

Citywide Affordable Housing Loan Committee

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

1633 Valencia Street

Up to \$41,036,048 Permanent Financing (including
\$2M million AHP Bridge Loan Commitment)

20 Year LOSP Contract to support operations and debt
totaling \$80,785,406

Total Request: \$121,821,454

Evaluation of Request for:	Permanent Funding and LOSP Contract
Loan Committee Date:	April 5, 2024
Prepared By:	Anne Romero, Senior Project Mgr.
MOHCD Construction Representative:	Holly Faust
MOHCD Asset Manager:	TBD
Sources and Amounts of New Funds Recommended for <u>Perm Financing</u> :	HSH SF Health & Recovery GO Bond Loan Up to \$41,036,048
Sources and Amounts of New Funds Recommended for <u>“enhanced” LOSP for operations and debt</u> :	General Fund 20 Year Term Up to \$80,785,406
Sources and Amounts of Previous City Funds Committed:	None
NOFA/PROGRAM/RFP:	HSH Sole Source Emergency Procurement
Applicant/Sponsor(s) Name:	Mercy Housing California

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	1633 Valencia	Sponsor(s):	Mercy Housing California
Project Address (w/ cross St):	1633 Valencia, San Francisco, CA 94110 (at Cesar Chavez St.)	Ultimate Borrower Entity:	Mercy Housing California 108, L.P.

Project Summary:

Mercy Housing California in partnership with the San Francisco Housing Accelerator Fund (SFHAF) requests permanent financing in the amount of up to \$41,036,048 (including a \$2M AHP bridge loan) as well as funding through the Local Operating Subsidy Program (LOSP) in the amount of \$80,785,406 over an 18-year LOSP term to support program operations and to service the \$16M SFHAF Innovation loan to create permanent supportive housing at 1633 Valencia. The proposed development will create 145 newly constructed studio units, plus one staff unit, for a total of 146 units, to be made available as permanent supportive housing for seniors ages 55 and above experiencing homelessness (Project). The Project is being proposed as further iteration of the Tahanan (833 Bryant) permanent supportive housing project, utilizing the same floorplate and efficient design (though not using modular construction) as well as other cost-saving and time-saving measures and similarly deferring City investment until the operations phase and conversion to permanent financing. This innovative approach diversifies the housing production models to bring on line 145 PSH units more quickly and cost effectively without an initial City capital investment.

Development costs through construction for the Project are anticipated to total approximately \$84.6M. The Project is being constructed using philanthropic and private funding that will make possible completion of the Project for approximately \$580K per unit including site acquisition, and \$541K per unit without acquisition costs. This total development cost per unit is approximately 20% below the \$729K cost per unit for comparable projects. The City permanent loan subsidy is up to \$281K per unit. (The specific goal of the Sponsor is to achieve total development cost of approximately \$530K/unit removing land acquisition, developer fee and reserves, within three years from site acquisition to construction loan closing, using the same metrics as they used for Tahanan.) Once completed, the Project will rely on an "enhanced" LOSP agreement with a 19-year term to subsidize operations at project completion as well as to pay down the 18-year construction loan from SFHAF.

1633 Valencia will provide 145 permanent supportive studios restricted by the City loan at 50% MOHCD AMI (and ranging from 30%-60% Area Median Income as restricted by the California Tax Credit Allocation Committee), with residents paying 30% of their income in rent. The ground floor features a residential lobby near elevator access. Each residential floor has similar floor layouts to maximize efficiency of design. Resident-serving common spaces will include one community room, two offices for property management and a supportive services suite as well as building maintenance spaces.

The Project will be financed with 4% Low Income Housing Tax Credits, tax-exempt bonds from CalHFA, and a below-market philanthropically supported permanent loan provided by SFHAF. An accelerated procurement using HSH's emergency authorization, coupled with an ability to forego state tax credits (accessing only federal tax credits) based on lower total development costs, all but assured the project's ability to receive a tax credit award on its first application, further expediting the predevelopment process. To-date, the Project has utilized no City capital financing and is anticipated to complete construction and

begin lease up in January 2026. The investment at completion will come in the form of a City SF Health and Recovery GO Bond Permanent loan totaling up to \$41,036,048, a General Fund LOSP grant agreement for debt and operations, and HSH services funding. Approval is being requested now to enable the construction loan closing in mid-May 2024. The permanent loan commitment includes \$2M in the form of a bridge loan to cover an application for AHP funds which the Sponsor will apply for in 2025, and once awarded, the City commitment will be reduced by the amount of the AHP award.

Project Description:

Construction Type:	Type IIIA over I	Project Type:	New Construction
Number of Stories:	6	Lot Size (acres and sf):	0.42 acres / 18,508 sf
Number of Units:	146	Architect:	David Baker Architects
Total Residential Area:	57,594 sf	General Contractor:	Cahill Contractors
Total Commercial Area:	0 sf	Property Manager:	Mercy Housing Management Group
Total Building Area:	68,802 sf	Supervisor and District:	Sup. Ronen D-9
Land Owner:	Mercy Housing California 108, L.P.		
Total Development Cost (TDC):	\$84,605,578	Total Acquisition Cost:	\$5,630,433
TDC/unit:	\$579,490	TDC less land cost/unit:	\$541,236
Loan Amount Requested:	Up to \$41,036,048	Request Amount / unit including AHP Bridge loan:	\$281,068
HOME Funds?	N	Parking?	N

PRINCIPAL DEVELOPMENT ISSUES

1. Selection of the Sponsor is authorized under HSH’s Chapter 21B waiver of competitive bidding requirements for “Projects Addressing Homelessness” to bring new PSH units quickly online. Selection of a supportive services provider which will be selected under a competitive procurement process. See Section 1.2 Applicable NOFA/RFP/RFP.

2. This request is the first LOSP project to include a debt service component, required to repay the HAF loan over an 18 year term to replicate the model of Tahanan to bring PSH units on line quickly and at lower cost. The requested LOSP term is 19 years to start the operating subsidy at project completion, which exceeds MOHCD’s typical 15-year LOSP term. See Section 7.2.3 LOSP Commitment.

3. The development budget includes a \$750K lease up and stabilization reserve as a one-time pilot to cover additional management and maintenance staffing, overtime and security, repair damages and insurance deductibles during lease up and the initial two year stabilization period when residents are adjusting to the new building during and after lease up. Any remainder of this reserve not needed during the transition period will go to

reduce the LOSP A for operations funding amount to be disbursed in January 2029. See Section 6.5.3 Permanent Uses Evaluation.

4. Cost containment measures include a design build approach with locked in subcontractor pricing and with projected fewer change orders and less impact on contingencies, potentially rendering savings which could reduce the City loan at permanent conversion. See Section 4.3 Construction Representative Evaluation.
5. Maintaining low construction costs depends primarily on the seamless coordination among Mechanical/Electrical Plumbing (MEP) design-build subcontractors' design, other trade designs, and the architectural/structural drawings already submitted to DBI. The project incorporates Building Information Modeling (BIM) clash prevention (3-D visualization of the trades to make it easy to see any conflicts before construction starts) and the design contingency to protect against cost overruns. However, as additional safeguard, the Project team will be held responsible for regular check ins with MOHCD staff regarding DBI status on the MEPs plan check and any potential new pricing from subs related to plan check. See Section 4.3 Construction Representative Evaluation.
6. MOHCD's long-term policy is to own the land on which affordable housing projects are built. Because of the Project's proposed ownership and financing structures, which require greater risk on behalf of the Sponsor, the Project and the land on which it is being built will both be owned by the Limited Partnership. Mercy Housing California 108, L.P. will provide the City with an Option Agreement to acquire the land and improvements in the event of default or disposition of the property after the tax credit compliance period. See Section 4.1. Site Control.
7. Loan commitment includes a bridge AHP amount and requirement that the Sponsor apply for AHP in the next round after start of construction, which if awarded, would reduce the amount of the capital loan commitment dollar for dollar. See Section 6.3.1 Permanent Financing.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Per Unit	Terms	Status
SFHAF Predev Loan	\$4,826,022	\$33,055	3 yrs @ 3% simple interest	Closed
Total	\$4,826,022	\$33,055		

Permanent Sources	Amount	Per Unit	Terms	Status
SFHAF Permanent Loan	\$16,000,000	\$109,589	20 yrs @ 3% / Res Rec	Committed
SF Health & Recovery GO Bond Loan	\$39,036,048	\$267,370	55 yrs @ 1% / Res Rec	THIS REQUEST
AHP	\$2,000,000	\$13,699	Grant	Application 2025
Tax Credit Equity	\$27,569,430	\$188,832	\$0.965 tax credit pricing	Committed
Sponsor Contribution	\$100	\$1		Committed
Total	\$84,605,578	\$579,490		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$5,630,433	\$38,565	\$82
Hard Costs	\$56,841,842	\$389,328	\$826
Soft Costs	\$17,025,471	\$116,613	\$247
Reserves	\$2,607,832	\$17,862	\$38
Developer Fee	\$2,500,000	\$17,123	\$36
Total	\$84,605,578	\$579,490	\$1,230

1. BACKGROUND

1.1. Project History Leading to This Request.

When the San Francisco Housing Accelerator Fund (SFHAF) and Tipping Point Community (TPC) created the Homes for the Homeless Fund, their intent was to build high-quality permanent supportive housing in less than three years and for less than \$400,000 per unit – and then to replicate that model. SFHAF staff began looking for a second housing development parcel soon after Tahanan closed its bond financing and construction was successfully underway to replicate the model of creating new permanent supportive housing units at lower cost and faster timeframe. (Per the Tahanan Cost Certification, total development costs minus acquisition came in at \$420K/unit, and under \$400K/unit using the initiative’s metric of removing acquisition, developer fee and reserves¹).

In December 2020 SFHAF identified a new development opportunity at 3435 Cesar Chavez Street (Site) in San Francisco’s Mission-Bernal neighborhood. The opportunity came to the SFHAF through Sequoia Living (SL, formerly Northern California Presbyterian Homes and Services), a senior housing provider that works throughout the Bay Area. SL made an offer of \$13,500,000 on the 1+ acre Parcel, expressing interest in entering into separate acquisition agreement with the SFHAF for a portion of the Parcel due to its large size exceeding what SL needed for its planned future development of affordable senior housing. SL formally acquired the site on August 21, 2022.

