant type and contract amount
Total Architecture & Design	195,000	0	400,000	0	0	0	0	300,000	0	0	895,000	
Engineering & Environmental Studies												
Survey	2,555		7,445								10,000	
Geotechnical studies	20,000										20,000	
Phase I & II Reports			60,000								60,000	
CEQA / Environmental Review consultants											0	
NEPA / 106 Review											0	
CNA/PNA (rehab only)											0	
Other environmental consultants	15,000										15,000	Name consultants & contract amounts
Total Engineering & Environmental Studies	37,555	0	67,445	0	0	0	0	0	0	0	105,000	
Financing Costs												
Construction Financing Costs												
Construction Loan Origination Fee											0	
Construction Loan Interest											0	
Title & Recording								40,000			40,000	
CDLAC & CDIAC fees											0	
Bond Issuer Fees											0	
Other Bond Cost of Issuance											0	
Construction/Perm Closing, Construction/Perm Lender Ex	47,513							24,237			71,750	
<i>Sub-total Const. Financing Costs</i>	<i>47,513</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>64,237</i>	<i>0</i>	<i>0</i>	<i>111,750</i>	
Permanent Financing Costs												
Permanent Loan Origination Fee	106,238										106,238	
Credit Enhance. & Appl. Fee											0	
Title & Recording											0	
<i>Sub-total Perm. Financing Costs</i>	<i>106,238</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>106,238</i>	
Total Financing Costs	153,751	0	0	0	0	0	0	64,237	0	0	217,988	
Legal Costs												
Borrower Legal fees											0	
Land Use / CEQA Attorney fees											0	
Tax Credit Counsel											0	
Bond Counsel											0	
Construction Lender Counsel	50,000										50,000	
Permanent Lender Counsel								15,000			15,000	
Other Legal (specify)											0	
Total Legal Costs	50,000	0	0	0	0	0	0	15,000	0	0	65,000	
Other Development Costs												
Appraisal	30,000										30,000	
Market Study											0	
Insurance	300,000										300,000	
Property Taxes											0	
Accounting / Audit								10,000			10,000	
Organizational Costs											0	
Entitlement / Permit Fees	83,785							136,215			220,000	
Marketing / Rent-up	50,000										50,000	
Furnishings	76,800										76,800	
PGE / Utility Fees											0	
TCAC App / Alloc / Monitor Fees											0	
Financial Consultant fees	50,000										50,000	
Construction Management fees / Owner's Rep	90,000										90,000	
Security during Construction											0	
Relocation								1,927,997			1,927,997	
Other - Accrued Interest - PASS Deferred Loan				317							317	
Other - Existing Consorcia, Bayside + Tower + CDCC Debts								3,255,600			3,255,600	
Other - Predev Expenses from RR prior to 12/31/2019									125,391		125,391	
Total Other Development Costs	680,585	0	0	317	0	3,255,600	2,074,212	125,391	0	0	6,136,105	
Soft Cost Contingency												
Contingency (Arch, Eng, Fin, Legal & Other Dev)	163,565	0									163,565	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	1,280,456	0	467,445	317	0	3,255,600	2,453,449	125,391	0	0	7,582,658	2.2%

RESERVES

Operating Reserves	299,950										299,950
Replacement Reserves								88,000			88,000
Tenant Improvements Reserves											0
Other (specify)											0
Other (specify)											0
Other (specify)											0
TOTAL RESERVES	299,950	0	0	0	0	0	0	88,000	0	0	387,950

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones								500,000			500,000
Developer Fee - Cash-out At Risk											0
Commercial Developer Fee											0
Developer Fee - GP Equity (also show as source)											0
Developer Fee - Deferred (also show as source)											0
Development Consultant Fees											0
Other (specify)											0
TOTAL DEVELOPER COSTS	0	0	0	0	0	0	0	500,000	0	0	500,000

TOTAL DEVELOPMENT COST

	13,519,791	8,031,555	467,445	317	2,500,000	3,255,600	3,323,968	125,391	0	31,224,067
Development Cost/Unit by Source	153,634	91,268	5,312	4	28,409	36,995	37,772	1,425	0	354,819
Development Cost/Unit as % of TDC by Source	43.3%	25.7%	1.5%	0.0%	8.0%	10.4%	10.6%	0.4%	0.0%	100.0%