Envisioned as the ‘Tahanan Replication’ project, SFHAF brought this innovative development opportunity to Mercy Housing California (MHC) in 2021 with the goal of replicating the total development cost per unit and timeline successes of Tahanan, to build 145 studio units serving seniors experiencing and at-risk of homelessness. SFHAF had selected Mercy Housing, David Baker Architects (DBA), and Cahill Contractors through a competitive process for Tahanan Street and wanted to incorporate lessons learned from that project into an improved 2.0 version. In lieu of modular factory-built housing which was the model for Tahanan alongside three other permanent supportive housing projects in 2020, this Project utilizes design-replication and design-build contract innovations, partnering with Cahill Contractors and DBA to target a cost goal of \$530k/unit (removing land acquisition, developer fee and reserves) and to bring units to market within 3 years of entitlement approval. A higher per-unit cost goal was

¹ See evaluation study <https://ternercenter.berkeley.edu/wp-content/uploads/2021/02/833-Bryant-February-2021.pdf>

established based on significant construction cost escalation in the years since Tahanan construction bids were finalized. The Project is presently meeting the timeline goal and reflecting TDC/unit of under \$520k/unit not including land acquisition, developer fee and reserves. SFHAF has provided a predevelopment loan of \$4,826,022 to complete predevelopment activities through construction closing date of May 2024.

In the fall of 2022 as Mercy began the entitlement process for 1633 Valencia, SFHAF and Mercy began meeting with MOHCD, HSH and D9 Supervisor Ronen to discuss an innovative financing approach that would leverage private/philanthropic capital to finance projects that can meet aggressive cost and time goals. By spring of 2023, SFHAF had secured commitments for \$50M from prospective investors for a new innovation-focused fund, with 1633 Valencia as the inaugural project. The below market, “innovation” loan would replace a key part of the Project’s capital stack – the State tax credits, a scarce and competitive source. By eliminating the need for State Tax Credits, 1633 Valencia could apply for 4% tax credits and tax-exempt bonds in the third round of 2023, all but ensuring the Project would receive an allocation. In preparation for this application, SFHAF and Mercy approached MOHCD/HSH with a request for funding commitments that would enable the Project to seize this unique financing opportunity. HSH issued a commitment for a LOSP contract and Mercy submitted the application for tax credits and bonds on September 6th. MOHCD approved CalHFA serving as the conduit issuer for private activity bonds and the Project received an award from CalHFA in December of 2023.

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

SFHAF and Mercy were selected to develop this permanent supportive housing under HSH’s Chapter 21 emergency procurement waiver authorization to bring new PSH units quickly online with reduced cost. This waiver does not cover the supportive services provider, which will be selected under a separate HSH formal procurement process.

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. The borrower entity for the residential loan is Mercy Housing California 108, L.P. The managing general partner is Mercy Housing California 108 LLC, a subsidiary of Mercy. See Exhibit B.

1.3.2. Joint Venture Partnership. N/A.

1.3.3. Demographics of Board of Directors, Staff and People Served. See table below for gender identity and race demographics for the Mercy board and staff. Mercy does not collect sexual orientation data from board members or staff.

	Gender Identity	Race
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Mercy Housing California Board	M: 43% F: 57%	Asian: 14.29% African American: 7.14% Caucasian: 43.86% Latinx: 14.29% Biracial: 21.43%
Mercy Housing, Inc. Board	M: 50% F: 50%	Asian: 5% African American: 15% Caucasian: 75% Latinx: 5%
Mercy Housing, Inc. - All Staff	M: 42% F: 58%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	M: 43% F: 57%	2 or More Races – 5% American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2% Not specified – 1% White – 22%
Mercy Housing California - Development Staff	M: 50% F: 50%	Asian – 20% Not specified – 20% White – 60%

MHC owns and operates 4,217 units of affordable housing in San Francisco. The chart below represents the total number of people currently living in MHC owned properties (7,176), disaggregated by race and ethnicity.

	Race	Ethnicity
Mercy Housing California San Francisco resident responses to US Census definitions	Asian: 42% White: 19% Black or African American: 16% Other: 15% Did not specify: 3% Native Hawaiian or Other Pacific Islander: 2% American Indian or Alaska Native: 2% Blank: 1%	Not-Hispanic or Latino: 77% Hispanic or Latino: 19% Did not specify: 3% Blank 1%

**Responses are from US Census definitions which cause overlap between race and ethnicity categories.*

From January 2022 through November 2022 MHC had 17 resident evictions. Currently, Mercy does not track move out reasons and does not track evictions by race.

1.3.4. Racial Equity Vision. Mercy is dedicated to moving forward racial equity work. Mercy Housing was founded on the belief that housing justice is social justice. Mercy's organizational values of respect, justice, and mercy are integral to its racial equity work. To advance its racial equity and social justice, Mercy's national office launched the Racial Equity, Diversity, and Inclusion (REDI) initiative. In 2021, Mercy Housing Inc. hired Web Brown as SVP for Racial Equity, Diversity, and Inclusion. Mr. Brown has created a coordinated approach to REDI that includes creating an organizational framework that consists of focus areas to produce action plans throughout the organization in areas of internal culture, resident empowerment, education, and training, hiring and recruitment, communication, and advocacy.

Mercy has also established REDI goals for each department. The California real estate development team generated five goals in 2020 and created workplans around achieving each of the goals. Goals include: expanding the pipeline of diverse real estate staff, creating a national contracting and procurement policy, developing REDI evaluation standards for each stage in the development process, incorporating equitable digital access in development projects, and creating a legislative advocacy strategy. San Francisco real estate staff have been central in elevating these conversations and moving the goals forward. In 2023, Mercy Housing Inc. published its organization wide racial equity mission and goals.

1.3.5. Relevant Experience. Mercy Housing, Inc. (MHI) is the largest non-profit owner of affordable housing in the United States. MHI owns and provides property management (through Mercy Housing Management Group or "MHMG") to more than 23,000 units of affordable housing and currently serves more than 50,000 people. Mercy Housing California is the California affiliate of MHI. In San Francisco, the company owns and/or manages 56 properties with 4,551 homes and 7,620 residents. Of the rental housing completed, approximately 52% is for families, 32% for seniors, and 16% supportive housing for formerly unhoused households. In addition, Mercy has nearly 6,000 units in its development pipeline with a team of 38 development staff members to support the process. In San Francisco, the company owns and/or manages 56 properties with 4,551 homes and 7,620 residents.

Mercy's San Francisco portfolio includes Casa de la Mision, which is a 45-unit permanent supportive housing for seniors experiencing homelessness located at 3001 24th Street, as well as Tahanan located at 833 Bryant Street, which served as the basis of design for 1633 Valencia, and similarly provides 145 studio units of permanent supportive housing for individuals experiencing homelessness.

1.3.6. Project Management Capacity. Clare Murphy is the Associate Director of Real Estate Development and dedicates approximately 50% of her time to the Project. Chris Hacnik is the Project Manager and dedicates approximately 50% of his time to 1633 Valencia. Clare and Chris are supported by Ramie Dare (Director of Real Estate Development), and Doug Shoemaker (President). (See Attachment C.)

1.3.7. Past Performance. There are no past performance issues.

1.3.7.1. City audits/performance plans. Mercy Housing participated in the last citywide fiscal and compliance monitoring program in December 2021, and there are no known findings or issues with the audits. MOHCD community development staff have found no performance issues working with Mercy, and identified the agency as a strong City partner, compliant with regulations.

1.3.7.2. Marketing/lease-up/operations. MOHCD’s DAHLIA / Marketing manager did not note any concerns and does not manage lease-up of Coordinated Entry HSH referral units. See Section 1.3.3 for resident demographic data.

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

Site Description	
Zoning:	NCD - MISSION BERNAL NEIGHBORHOOD COMMERCIAL DISTRICT
Maximum units allowed by current zoning (N/A if rehab):	50-X Height and Bulk District, Project was granted a waiver from height limit pursuant to SB35? State Density Bonus Law.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	N/A
Soil type:	The Sponsor completed Phase I and II reports and testing. The Project design includes a vapor mitigation system (VMS) consisting of a sub-slab ventilation layer, ventilation piping, membrane barrier, and monitoring system, which was designed by a professional engineer based on the identified soil conditions. See Section 2.6 below.
Environmental Review:	Project is exempt from CEQA under SB35. [please confirm] Phase I completed on May 11, 2021 Phase II completed on May 10, 2021
Adjacent uses (North):	One-story Commercial
Adjacent uses (South):	Commercial
Adjacent uses (East):	Multi-family residential
Adjacent uses (West):	Hospital
Neighborhood Amenities within 0.5 miles:	Precita Park, San Francisco Public Library– Mission Branch Library, Safeway (3350 Mission Street), , Walgreens Pharmacy (3398 Mission Street)

Public Transportation within 0.5 miles:	SFMTA MUNI Lines 27/14/14R/48/49, 24 th and Mission BART
Article 34:	Required
Article 38:	Not exempt. The site is within the Air Pollutant Exposure Zone. The design is subject to relevant guidelines and requirements.
Accessibility:	Fifteen percent of the units (22) will meet Chapter 11B accessibility standards with all remaining units specified to meet Chapter 11A adaptability standards; ten percent of the units (15) in the building will include communication features. All common areas will be accessible. 50% of the units will have roll-in showers.
Green Building:	Based on current design, the project plans to achieve a Green Point rating of "Platinum". The Sponsor has engaged a sustainability consultant and will continue to monitor green standards throughout construction.
Recycled Water:	Exempt
Storm Water Management:	The Preliminary Stormwater Management Plan was approved on 9/19/23 by the Public Utility Commission (PUC).

2.1. Description. The Site is located at the southeast corner of the intersection of Valencia Street and Cesar Chavez Street and will be developed independently from the adjacent SL site, which will be developed into 100% affordable senior housing of around 100 plus units. The Sponsor submitted for a subdivision of the existing parcel to develop the 1633 Valencia Project on the newly formed assessor parcel known as Block 6574, Lot 071. The parcel is an 18,508 square foot undeveloped lot in the Mission neighborhood, bounded by Cesar Chavez, Valencia, and Mission Streets. Prior to demolition of existing structures, the site consisted of two one-story vacant commercial metal buildings, and a parking lot.

2.2. Zoning. Under SB-35, given the Project is providing 145 units of housing affordable to low- and very low-income households, and is located within one-half mile of a major transit stop, the Project is not subject to any maximum control on density and is entitled to receive up to four concessions/incentives and an additional three stories, or 33 feet of height and unlimited waivers. The project sponsor is requesting no concessions/incentives from the development standards. The project is located in a 50-X Height and Bulk District and proposes a maximum building height of 64 feet, excepting those features specified as exemptions to the height limit under Planning Code Section 260(b).

2.3. Probable Maximum Loss. N/A.

2.4. Local/Federal Environmental Review. On July 28, 2023, the San Francisco Planning Department determined that the proposed Project was eligible for SB-35 and is exempt from CEQA review. There are no federal funds triggering federal environmental review.

2.5. Environmental Issues.

- Phase I/II Site Assessment Status and Results. The Site is within the Maher Area and therefore subject to the requirements of Article 22A of the San Francisco Public

Health Code (Maher Ordinance). Article 22A states that construction projects in San Francisco, which are bayward of the historic 1852 high tide line or within the expanded Maher Area and disturb more than 50 cubic yards of soil, require assessment of the site history (Phase I Environmental Site Assessment) and soil quality (Phase II ESA or Environmental Site Characterization (ESC)) of the material that will be encountered during construction in accordance with Article 22A.

A Phase I report was completed as of April 6, 2021; revised report is dated May 11, 2021. Phase II Report was completed May 10, 2021.

The Phase II report indicates Site is underlain by a layer of fill material with elevated concentrations of petroleum hydrocarbons and heavy metals classified as State of California Class I non-RCRA hazardous waste criteria. The remainder of the fill material at the site not classified as State of California Class I non-RCRA hazardous waste will most likely be classified as Class II non-hazardous waste.

In soil gas, VOCs (benzene, PCE, and vinyl chloride) were detected above 2019 ESLs. The detected concentrations of VOCs are low, likely associated with limited localized sources.

The site work includes a vapor mitigation system to ensure that soil gasses from past industrial uses of the land are contained. The system includes a vapor barrier below the slab with perforated pipe to collect the gas and solid pipe up to the roof of the building to vent the area under the slab.

As of December 29, 2023, the San Francisco Department of Public Health (SFDPH) approved the Site Mitigation Plan (SMP) and Vapor Mat System (VMS) design and the Project will be constructed in accordance with these documents.

- Potential/Known Hazards. As noted above, hazardous soil is present on the site and will need to be removed and transported to appropriate facilities during construction.

In 1988, Ashfield & Co., Inc. of San Francisco, California closed-in-place six Underground Storage Tanks (USTs) that reportedly contained motor oil at the former AAMCO Transmission shop located at 1633 Valencia Street. SFDPH approved the closure of the six USTs based on analytical results collected at the site in their letter dated February 9, 1989. Since there is no analytical data available for review, the developer is relying on the SFDPH review of the data and issuance of a case closure letter. If the results were elevated at time of closure letter, SFDPH would have required additional sampling at that point. The USTs are planned for removal for construction of the project.

2.6. Adjacent uses and neighborhood amenities. The Site is in the Mission-Bernal Neighborhood of San Francisco. This location is well-served by public transit along Mission Street, including the 24th Street BART station. It is nearby parks including Juri Commons, Precita Park and Bernal Heights Park, in addition to being near several grocers on Mission Street and other amenities such as banks, barbers, restaurants, and more. See Attachment F for Amenities list and map.

2.7. Green Building. The Project requires certification under the Green Point Rated (GPR) program with a minimum of 125 points. As currently envisioned the Project exceeds the

minimum and will achieve “Platinum” certification under the GPR program. Among the key sustainable design features are the heat pump hot water system, highly efficient envelope and all low-VOC paints coatings and sealants.

3. COMMUNITY SUPPORT

- 3.1. Prior Outreach. The Sponsor, in partnership with SFHAF and Dolores Street Community Services (DSCS), mailed out project introduction sheets to SF Planning’s Bernal Neighborhood Contact list and 300 ft radius surrounding the Project Site; the mailing included translations. The project introduction sheet and translations were also distributed to community partners and neighbors by email. The Sponsor has also publicized a Project website (www.1633valencia.org) providing project updates, additional information, and options for the public to contact the Sponsor for additional information or be added to contact lists for future outreach. To date, the Sponsor has met with following community organizations to provide project information: Calle 24 Land Use Committee Meeting in November 2022, the Council of Community Housing Organizations in December 2022, the adjacent Sears Building Resident Meeting in June 2023, and meetings with the Mission Neighborhood Health Center, legacy neighborhood businesses, and the American Indian Cultural District? in November 2023. The Sponsor and DSCS also met with the Latino Task Force Street Safety Committee in November 2023 and presented to the Latino Task Force full board on February 12, 2024. The Sponsor and SFHAF continuously met with District 9 Supervisor Ronen to provide project updates in 2023. The Project team has received positive feedback and support for the Project vision, across meetings with Mission-based CBOs and partners.
- 3.2. Future Outreach. The Sponsor will continue to conduct outreach throughout the remainder of predevelopment and through construction to garner support for the Project, and keep the community apprised of the Project plans and schedule. The Project team intends to hold a neighborhood meeting in March 2024 prior to commencement of construction. Throughout construction, the Sponsor plans to provide continued outreach to the community through email, mail, website updates, and continue meetings with local organizations and neighbors.
- 3.3. 1998 Proposition I Citizens’ Right-To-Know. Sponsor will post Proposition I Neighborhood Notification at the Site by April 8, 2024, to ensure notice is provided at least 30 days prior to the Mayor’s signature on the Board Resolution.

4. DEVELOPMENT PLAN

- 4.1. Site Control. Fee ownership
 - 4.1.1. Site Acquisition. The Site, 3485 Cesar Chavez, is currently owned by Sequoia Living (SL, formerly Northern California Presbyterian Homes and Services). Mercy Housing California 108, L.P., the limited partnership owner entity, executed a Purchase and Sale Agreement (PSA) on September 5, 2023 to purchase and develop one of the two parcels, pending a lot split. A PSA Amendment was signed on January 4, 2024.

The original parcel required a lot split and demolition of an existing vacant commercial structure to be completed in order to record a new parcel map, due to an existing structure's location on the proposed lot line. The lot split map, parcel map 11671, was recorded on December 21, 2023 and demolition permits, issued October 24, 2023, were officially signed off by DBI as of January 26, 2024. The subdivision created two separate land parcels for two proposed affordable housing communities which will have separate ownership, financing, and development plans. 1633 Valencia is located on Parcel B (Block 6574, Lot 071). SL will retain ownership of Parcel A (Block 6574, Lot 070). As outlined in the PSA Amendment, acquisition will take place concurrently with closing of construction financing.

4.1.2. Proposed Property Ownership Structure The borrower entity, Mercy Housing California 108, L.P., will own the land and improvements, which is not the standard policy for MOHCD-financed affordable housing and ground lease policy. This LP ownership is being maintained to enable the structure of no City financing or ground lease prior to completion and conversion to permanent financing in order to develop the Project at reduced cost, and replicates the Tahanan ownership model. The managing general partner is Mercy Housing California 108 LLC, a subsidiary of Mercy. Mercy Housing California 108, L.P. will provide the City with an Option Agreement to acquire the land and improvements in the event of default or disposition of the property after the tax credit compliance period.

4.2. Proposed Design. This Project utilizes design-replication and design-build contract innovations, partnering with Cahill Contractors and David Baker Architects, who designed and built Tahanan, to keep costs low and to bring units to market within 3 years of entitlement approval. Under the design replication model, the architect and contractor were selected to design and construct 1633 Valencia using lessons-learned and post-occupancy evaluations of the completed unique pilot project Tahanan.

As of January 2024, the Project has completed 95% construction drawings and bought out the design-build subcontractors' contracts for 95% of the overall construction cost. The Sponsor intends to execute a design-build contract with Cahill and assign the architecture contract over to Cahill to complete the balance of Construction Design work and Construction Administration. The architect and contractor have worked closely together on design, permitting and bidding under the design-build process throughout the design stages. There has been a high level of Building Information Modeling involving design-build subcontractors throughout design development and construction documentation. This is a 3-D program that brings all the trades into the picture to show how they all interact and to detect anything that is out of alignment or which "clashes." It is costly upfront but pays off later, reducing the change orders and mistakes in the field.

In addition, the Sponsor has contracted with a Quality Assurance and Quality Control consultant to review drawings at 100% design development and 100% construction documentation milestones.

The Project is six stories and consists of a Type I ground floor concrete podium for common areas and Type IIIA wood frame construction at the upper floors 2-6. The Project will include 145 studio units as well as a two-bedroom manager’s unit for a total of 146 units. The units range in size from 309 GSF to 322 GSF (270-279 Net SF). The units have been carefully planned to have adequate space for a full-sized bed and kitchen table. There will be a built-in closet, and a galley kitchen that will include built-in storage, apartment sized refrigerator and 2 burner cook top, and counter space for resident’s microwave and other cooking items. Fifteen percent (15%) of the units (22) will meet Chapter 11B accessibility standards with all remaining units specified to meet Chapter 11A adaptability standards; 5% of the units (8) will include communication features. The building is served by two elevators. Each residential floor has a trash room with chutes for recycle, trash and compost disposal. Each residential floor has duplicated stacked floor layouts .

Ground floor interior common spaces include community room, laundry room, offices for property management and a supportive services suite area with case management and resident services offices. The ground floor also includes maintenance spaces. All common areas will be accessible.

The bike room provides spaces for 51 bikes. There is no vehicle parking proposed on the site.

The rear courtyard will be developed with areas of planting and permeable paving and landscape furnishings for private gathering areas. The courtyard has been designed with specific needs of the population to be served in mind including a dog relief area and a smoking area located as far as possible from building entries.

The Project will be “all-electric”, as required by City Ordinance, with centralized heat pump domestic hot water heating. Pumps will be required for domestic water service and fire protection. The office spaces will have split package units for HVAC with the compressors located on the roof. In the apartment units, heating and cooling will be provided by super-efficient and individually operated Packaged Terminal Air Conditioners (PTACs) within each unit. All corridor and bathroom ventilation fans will vent directly to the exterior, and tempered fresh air with MERV 13 filtration for the units and corridors will be provided. The fire protection system will meet NFPA 13 requirements throughout and include a fully monitored fire alarm system. The building will include a closed circuit television monitoring system, card-key access control system and a door monitoring and alarm system.

Residential SF:	68,802
Commercial SF:	-
Building Total SF:	68,802

UNIT TYPES	Avg Unit SF – This Project	CTCAC-Required Minimum SF
Studio:	316	200
2BR:	896	700
Do all units meet CTCAC minimum SF?	Y	

4.3. Construction Representative's Evaluation. The building design is a straightforward rectangle with double-loaded corridor units and floors exactly stacked for the greatest efficiency. The Site design takes advantage of the unorthodox shape of the lot by placing the outdoor spaces in the non-rectilinear areas. All community amenities – community room and kitchen, and laundry – face out and open to the outdoor spaces, providing the best possible spaces tailored for the residents and staff. These studio micro-units – larger than an SRO but smaller than a typical MOHCD PSH or senior studio unit – are well-equipped and laid out for both efficiency and comfort. There is relatively little square footage allotted to circulation: units are arranged on one double-loaded corridor and the ground floor reception area doubles as circulation.

Much like a factory-built approach, for maximum efficiency, there is one kitchenette design, two resident unit designs (one with bay windows to create rhythm and texture at the street façade), and only two bathroom designs. (The manager's two-bedroom ground floor unit is the exception.) With 146 units in 6 floors and sufficient community and outdoor spaces for the residents, the Site has been fully maximized.

The mechanical/electrical systems proposed – PTAC space cooling and heating systems for the units – are appropriate for the units and cost effective for both construction and operations.

While the Tahanan replication model was a factory-built project, and 1633 Valencia is stick/site-built, this Project is applying a very similar process, with subcontractor design-build instead of factory design-build. This approach should ensure cost controls by locking in pricing based on the subs' own designs that meet the architect's performance specifications, and by putting the responsibility for constructability, costs goals, and schedule firmly in the general contractor's hands. This approach lends itself to predictability with fewer (if any) change orders and no alterations to design or specifications during construction except as directed by the Owner or those pertaining to utility coordination.