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0	0	0
Construction Cost (inc Const Contingency)/Unit By Source	135,675	91,268	0	0	28,409	0	3,210	0	0	258,562
Construction Cost (inc Const Contingency)/SF	239.41	161.05	0.00	0.00	50.13	0.00	5.67	0.00	0.00	456.26

*Possible non-eligible GO Bond/COP Amount:

	12,146,634
City Subsidy/Unit	153,634

Tax Credit Equity Pricing:

	N/A
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Construction Bond Amount:

	N/A
--	-----

Construction Loan Term (in months):

	N/A
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Construction Loan Interest Rate (as %):

	N/A
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Attachment K: 1st Year Operating Budget

See attached.

Application Date: 9/28/2021 **Project Name:** Throughline Apartments
Total # Units: 88 **Project Address:** Ave.
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023 **Project Sponsor:** Chinatown Community Development Center

INCOME	Total	Comments
Residential - Tenant Rents	327,876	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	866,988	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	163,428	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	640	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	1,500	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	14,832	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	1,375,264	
Vacancy Loss - Residential - Tenant Rents	(16,394)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(43,349)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	(32,686)	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	1,282,835	PUPA: 14,578

OPERATING EXPENSES

Management		
Management Fee	72,405	1st Year to be set according to HUD schedule.
Asset Management Fee	22,670	
Sub-total Management Expenses	95,075	PUPA: 1,080

Salaries/Benefits		
Office Salaries	42,715	
Manager's Salary	61,250	
Health Insurance and Other Benefits	44,721	
Other Salaries/Benefits	3,914	
Administrative Rent-Free Unit	0	
Sub-total Salaries/Benefits	152,600	PUPA: 1,734

Administration		
Advertising and Marketing	3,000	
Office Expenses	29,626	Office supplies, Other Renting ex, Computer services, Telephone service
Office Rent		
Legal Expense - Property	3,000	
Audit Expense	23,570	
Bookkeeping/Accounting Services	10,032	
Bad Debts	8,393	
Miscellaneous	11,377	
Sub-total Administration Expenses	88,998	PUPA: 1,011

Utilities		
Electricity	35,166	
Water	27,523	
Gas	15,749	
Sewer	37,850	
Sub-total Utilities	116,288	PUPA: 1,321

Taxes and Licenses		
Real Estate Taxes	6,778	
Payroll Taxes	12,926	
Miscellaneous Taxes, Licenses and Permits	5,149	Misc Taxes, Licenses, Permits & Insurance
Sub-total Taxes and Licenses	24,853	PUPA: 282

Insurance		
Property and Liability Insurance	87,012	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	87,012	PUPA: 989

Maintenance & Repair		
Payroll	65,000	
Supplies		
Contracts	101,892	Janitor, Janitor Supplies, Elev Maint, Extermin, Deco, Repairs
Garbage and Trash Removal	38,498	
Security Payroll/Contract		
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses		
Sub-total Maintenance & Repair Expenses	205,390	PUPA: 2,334

Supportive Services	38,000	Tenant Services & Activities
Commercial Expenses	7,446	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES 815,662 **PUPA: 9,269**

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	0	lease with SFHA paid w/ See line 118
Bond Monitoring Fee	5,000	PASS LOAN FEE
Replacement Reserve Deposit	52,800	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	57,800	PUPA: 657

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	873,462	PUPA: 9,926
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NET OPERATING INCOME (INCOME minus OP EXPENSES) 409,373 **PUPA: 4,652**

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	321,924	MOHCD PASS Loan 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%
TOTAL HARD DEBT SERVICE	321,924	PUPA: 3,658

CASH FLOW (NOI minus DEBT SERVICE) 87,449

USES OF CASH FLOW BELOW (This row also shows DSCR.) 1.27

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		
Other Payments	15,750	SFHA Air Rights lease paid from residual cash (1.4% of effective gross income)
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - 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.
TOTAL PAYMENTS PRECEDING MOHCD	15,750	PUPA: 179

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 71,699

Residual Receipts Calculation
 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/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs	\$13,839,707	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		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	47,799	67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	47,799	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.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 23,900

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

REMAINDER (Should be zero unless there are distributions below) 23,900
 Owner Distributions/Incentive Management Fee 23,900 100% of Borrower share of 33% of residual receipts
 Other Distributions/Uses 0
Final Balance (should be zero) 0

Attachment L: 20-year Operating Proforma

See attached.