The 1633 Valencia and Tahanan buildings are virtually the same, with the same footprint and similar amenities and outdoor space. The Valencia stick-built units will be the same dimensions as Tahanan's factory-built, and with the exception of the PTAC space conditioning at Valencia, the major systems equipment is the same as Tahanan's. An exception is the location of the transformer: most of San Francisco's urban affordable buildings utilize the underground sidewalk vaults for transformers, as did Tahanan, because of limited space in the buildings. Approvals for the street improvement permit take much longer for underground vaults, so for this Project, as a lesson-learned, the team carved out space inside the building. Also, of late, PGE's lead time for underground transformers has been precarious, and currently double that for pad-mounted transformers. Pad-mounted transformers are also less expensive than the underground equipment and vault. Since the Project team has recently gone through all the City regulatory processes with Tahanan, little should be left to chance about approvals for 1633 Valencia.

Tahanan had some post-occupancy problems with poor elevator function and bathroom floor drainage. The Project team made corrections for the elevators for 1633 Valencia. The problems with drainage pertain specifically to the improper sloping with factory-built units, so the same drainage issues will not befall the new Project.

The proposed construction cost of \$56,841,842 is considered reliable given the replication from Tahanan project and that buy-outs are 95% complete, and the Project team is in the process of executing a design-build agreement that forecloses on any future escalation. The total construction cost includes the demo of the existing structure and soil hazards mitigations. The Guaranteed Maximum Price does not include a contractor's contingency. Total costs include a 5% hard cost contingency which is appropriate given the project has been bought out, and Mercy will allow Cahill to share this contingency up to 2% at Mercy's discretion.

The deep foundation and vertical superstructure addenda have been fully approved by DBI, and Mechanical/Electric/Plumbing addendum is in plan check, through it has been well-reviewed according to the Project team. Fire Service approval is still outstanding with SFFD. PUC Water application is pending and depends on SFFD approvals. The risk of plan check changes affecting costs has been significantly mitigated, but MEPs and Fire are often rough spots with DBI, warranting the plan check contingency.

At \$403,026/unit construction cost, the Project compares favorably to comparable permanent supportive housing and senior developments in the MOHCD portfolio, the average of which is \$572K / unit or 30% more costly per unit. As with the MOHCD portfolio, the Project costs are based on prevailing wages (required by SB35). The square footage cost for 1633 Valencia at \$855/sf is 18% higher than the comparable MOHCD PSH/senior portfolio, due to the small, dense unit structure. However it is significantly less than 180 Jones, a recently completed close comp. 180 Jones, is 70 units (half PSH) in a 4,850 sf footprint, at \$979/sf. 1633 Valencia packs 146 units into a 11,600 sf footprint at \$855/sf. Like 1633 Valencia, 180 Jones' square foot costs are relatively high because of the small footprint and small units, and the unit costs are relatively low, but costs for this Project are 13%/sf and \$149K or 27%/unit less than that of 180 Jones (all escalated with Construction Cost Index for San Francisco (CCI)). The efficiency of design and the design-build process with locked in costs appear to deliver a less expensive project that can be approved and built faster.

Tahanan's construction costs, based on the cost certification and escalated to today's dollars with the CCI are \$344K/unit (146 units) and \$728/sf. The proposed 1633 Valencia costs per unit and square foot are 17% and 18% higher, respectively, than Tahanan. On-site stick-built construction versus factory-built may primarily account for this delta. Should the replication be successful, the contingencies built into the costs could potentially be saved to bring the costs more in line with Tahanan.

4.4. Commercial Space. N/A

4.5. Service Space. The ground floor services suite includes 8 offices for case management and resident services.

4.6. Interim Use. N/A

4.7. Infrastructure. N/A

4.8. Communications Wiring and Internet Access. 1633 Valencia will comply with the 2021 MOHCD Communications Systems Standards. Units will be equipped with Category 6, coax, and fiber optic cabling. In addition, Sponsor intends to provide wireless access in common areas.

4.9. Public Art Component. N/A. The Project is not required to include a public art component, however, the developer is working with the neighboring building (Harley Davidson) and Precita Eyes Muralists on plans to restore and preserve the historical Chevrolet Mural that was uncovered via the demolition of vacant commercial structures.

4.10. Marketing, Occupancy, and Lease-Up. The population served will be seniors (age 55+) experiencing, or at imminent risk of, homelessness, and referrals will be provided through Coordinated Entry (CE) or a referral process to be approved by HSH. Similar to 1064 Mission Senior, the 55 year plus senior designation allows the Project to serve people experiencing homelessness who are typically physically older than their counterparts due to the health impacts of living on the streets.

HSH has committed to working with project partners to guarantee a neighborhood prioritization process in the referral of unhoused adults from the Mission neighborhood or with ties to the Mission. The Mission neighborhood prioritization will be codified in the Resident Selection Plan. While referrals may come from different Access Points, the Mission neighborhood Access Point will be a key referral source for the Project. HSH, in cooperation with other stakeholders, will ensure that the referral process for the Project is in alignment with the City’s strategic and equity goals, provider’s ability to make timely referrals, and adherence to federal and state requirements for the City’s Coordinated Entry System. HSH is convening a Coordinated Entry Redesign Workgroup with a broad set of stakeholders, including Mercy, and expects that the workgroup will make recommendations to inform changes to Coordinated Entry referrals in the future.

Under the LOSP program, residents will pay 30% of their income towards rent; based on comparable senior permanent supportive housing projects in Mercy’s portfolio, the assumed tenant paid portion of rent is \$225/unit/month.

4.11. Relocation. Not applicable.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	David Baker Architects	N	N
Landscape Architect	Fletcher Studio	N	N
General Contractor	Cahill Contractors	N	N

Owner's Rep/Construction Manager	Regent Construction Management	Y	N
Financial Consultant	CHPC	N	N
Community Engagement	DSCS	Y	N
Legal	Gubb & Barshay	N	N

5.1. Procurement Plan. N/A as there is no City capital funding during construction.

5.2. Opportunities for BIPOC-Led Organizations. The Sponsor partnered with Dolores Street Community Services (DSCS) as the community engagement partner for 1633 Valencia. DSCS will receive a community engagement and service fee of \$300K for their work on the Project, which will allow them to further build capacity as a BIPOC-led organization doing work in the Mission-Bernal neighborhoods.

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: Not applicable – no prior City funding.

6.2. Prior Predevelopment Funding: SFHAF provided a predevelopment loan in the amount of up to \$4,926,022 to get to construction loan closing, of which \$2,987,407 has been expended. The terms are 3% simple interest with 0.75% origination fee. Mercy's line of credit was used to pay one-off expenses which could not go through the lengthier draw process and were paid off immediately upon receipt of the predevelopment loan funds.

6.3. Proposed Permanent Financing

6.3.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project:

- City Permanent Loan (up to \$41,036,048): City and County of San Francisco, 55-years, 1% interest residual receipts loan, made up of 2020 Health and Recovery GO Bond funds. The loan includes a \$2 million AHP bridge loan, which the Sponsor has committed to apply to in Spring 2025. The bonds have not yet been sold, which will be done by the Office of Public Finance (OPF) before the conversion to permanent financing. The loan will have the standard term of 55 years. 1% interest is requested to avoid issues with capital accounts at LP exit.
- Permanent Loan (\$16,000,000): SFHAF Loan, 20 years fully amortizing, 3% interest rate.
- 4% Tax Credit Equity (\$27,569,430): National Equity Fund, committed at a price of \$0.965 per credit.
- GP Capital (\$100): Sponsor contribution
- Tax-exempt Construction Loan (\$42,634,766): While not a permanent source, the construction loan terms are California Bank and Trust, 29 months, 6.350% interest rate.

- Below-Market SFHAF Construction Loan (\$18,815,937): While not a permanent source, the construction loan terms are SFHAF, 29 months, 4.9% interest rate.

6.3.2. CDLAC Tax-Exempt Bond Application: On December 6, 2023, CDLAC adopted a resolution to transfer \$42,799,116 of 2023 State Ceiling on Qualified Private Bonds to CalHFA for the Project, which imposes a construction closing deadline of June 2024.

6.5.3 Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$389K/unit is low (nearly 30% reduction) compared to other similar sized studio units in the pipeline; construction cost of \$855 / sf is above comparable projects by 18% and reflects the dense, small unit structure; see Section 4.3 Construction Rep evaluation for further detail on hard cost
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%
Architecture and Engineering Fees are within standards	Y	Total Architecture and Engineering Fees (including owner-engineers) total \$3,774,009, which is approximately 7% of hard costs (without contingencies). The higher design costs are due to the design-build nature of the project.
Construction Management Fees are within standards	Y	12 months of predevelopment at \$4,200/month, and 23 months of construction at \$6,000/month.
Developer Fee is within standards, see also disbursement chart below	Y	<p>The developer fee is sized at \$2.5 million, under the max allowable developer fee of \$2.660M for this size project.</p> <p>Under agreement with SFHAF, Mercy is restricting the developer fee to \$2.5 million to limit the Project cost, as well as putting a greater portion of fee at risk (68%).</p> <p>PROPOSED: Project management fee: \$780,000 At risk fee: \$1,720,000 Deferred fee: \$0 GP equity: \$100 Commercial fee: \$0 Total fee: \$2,500,000</p>

Consultant and legal fees are reasonable	Y	Consultant and legal fees are reasonable
Entitlement fees are accurately estimated	Y	Yes, based on actuals
Construction Loan interest is appropriately sized	Y	Committed construction loan terms are 6.350% variable rate with a cap for 29 month term for CB&T Tax-Exempt Construction Loan and 4.9% fixed rate for 29 month term for SFHAF Construction Loan
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 5.5%, lower than Underwriting Guidelines standard of 10% given that the design costs under the GC are not included in the soft cost contingency sizing and don't pose risk to the developer (including architecture and subconsultant soft costs)
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 6 months, common for PSH
Furnishings	Y	Furnishings meet underwriting guideline standard for PSH units and common areas
Request for lease up and stabilization reserve in amount of \$750K as PSH pilot	N	The Project budget includes a \$750K capitalized lease up and stabilization reserve as a one-time pilot to cover additional management and maintenance staffing, overtime and security, repair damages and insurance deductibles during lease up and the initial two year stabilization period when residents are adjusting to the new building during and after lease up. This reserve will assist the building to fully lease up on schedule and hit its stabilization period for conversion to permanent financing while addressing the risk of LOSP funding shortfalls in the most challenging initial period of operations. Any remainder of this reserve not needed during the transition period will go to reduce the LOSP A disbursement for the operations' funding amount to be disbursed in January 2029.

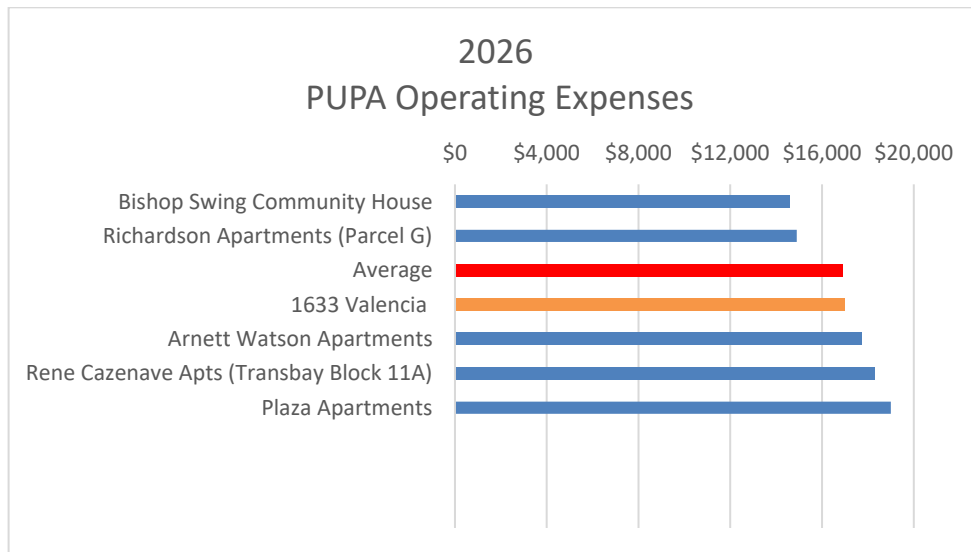
6.5.4 Developer Fee Evaluation: The milestones for the payment of the developer fee to the sponsor are specified below:

Total Developer Fee:	\$2,500,000	
Project Management Fee Paid to Date:	\$ 280,000	
Amount of Remaining Project Management Fee:	\$ 500,000	

Amount of Fee at Risk (the "At Risk Fee"):	\$1,720,000	
Amount of Fee Deferred (the "Deferred Fee"):	\$ 0	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$ 100	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Acquisition / Construction Loan Closing	\$150,000	20%
50% Completion	\$150,000	20%
TCO	\$100,000	12%
Reach Certificate of Final Completion	\$100,000	12%
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	\$344,000	20%
Permanent conversion	\$860,000	50%
Project close-out	\$344,000	30%

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

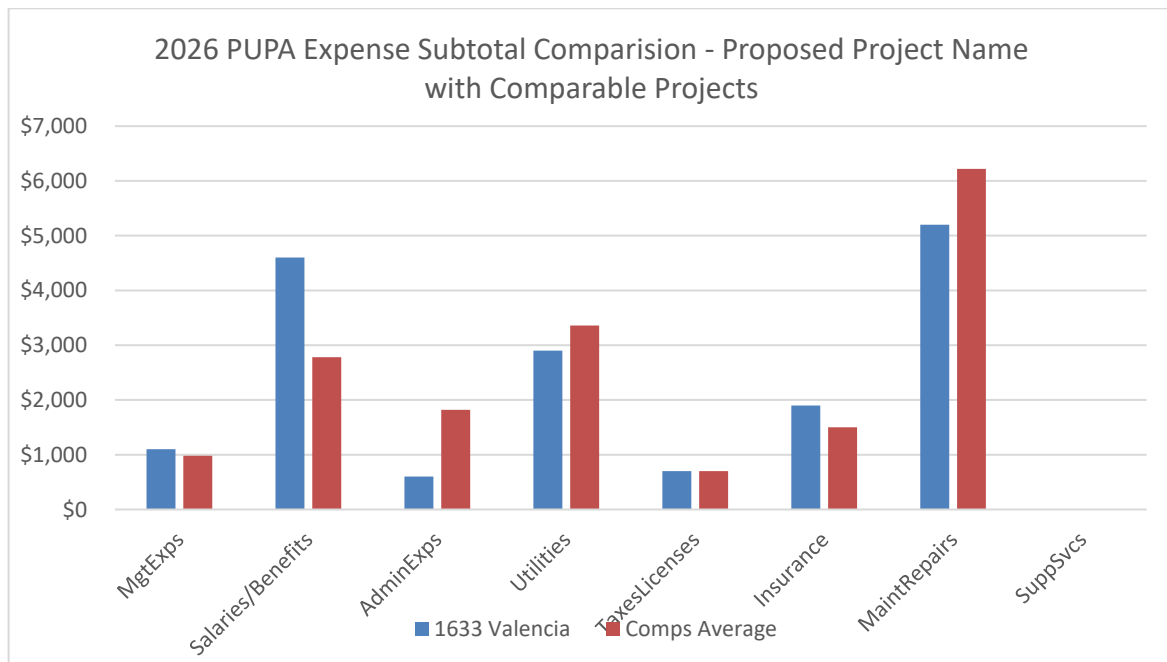
7.1. Annual Operating Budget. The proposed annual operating budget is \$2,480,895, or \$16,992 PUPA before reserves, fees and debt service. Operating costs are reasonable for a permanent supportive housing project of this size, and slightly above average of comparable 100% permanent supportive housing projects escalated to 2026. The operating budget includes lessons learned from Tahanan’s first two years of operations, which has needed increased staffing and part time site security for the same size building and population.



Operating costs are subsidized by LOSP program, allowing residents to pay 30% of their income in rent and a per unit LOSP cost of \$15,415 PUPA as shown in

column LOSP A. Projected staffing level is high at 15.4 FTE, or 1 FTE per 9 households, including full time desk clerk coverage, vacation & holiday desk clerk coverage, one Property Manager and two Assistant Property Managers, .5 FTE Housing Support Specialist (Mercy’s position that supports housing stabilization and has been successful at other PSH projects); 3 FTE janitors and 3 maintenance staff. The budget includes a security services contract for 5 hours / day 7 days a week to provide assistance both inside and outside of the building. Within the building, the security service would visit floors and report any incidents to the front desk staff; they would assist with de-escalation when there is an altercation, as well as help secure the front desk area when the desk clerk needs to step away from the desk. They would help block unauthorized guests into the property, which has been an ongoing issue at Tahanan. Outside the building, security would help de-escalate incidents between residents. The request for security is based on the last two years of operations at Tahanan, the same size PSH Project, but budgeted at half of the level implemented at Tahanan.

The staffing plan and proposed security will be further discussed with HSH and MOHCD before the LOSP contract underwriting is taken to Loan Committee in 2025 prior to entering into the LOSP agreement. It is worth noting that while proposed staffing and salary costs are higher than comparable PSH projects, administrative costs are lower than comps, bringing the per unit operating cost in line with average.



The LOSP agreement is requested to be for 19 years to cover the 18 year mortgage term for the SFHAF \$16 million loan with the first disbursement to be made in January

Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$26,009/yr; annual PM Fee is \$25,999/yr (includes escalation to 2026).
<i>For TCAC projects:</i> Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$600 per unit per year, which exceeds MOHCD and State replacement reserve standard, but is warranted for permanent supportive housing units
Limited Partnership Asset Management Fee meets standards	Y	\$5,000/year with no escalation
MOHCD monitoring fee		Included at \$2,500 / year to cover MOHCD AMR review and project monitoring

7.2.1. Income Restrictions for All Sources. The TCAC and CDLAC AMI restrictions are between 30% - 60% TCAC AMI. The City loan will restrict units at 50% MOHCD AMI. The requirement for the project to serve people who have experienced homelessness and income restrictions will be included the SF Health and Recovery permanent loan documents for as long as the City enters into service and operating subsidy contracts and provides the subsidies. If Mercy is not in default of those contracts, and the LOSP or service funding ends, the Project would stop serving the homeless population and would float up rents to the underlying restricted levels or higher if needed to maintain project feasibility. Existing project reserves would cover this transition.

NON-LOTTERY		No. of Units	MOHCD	TCAC / Bond
STUDIO – [LOSP]		72	50% MOHCD AMI	30% TCAC AMI
STUDIO – [LOSP]		29	50% MOHCD AMI	50% TCAC AMI
STUDIO – [LOSP]		44	50% MOHCD AMI	60% TCAC AMI
Sub-Total		145		
STAFF UNITS				
2 BR		1		
TOTAL		146		
PROJECT AVERAGE			50%	43.1%

7.2.2. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
Studio	145	50% of Median Income
2-BR	1	Manager’s Unit – not restricted

The Sponsor requests standard float up language in the event of loss of LOSP or service subsidy to ensure the Project can operate and no longer serve people experiencing homelessness.

7.2.3. LOSP Commitment for senior loan repayment.

Senior Permanent Loan Repayment: The Project requests a LOSP portion (LOSP B in the operating budget) at the fixed annual amount of \$1,158,969 for Mercy to make annual payments on the SFHAF permanent loan starting in January 2027 through January 2044.

8. SUPPORT SERVICES

8.1. Services Plan. Mercy and their support services partner to be selected by HSH will provide supportive services for all senior residents. A preliminary services plan was prepared for the CDLAC / TCAC application, and a more defined services plan will be developed once HSH has selected the services agency through an RFP. The scope of work in the services plan will include:

- outreach, intake and assessment
- case management
- Income or benefits obtainment and maintenance
- housing stability support which includes coordination with property management and eviction prevention
- wellness and emergency safety support, support groups, social events, and organized activities
- all services provided in alignment with housing first, harm reduction, and trauma informed care

Anticipated staffing is as follows:

Position	FTE	Description
Senior Case Manager (bilingual)	7.0	Provides psychological assessments, supportive counseling, and individualized wrap-around case management. 1:20 Case Management Ratio
Resident Services Coordinator II – Mercy (serving all residents)	1.5	Coordinates on site services programs, partnerships with outside organizations, and property management. Implements community engagement, health and wellness initiatives, and housing stability.
Total FTE	8.5	

8.2. Services Budget. Services will be funded through a separate contract with HSH; HSH will fund case management services for the LOSP units at a rate of \$576/unit/month (\$1,002,240 / year). The funding amount is based on the new client case management ratio and PUPM HSH allocations. Ratios now at 1:25 as there are no specific behavioral health target population

requirements (such as for MHSA or NPLH) for this site, so additional services dollars are not allocated.

1633 Valencia	145	
100 %PSH		
FTE	7	1.5
Staffing	Case managers	
		RSCII
CM Salary - 5.8 FTEs	\$ 353,800.00	\$ 100,500.00
Program Supervisor 1 FTE/0.2FTE	\$ 90,000.00	\$ 18,000.00
Clinical Supervisor 1 FTE	\$ 100,000.00	
Director Oversight 0.2 FTE/0.1FTE	\$ 26,000.00	\$ 13,000.00
Data Analyst 0.2FTE	\$ 10,000.00	
Benefits @ 34%	\$ 99,064.00	\$ 33,180.00
Total Salary	\$ 678,864.00	\$ 164,680.00
Client Supplies/Program Supplies \$200/\$100	\$ 29,000.00	\$ 14,500.00
Training	\$ 5,800.00	\$ 1,000.00
Travel	\$ 866.25	\$ 350.00
15% Indirect	\$ 107,179.54	\$ 27,079.50
Subtotal	\$ 821,709.79	\$ 180,530.00
Cost Per Unit	\$ 5,666.96	\$ 4,513.25

HSH payment standard	\$576	Per unit per month
	\$1,002,240	
CM ratio	1:25	
# of CMs	5.8	

8.3. HSH Assessment of Service Plan and Budget. The proposed budget is reasonable and the preliminary services plan meets expectations for the intended target population at this point in planning. HSH will procure the services provider, and then a more detailed services plan will be due in April 2025.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms.