Throughline Apartments

Total # Units: 88

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.0%		327,876	334,434	341,122	347,945	354,904	362,002	369,242	376,626	384,159	391,842
Residential - Tenant Assistance Payments (Non-LOSP)	2.0%		866,988	884,328	902,014	920,055	938,456	957,225	976,369	995,897	1,015,815	1,036,131
Commercial Space	2.0%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	163,428	163,428	163,428	166,697	170,030	173,431	176,900	180,438	184,046	187,727
Residential Parking			-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%		640	653	666	679	693	707	721	735	750	765
Supportive Services Income	2.0%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.0%		1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	1,793
Tenant Charges	2.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.0%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	3.0%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	14,832	15,277	15,277	15,277	15,277	15,277	15,735	15,735	15,735	15,735
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
Gross Potential Income			1,375,264	1,399,649	1,424,068	1,452,244	1,480,983	1,510,297	1,540,656	1,571,154	1,602,263	1,633,993
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(16,394)	(6,689)	(6,822)	(6,959)	(7,098)	(7,240)	(7,385)	(7,533)	(7,683)	(7,837)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(43,349)	(17,687)	(18,040)	(18,401)	(18,769)	(19,144)	(19,527)	(19,918)	(20,316)	(20,723)
Vacancy Loss - Commercial	n/a		(32,686)	(81,714)	(81,714)	(83,348)	(85,015)	(86,716)	(88,450)	(90,219)	(92,023)	(93,864)
EFFECTIVE GROSS INCOME			1,282,835	1,293,560	1,317,491	1,343,535	1,370,101	1,397,197	1,425,294	1,453,485	1,482,240	1,511,570
OPERATING EXPENSES												
Management												
Management Fee	3.0%	1st Year to be set according to HUD schedule.	72,405	74,577	76,814	79,119	81,492	83,937	86,455	89,049	91,720	94,472
Asset Management Fee	3.0%	per MOHCD policy	22,670	23,350	24,051	24,772	25,515	26,281	27,069	27,881	28,718	29,579
Sub-total Management Expenses			95,075	97,927	100,865	103,891	107,008	110,218	113,525	116,930	120,438	124,051
Salaries/Benefits												
Office Salaries	3.0%		42,715	43,996	45,316	46,676	48,076	49,518	51,004	52,534	54,110	55,733
Manager's Salary	3.0%		61,250	63,088	64,980	66,930	68,937	71,006	73,136	75,330	77,590	79,917
Health Insurance and Other Benefits	3.0%		44,721	46,063	47,445	48,868	50,334	51,844	53,399	55,001	56,651	58,351
Other Salaries/Benefits	3.0%		3,914	4,031	4,152	4,277	4,405	4,537	4,674	4,814	4,958	5,107
Administrative Rent-Free Unit	3.0%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			152,600	157,178	161,893	166,750	171,753	176,905	182,212	187,679	193,309	199,108
Administration												
Advertising and Marketing	3.0%		3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914
Office Expenses	3.0%		29,626	30,515	31,430	32,373	33,344	34,345	35,375	36,436	37,529	38,655
Office Rent	3.0%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.0%		3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914
Audit Expense	3.0%		23,570	24,277	25,005	25,756	26,528	27,324	28,144	28,988	29,858	30,754
Bookkeeping/Accounting Services	3.0%		10,032	10,333	10,643	10,962	11,291	11,630	11,979	12,338	12,708	13,089
Bad Debts	3.0%		8,393	8,645	8,904	9,171	9,446	9,730	10,022	10,322	10,632	10,951
Miscellaneous	3.0%		11,377	11,718	12,070	12,432	12,805	13,189	13,585	13,992	14,412	14,844