Financial Description of Proposed Loan	
Loan Amount:	Up to \$41,036,048
Loan Term:	55 years
Loan Maturity Date:	2081 (55 years from conversion date)
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	1%
Date Loan Committee approves prior expenses can be paid:	Loan Committee Approval April 5, 2024

Financial Description of Enhanced LOSP Agreement requested	
LOSP Amount for operations and debt:	\$80,785,406
Grant Term:	19 years
Grant Maturity Date:	December 2044 (19 years from start date)
LOSP A – Operations:	\$59,923,964 over 19 year term
LOSP B - Annual Debt Service:	\$20,861,442 over 18 year term with annual debt payments of \$1,158,969 January 2027 – January 2044

9.2. Recommended Loan Conditions

1. Sponsor must apply for AHP in CY 2025 round after start of construction, which if awarded, would reduce the amount of the capital loan.
2. Under the proposed design build structure, the GC is responsible for most cost overruns, and there may be savings that will reduce the City loan at permanent conversion.
3. The \$750K capitalized lease up and stabilization reserve is a one-time pilot to cover additional management and maintenance staffing, overtime and security, repair damages and insurance deductibles during lease up and the initial two year stabilization period when residents are adjusting to the new building during and after lease up. Any remainder of this reserve not needed after CY 2028 will go to reduce the LOSP A for the operations funding amount to be disbursed in January 2029. Mercy will report on utilization of this reserve in the Project's submittal of Annual Monitoring Reports.

4. Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update, including on:
 1. Community outreach completed, and
 2. Outcomes achieved related to racial equity goals
 3. DBI status on the MEPs plan check and any potential new pricing from subs related to plan check
5. Sponsor must provide HSH and MOHCD with an updated services plan in April 2025 after the services contractor has been selected by HSH through a competitive procurement process.
6. While the up to amount of the LOSP contract has been approved for construction closing, Sponsor must submit an updated 1st year operating budget and 20-year cash flow by December 1 before the City's fiscal year in which the project will achieve TCO (FY 2025-26) for Loan Committee review prior to the LOSP contract being executed.
7. Sponsor must provide initial draft tenant selection criteria within 12 months of anticipated TCO.
8. Sponsor must provide quarterly updated response to any letters requesting corrective action.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____
Salvador Menjivar, Director of Housing
Department of Homelessness and Supportive Housing

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____
Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____
Anna Van Degna, Director
Controller's Office of Public Finance

- 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 – N/A
 - F. Site Map with amenities
 - G. Elevations and Floor Plans, if available
 - H. Comparison of City Investment in Other Housing Developments
 - I. Predevelopment Budget N/A
 - J. Development Budget
 - K. 1st Year Operating Budget
 - L. 20-year Operating Pro Forma

REQUEST FOR PERMANENT LOAN AND LOFP FINANCING FOR 1633 VALENCIA STREET

Adams, Dan (MYR) <Dan.Adams@sfgov.org>

Tue 4/9/2024 6:45 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Hi Vanessa – I vote yes to approve the above listed request.

Daniel Adams

Director

Mayor's Office of Housing and Community Development

City and County of San Francisco

1633 Valencia

Menjivar, Salvador (HOM) <salvador.menjivar1@sfgov.org>

Tue 4/9/2024 2:30 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I support Mercy Housing request for permanent financing in the amount of up to \$41,036,048 (including a \$2M AHP bridge loan) as well as funding through the Local Operating Subsidy Program (LOSP) in the amount of \$80,785,406 over an 18-year LOSP term to support program operations and to service the \$16M SFHAF Innovation loan to create 145 new units of permanent supportive housing at 1633 Valencia.



Salvador Menjivar
Director of Housing
Pronouns: He/Him

San Francisco Department of Homelessness and Supportive Housing
salvador.menjivar1@sfgov.org | 415-308-2843

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Request for Permanent Loan and LOSP Financing for 1633 Valencia Street

Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>

Fri 4/5/2024 11:56 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks

Marc



Marc Slutzkin
Deputy Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

🏠 www.sfocii.org

REQUEST FOR PERMANENT LOAN AND LOSP FINANCING FOR 1633 VALENCIA STREET

Katz, Bridget (CON) <bridget.katz@sfgov.org>

Fri 4/5/2024 11:57 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Approve, subject to City Attorney and counsel's determination that Health and Recovery GO Bonds can be used for loans

Bridget Katz

Deputy Director, Office of Public Finance
Controller's Office | City & County of San Francisco
Office Phone: (415) 554-6240
Cell Phone: (858) 442-7059
E-mail: bridget.katz@sfgov.org

Attachment A: Project Milestones and Schedule

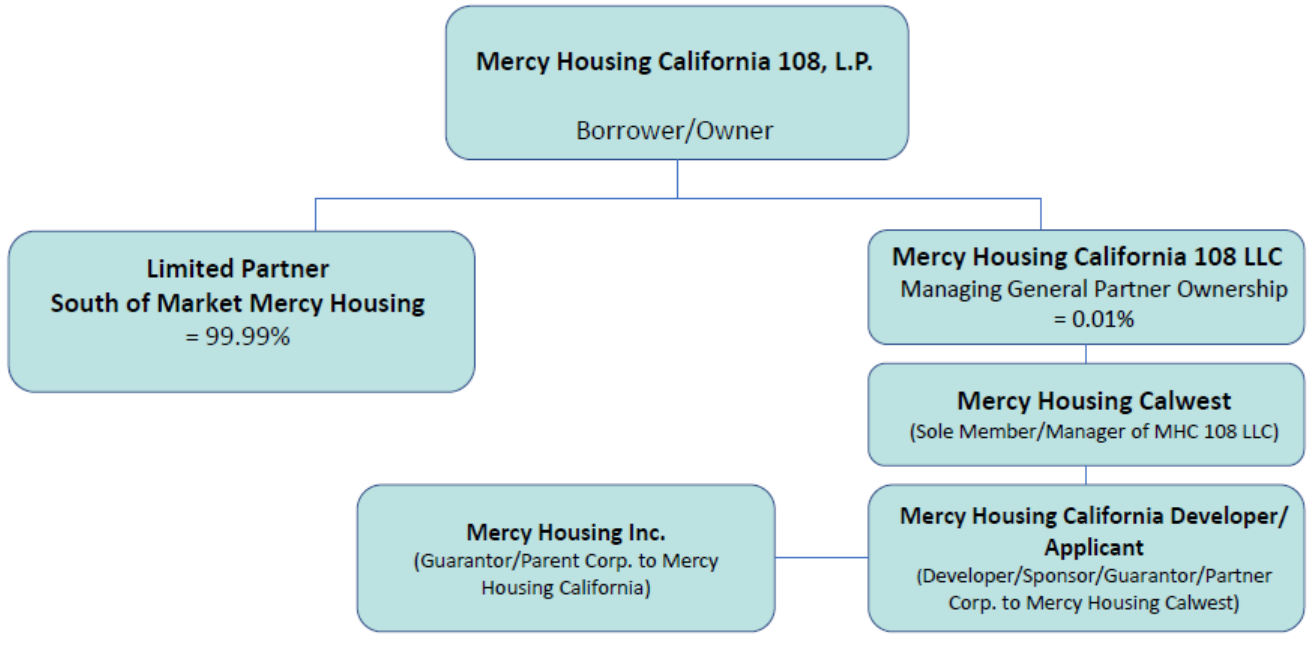
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	4/8/24	To be posted 30-days prior to Mayor execution of BOS Resolution
1	Acquisition/Predev Financing Commitment	3/21/22	Execution of Predevelopment Loan Agreement
2.	Site Acquisition	5/7/24	SL acquisition 08/2022
3.	Development Team Selection		
a.	Architect	07/2022	
b.	General Contractor	07/2022	
c.	Owner's Representative	08/2022	
d.	Property Manager	8/1/23	
e.	Service Provider	11/2024	Subject to HSH timing
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	11/21/22	
b.	Submittal of Design Development & Cost Estimate	8/18/23	
c.	Submittal of 50% CD Set & Cost Estimate	10/13/23	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	12/8/23	
5.	Commercial Space	N/A	
a.	Commercial Space Plan Submission	N/A	
b.	LOI/s Executed	N/A	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	12/19/22	
b.	CEQA Environ Review Submission	N/A	
c.	NEPA Environ Review Submission	N/A	
d.	CUP/PUD/Variances Submission	N/A	
7.	PUC/PG&E		
a.	Temp Power Application Submission	6/2/23	

b.	Perm Power Application Submission	6/2/23	
8.	Permits		
a.	Building / Site Permit Application Submitted	12/19/22	
b.	Addendum #1 Submitted	2/15/24	
c.	Addendum #2 Submitted	9/20/23	<u>Approved 2/16/2024</u>
d.	Addendum #3 Submitted	10/13/23	
e.	Addendum #4 Submitted	10/19/23	
f.	Addendum #5 Submitted	TBD	
g.	Addendum #6 Submitted	TBD	
h.	Addendum #7 Submitted	TBD	
i.	Addendum #8 Submitted	TBD	
j.	Addendum #9 Submitted	TBD	
k.	Addendum #10 Submitted	TBD	
l.	Addendum #11 Submitted	TBD	
9.	Request for Bids Issued	N/A	
10.	Service Plan Submission		
a.	Preliminary	3/5/24	
b.	Final	4/5/2025	
11.	Additional City Financing	N/A	
a.	Preliminary Gap Financing Application	N/A	
b.	Gap Financing Application	N/A	
c.	Preliminary Gap Financing Term Sheet	12/22/23	
12.	Other Financing		
a.	HCD Application	N/A	
b.	Preliminary Construction Financing Term Sheet	10/17/23	
c.	AHP Application	Spring 2025	
d.	CDLAC Application	9/6/23	
e.	TCAC Application	9/6/23	
f.	LOSP Commitment	7/26/23	
g.	LOSP Funding Request	12/1/2024	

13.	Closing		
a.	Construction Loan Closing	5/13/24	
b.	Conversion of Construction Loan to Permanent Financing; funding of City loan	10/2026	
14.	Construction		
a.	Notice to Proceed	5/14/24	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	12/15/25	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	12/15/24	
b.	Commence CES process	7/20/25	
c.	95% Occupancy	5/20/26	
16.	Cost Certification/8609	2/2027	

Attachment B: Borrower Org Chart



Attachment C: Development Staff Resumes



RAMIE K. DARE

Director, Real Estate

PROFESSIONAL EXPERIENCE

Mercy Housing California, San Francisco, California

Senior Housing Developer, May 1997 to Present

Developer of affordable rental housing for families, seniors, and people with special needs utilizing 4% and 9% tax credits, tax exempt bonds, conventional financing and rental subsidies. Experienced in all aspects of development, including feasibility study, contract negotiation, project management, financing and community acceptance planning. Developments include Bermuda Garden Apartments (80 unit rehab), Eden House Apartments (116 unit rehab) Marlton Manor (150 unit special needs, rehab), Tolton Court and Montclair Court (26 units urban infill), La Costa Paloma Apartments (180 units inclusionary housing), Carter Terrace (106 family units), 10th and Mission Family Housing (136 high rise family units, mixed use), and 9th and Jessie Senior Housing (107 high rise senior units, HUD 202 mixed finance) and Sunnydale HOPE SF (50 acre master planned mixed income community).