Sub-total Administration Expenses			88,998	91,668	94,418	97,251	100,168	103,173	106,268	109,456	112,740	116,122
Utilities												
Electricity	3.0%		35,166	36,221	37,308	38,427	39,580	40,767	41,990	43,250	44,547	45,884
Water	3.0%		27,523	28,349	29,199	30,075	30,977	31,907	32,866	33,856	34,865	35,911
Gas	3.0%		15,749	16,221	16,708	17,209	17,726	18,257	18,805	19,369	19,950	20,549
Sewer	3.0%		37,850	38,986	40,155	41,360	42,601	43,879	45,195	46,551	47,947	49,386
Sub-total Utilities			116,288	119,777	123,370	127,071	130,883	134,810	138,854	143,020	147,310	151,729
Taxes and Licenses												
Real Estate Taxes	3.0%		6,778	6,981	7,191	7,407	7,629	7,858	8,093	8,336	8,586	8,844
Payroll Taxes	3.0%		12,926	13,314	13,713	14,125	14,548	14,985	15,434	15,897	16,374	16,865
Miscellaneous Taxes, Licenses and Permits	3.0%		5,149	5,303	5,463	5,626	5,795	5,969	6,148	6,333	6,523	6,718
Sub-total Taxes and Licenses			24,853	25,599	26,367	27,158	27,972	28,811	29,676	30,566	31,483	32,428
Insurance												
Property and Liability Insurance	3.0%		87,012	89,622	92,311	95,080	97,933	100,871	103,897	107,014	110,224	113,531
Fidelity Bond Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.0%		-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			87,012	89,622	92,311	95,080	97,933	100,871	103,897	107,014	110,224	113,531
Maintenance & Repair												
Payroll	3.0%		65,000	66,950	68,959	71,027	73,158	75,353	77,613	79,942	82,340	84,810
Supplies	3.0%		-	-	-	-	-	-	-	-	-	-
Contracts	3.0%		101,892	104,949	108,097	111,340	114,680	118,121	121,664	125,314	129,074	132,946
Garbage and Trash Removal	3.0%		38,498	39,653	40,843	42,068	43,330	44,630	45,969	47,348	48,768	50,231
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%		-	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses			205,390	211,552	217,898	224,435	231,168	238,103	245,246	252,604	260,182	267,987
Supportive Services	3.0%		38,000	39,140	40,314	41,524	42,769	44,052	45,374	46,735	48,137	49,581
Commercial Expenses		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	7,669	7,899	8,136	8,381	8,632	8,891	9,158	9,432	9,715
TOTAL OPERATING EXPENSES			815,662	840,132	865,336	891,296	918,035	945,576	973,943	1,003,161	1,033,256	1,064,254
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit			52,800	52,800	52,800	52,800	52,800	52,800	52,800	52,800	52,800	52,800
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			57,800	57,800	57,800	57,800	57,800	57,800	57,800	57,800	57,800	57,800
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			873,462	897,932	923,136	949,096	975,835	1,003,376	1,031,743	1,060,961	1,091,056	1,122,054
NET OPERATING INCOME (INCOME minus OP EXPENSES)												
			409,373	395,628	394,355	394,440	394,266	393,821	393,551	392,524	391,184	389,516
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender		Enter comments re: annual increase, etc.	321,924	321,924	321,924	321,924	321,924	321,924	321,924	321,924	321,924	321,924
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			321,924	321,924	321,924	321,924	321,924	321,924	321,924	321,924	321,924	321,924
CASH FLOW (NOI minus DEBT SERVICE)			87,449	73,704	72,431	72,516	72,342	71,897	71,627	70,600	69,260	67,592
USES OF CASH FLOW BELOW (This row also shows DSCR.)			DSCR: 1.272	1.229	1.225	1.225	1.225	1.223	1.222	1.219	1.215	1.21
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-	23,460	24,280	25,130	26,000	26,900	27,840	28,800		

Attachment M: 20-year Commercial Operating Proforma

See attached.