CREDO Housing, Inc, Oakland, California

Housing Developer, September 1993 - April 1997

Developer of affordable rental housing in Oakland, Berkeley and unincorporated Alameda County totaling \$19 million and 273 units. Experience in developing projects financed by low income housing tax credits, tax exempt bond, cities of Oakland and Berkeley, Alameda County, HUD and institutional lenders.

EDUCATION

University of California Los Angeles

Bachelor of Arts, Urban Studies major, 1991

Harvard University, John F. Kennedy School of Government

Master in Public Policy, 1993

Bank of America Leadership Academy

Development Training Institute, 2002

PROFESSIONAL & COMMUNITY INVOLVEMENT

Member of Board of Directors of Community Housing Partnership, which develops permanent affordable housing and services for formerly homeless individuals and families in San Francisco, April 2004 to Present.

Co-Chair of EBHO Community Acceptance Strategies Committee to build community acceptance of affordable housing amongst policymakers and the public. Served on EBHO Board of Directors, January 1996 to February 1997.

Member of Board of Directors of Californians for Justice, a statewide organization engaged in community organizing in low-income communities for racial justice, 1995 - 2001

Clare Murphy
33 Southern Heights Avenue, San Francisco, CA 94107
Phone: (415) 259-1605 Email: cmurphy@mercyhousing.org

EDUCATION

University of Oregon – Eugene, Oregon

Bachelor of Arts: Planning, Public Policy and Non-profit Management Major, June 2015

Economics Minor, June 2015

- Dean's Scholarship & Dean's List

EXPERIENCE

Associate Director – Real Estate Development

November 2022 – Current

Mercy Housing, San Francisco, California

- 1633 Valencia Street – Predevelopment
- Sunnydale Masterplan Development
 - o Phase 3 Infrastructure – Predevelopment

Project Developer II – Real Estate Development

December 2021 – November 2022

Mercy Housing, San Francisco, California

- 1939 Market Street – Predevelopment
- 1633 Valencia – Predevelopment
- Casa de la Mision – Construction, Close-out
- Bermuda Gardens Renovation – Predevelopment, Construction, Close-out
- Dorothy Day Renovation – Close-out

Project Developer I – Portfolio Syndication

January 2019 – December 2021

Mercy Housing, San Francisco, California

- Bermuda Gardens Renovation – Predevelopment, Construction
- Dorothy Day Renovation – Predevelopment, Construction
- Francis of Assisi Renovation – Close-out
- Dudley (Elevator Replacement) – Construction, Close-out

Assistant Project Manager II – Portfolio Syndication

March 2018 – January 2019

Mercy Housing, San Francisco, California

- Dorothy Day Renovation – Predevelopment
- Francis of Assisi Renovation – Predevelopment, Construction
- Bennett House Renovation – Predevelopment
- Britton Courts Renovation – Predevelopment, Closing

Assistant Project Manager I – Portfolio Syndication

April 2015 – March 2018

Mercy Housing, San Francisco, California

- Columbia Park Renovation – Predevelopment, Construction, Close-out
- 111 Jones/Padre Palou Scattered Site Renovation – Predevelopment
- Santa Cruz Scattered Site Renovation – Predevelopment

Asset Management Intern

June – September 2014

Mercy Housing, San Francisco, California

Asset Management Intern

July – September 2013

Community Housing Partnership, San Francisco, California

Administrative Intern

March – May 2010

San Francisco Housing Action Coalition, San Francisco, California

Christopher J. Hacnik
San Francisco Bay Area
Phone: (480) 298-1037 Email: chris.hacnik@mercyhousing.org

EDUCATION

University of California, Berkeley, College of Environmental Design

Master of City Planning - Housing, Community & Economic Development
Interdisciplinary Graduate Certificate in Real Estate

American University, Washington, DC

B.A. History; B.A. Music Performance - Cum Laude

EXPERIENCE

Project Developer I – Real Estate Development

January 2024 - Present

Mercy Housing, San Francisco, California

- 1633 Valencia – Predevelopment
- 600 7th Street - Construction

Senior Development Associate

June 2021 – June 2022

The Related Companies of California, Los Angeles, California

- Southwest Village Apartments in San Diego – Construction Loan Closing, Construction
- Chapel Avenue Apartments in Alhambra - Construction Loan Closing, Construction
- 1405 S. Broadway (Alveare Ph I, II, III) – Predevelopment
- Union at Echo Park – Predevelopment
- Acts Cherry Hill Apartments – Construction, Lease-Up

Development Associate, Affordable Housing Intern

June 2021 – June 2022

The Related Companies of California, San Francisco, California

- Santa Rosa Mendocino Avenue Phase I – Construction Loan Closing
- Santa Rosa Mendocino Avenue Phase II – Predevelopment (Financing), Construction Loan Closing

Graduate Student Researcher

January 2022 – July 2022

Turner Center for Housing Innovation, UC Berkeley

- Co-Author of “New Pathways to Create More Deeply Affordable Housing: Early Lessons from HUD’s Faircloth-to-RAD Program,” Turner Center for Housing Innovation at UC Berkeley, Published January 31, 2023

Development Consultant/Intern

September 2021 – December 2021

Housing Authority of the City of Alameda, California

- Advised management staff on federal regulations and underwriting requirements related to the agency’s use of underutilized federal rental subsidies under the Public Housing program using HUD’s Faircloth-to-RAD Conversion tool

Business Development & Marketing Coordinator

February 2020 – January 2021

Reno & Cavanaugh, PLLC, Washington, DC

Legal Assistant

May 2018 – January 2020

Reno & Cavanaugh, PLLC, Washington, DC

- Drafted, reviewed, and finalized real estate contracts for over 60 multifamily affordable housing financial closings involving federal housing programs, preserving 3,474 public housing units nationwide

Attachment D: Asset Management Evaluation of Project Sponsor

Mercy Housing California (MHC) will assume asset management duties for 1633 Valencia. Asset Management falls under the National Portfolio Management department of Mercy Housing Inc.

Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio

California represents the largest portion of the portfolio with 156 operating properties across the state; 55 Mercy owned and occupied properties are located in the City of San Francisco.

Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)

Yelena Zilberfayn is the Vice President of Asset Management at Mercy Housing where she has worked for the past 22 years, 9 of which in the Asset Management Department, and is responsible for a portfolio of real estate assets serving families, seniors, and special needs individuals. She leads a team of five Asset Managers, four in San Francisco, one in Sacramento. Two Asset Management Analysts and one Commercial Asset Management Analyst based in the National Office in Denver, CO, and one Commercial Asset Manager based in San Francisco are supporting Yelena's team. In addition, there are two Asset Managers overseeing other regions in CA and one Capital Project Investment Manager, reporting directly to Melissa Clayton.

Yelena is located in the San Francisco office and interfaces directly with Doug Shoemaker, President of Mercy Housing California (MHC), and Lilli Lew-Hailer, Vice President of Operations of MHC. Yelena and her team act as Mercy Housing's representatives in relation to the physical and financial status of each asset and protect its financial health and long-term viability. Mercy's portfolio management also includes Transaction Team comprised of 2 staff devoted to other specialized needs such as the Year 15 buy out and the refinance of properties.

All positions are currently filled and they are all full time. The breakdown of the Bay Area asset management staff positions is as follows:

- (1) Vice President of Asset Management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (2) Asset Management Analysts
- (1) Commercial Asset Management Analyst
- (1) Commercial Asset Manager

Each Asset Manager oversees a portfolio of up to 25 assets. The Asset Managers in the San Francisco office currently have 90 assets in their portfolio. Eight of these properties are in predevelopment, under construction or in rehab in the City of San Francisco or Bay Area. In San Francisco, Asset Managers manage fewer than the maximum of 25 assets in order to free up capacity for future developments. Once development is complete, a San Francisco based Asset Manager will assume asset management duties for 1530 18th Street.

Description of Scope and Range of Duties of Developer's Asset Management Team

Asset Management staff has oversight over all operations of the properties. The portfolio is analyzed monthly through the Portfolio Scorecard, which looks at physical and economic occupancy, trade and intercompany payables. In addition, the team performs quarterly risk ratings according to Affordable Housing Investment Council (AHIC) standards, of every property to evaluate occupancy, reserves, management, capital needs and available reserves. If a property is placed on the watchlist, there is a quarterly meeting with the Asset Management team, Mercy Housing Management Group and Mercy Housing California President to find a solution to get the property off the watchlist.

Asset Managers are responsible for tracking all capital needs on their portfolio on a quarterly basis as part of Mercy's watchlist process. They are assisted by various staff of Mercy Housing Management Group, including the Regional Facilities Manager and the various Area Directors of Operations assigned to the properties. Using various analysis including our watchlist and budget planning, reviewing CNAs, and Reserve analysis, the Asset Managers determine when the necessary capital needs can be completed in the short and long term.

The analyst team submits reserve replacement requests bi-annually. In addition, the analyst team helps with the compliance with financing requirements and various reporting regulatory requirements by sending quarterly and annual reporting to investors and funders. Portfolio preservation planning is accomplished through balancing the use of reserves with the payment of scheduled partnership and deferred development fees through cash flow.

The transaction team handles some of the longer term needs of the portfolio such as Year 15 analysis and investor buyout and a property restructuring such as a refinance.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is ongoing coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center (nationwide)

Asset Management staffing budget is \$2,460,839.

Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

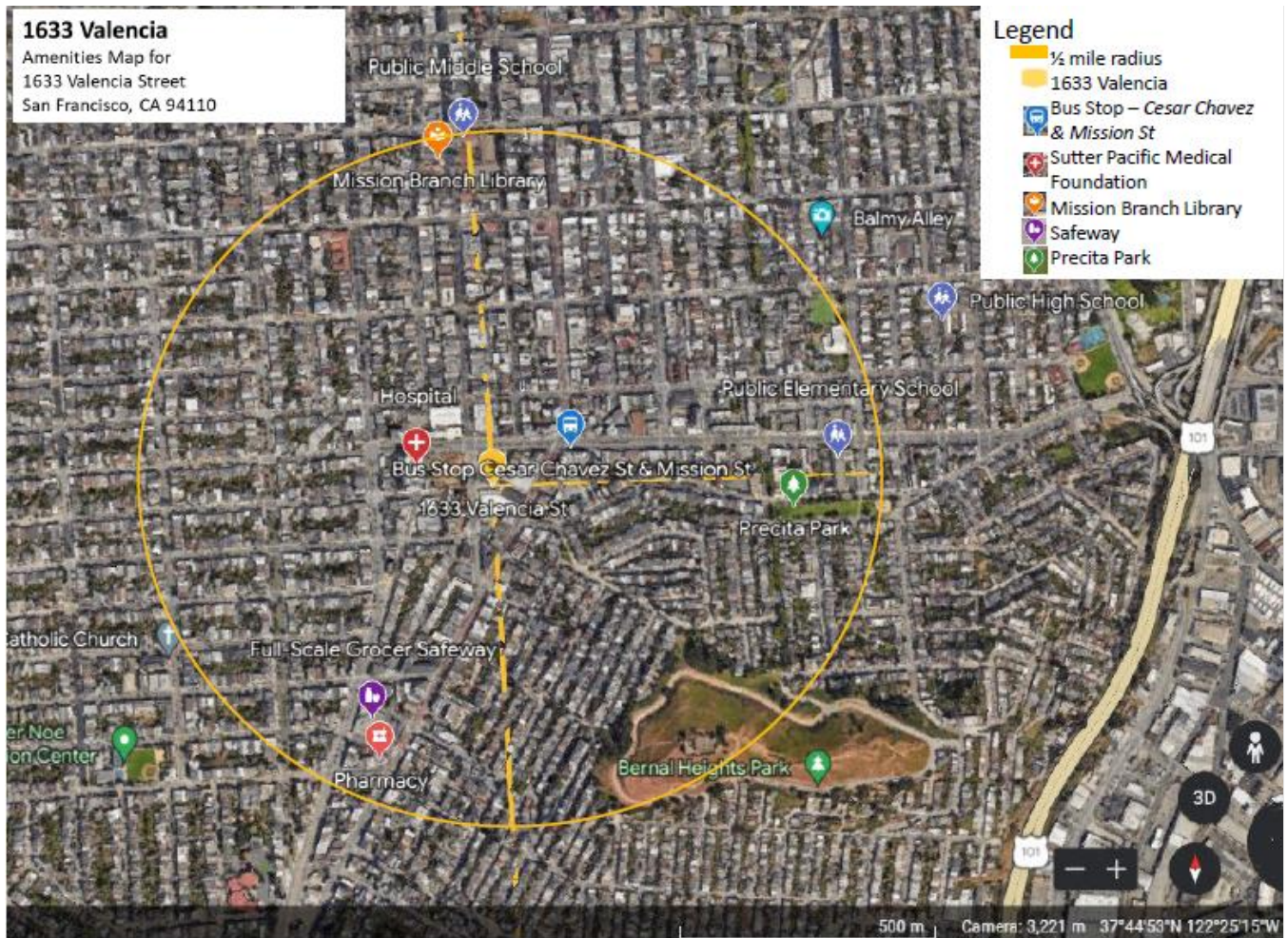
Mercy Housing anticipates that the portfolio will grow from 156 buildings to approximately 170 buildings in the next 5 years. Two new Asset Manager positions based in San Francisco were added in 2017 and one in 2019.

MOHCD Asset Management Staff assessment of Sponsor's asset management capacity: The Sponsor's description of their asset management functions, duties and coordination with related teams within the organization demonstrate an adequate asset management operation for their existing portfolio. With 7 FTE asset managers statewide and a portfolio of 156 projects in California, the project/asset management staff ratio is 22, which is in line with the industry standard of 20-25 recommended by NeighborWorks America. In addition, the Sponsor's asset management staff also includes Asset Management Analysts who support the Asset Managers. The full range of asset management responsibilities are covered by the asset managers and the analysts. With an increase of 15-16 projects in the Sponsor's portfolio anticipated over the next 5 years, the ration will increase but remain within the industry standard.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

N/A as developer procured under HSH's Chapter 21 emergency powers

Attachment F: Site Map with amenities



Attachment G: Elevations and Floor Plans



Attachment H: Comparison of City Investment in Other Housing Developments

Attachment I:

N/A

Attachment J: Development Budget

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date: 2/1/24
 Project Name: 1633 Valencia
 Project Address: 1633 Valencia St
 Project Sponsor: Mercy Housing California

Units: 146
 # Bedrooms: 147
 # Beds:

LOSP Project

SOURCES	Total Sources						Comments
		16,000,000	39,036,048	27,569,430	100	2,000,000	
Name of Sources: MOHCD/OCII							
	SFHAF Permanent Loan		SF Health & Recovery (HSH) Loan	Tax Credit Equity	Sponsor Contribution	AHP Bridge	

USES

ACQUISITION

Acquisition cost or value		5,209,464	45,230	330,240	100		5,585,034
Legal / Closing costs / Broker's Fee		10,000					10,000
Holding Costs							0
Transfer Tax		35,399					35,399
TOTAL ACQUISITION	0	5,254,863	45,230	330,240	100	0	5,630,433

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		1,329,321	37,139,167	3,013,162		2,000,000	43,481,650	Include FF&E
* Commercial Shell Construction							0	
* Demolition		456,786					456,786	
Environmental Remediation		196,022					196,022	
* Onsite Improvements/Landscaping		1,003,027	914,178				1,917,205	
* Offsite Improvements		739,728					739,728	
* Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking							0	
GC Bond Premium/GC Insurance/GC Taxes							0	Design-Builder contingency
GC Overhead & Profit				5,281,417			5,281,417	Includes bond/insurance/taxes
CG General Conditions				2,079,598			2,079,598	
<i>Sub-total Construction Costs</i>	<i>0</i>	<i>3,724,884</i>	<i>38,053,345</i>	<i>10,374,177</i>	<i>0</i>	<i>2,000,000</i>	<i>54,152,406</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		2,689,436					2,689,436	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>2,689,436</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,689,436</i>	
TOTAL CONSTRUCTION COSTS	0	6,414,320	38,053,345	10,374,177	0	2,000,000	56,841,842	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees		1,213,664					1,213,664	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)		771,000		62,719			833,719	
Architect Construction Admin				489,586			489,586	
Reimbursables							0	
Additional Services							0	
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>1,984,664</i>	<i>0</i>	<i>552,305</i>	<i>0</i>	<i>0</i>	<i>2,536,969</i>	

Other Third Party design consultants (not included under Architect contract)								Design-Build Engineering: \$921,000 (Intermountain Electric-\$375,000, Sullivan Plumbing-\$146,000, O'Brien Mech-\$200,000, Blackrock Concrete-\$100,000, Sit-co-\$10,000, OTIS-\$10,000, Solar-\$14,000, Site Lighting/fire protection/performance-\$51,000) + Owner contract consultants \$391,340 (Commissioning Agent-\$65,000, Permit Consultant-\$120,000, Peer Review Checklist-\$41,040, Joint-Trench Engineer-\$90,000)
		636,997		600,043			1,237,040	
Total Architecture & Design	0	2,621,661	0	1,152,348	0	0	3,774,009	

Engineering & Environmental Studies

Survey		34,282		5,718			40,000	
Geotechnical studies		29,105	90,000	6,195			125,300	Includes Corrosive and geotech engineering in construction
Phase I & II Reports		13,000					13,000	
CEQA / Environmental Review consultants		38,783		129,667			168,450	Vapor Mat Engineering, SMP, final report, Const observation
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants				243,933			243,933	Kanyon Consulting (Tribal Monitoring)-\$175,000, Precita Eyes Mural Restoration-\$68,933
Total Engineering & Environmental Studies	0	115,170	90,000	385,513	0	0	590,683	

Financing Costs

Construction Financing Costs								
Construction Loan Origination Fee				696,080			696,080	Tax-exempt construction loan, SFHAF Construction loan
Construction Loan Interest			72,703	5,571,173			5,643,876	Tax-exempt construction loan, SFHAF Construction loan, SFHAF perm construction loan interest
Title & Recording				75,000			75,000	
CDLAC & CIDIAC fees				19,980			19,980	
Bond Issuer Fees				85,299			85,299	CalHFA App fee, Initial Fee and Monitoring Fee
Other Bond Cost of Issuance				27,000			27,000	Trustee Initial and Fees during construction
Construction Lender Expenses, Admin Fee for Loan Servicing				138,000			138,000	
<i>Sub-total Const. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>72,703</i>	<i>6,612,532</i>	<i>0</i>	<i>0</i>	<i>6,685,235</i>	
Permanent Financing Costs								
Permanent Loan Origination Fee				160,000			160,000	
Credit Enhance. & Appl. Fee							0	
Title & Recording				30,000			30,000	
<i>Sub-total Perm. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>190,000</i>	<i>0</i>	<i>0</i>	<i>190,000</i>	
Total Financing Costs	0	0	72,703	6,802,532	0	0	6,875,235	

Legal Costs

Borrower Legal fees		5,000	8,500	186,500			200,000	
Land Use / CEQA Attorney fees		5,652					5,652	
Tax Credit Counsel				50,000			50,000	
Bond Counsel				75,000			75,000	
Construction Lender Counsel		5,000		75,000			80,000	CHPC
Permanent Lender Counsel				175,000			175,000	
COI Contingency				25,920			25,920	
Total Legal Costs	0	15,652	8,500	587,420	0	0	611,572	

Other Development Costs

Appraisal		10,688		1,813			12,500	
Market Study		10,000					10,000	
Insurance				694,000			694,000	
Property Taxes							0	
Accounting / Audit				65,000			65,000	
Organizational Costs		6,641		859			7,500	
Entitlement / Permit Fees		618,677		228,613			847,290	Includes Impact Fees, BOE Fees for Soil Offhaul
Marketing / Rent-up		11,283		280,718			292,000	
Furnishings				900,000			900,000	\$2,000/unit: See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees		62,800		269,562			332,362	
TCAC App / Alloc / Monitor Fees		30,002		59,860			89,862	
Financial Consultant fees		25,000		55,000			80,000	CHPC
Construction Management fees / Owner's Rep		38,700		159,300			198,000	
Security during Construction							0	
Relocation							0	
Predevelopment Loan and LOC Interest		152,482		6,478			158,960	
Special Inspections				279,000			279,000	
Community Engagement				312,500			312,500	
Total Other Development Costs	0	966,272	0	3,312,702	0	0	4,278,974	

Cost Contingency as % of Total Soft Costs

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)		332,062	16,270	546,666			894,998	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	0	4,050,817	187,473	12,787,181	0	0	17,025,471	5.5%

RESERVES

* Operating Reserves				1,857,832			1,857,832	Capitalized 6 mo
Replacement Reserves							0	
* Tenant Improvements Reserves							0	
* Lease-up and stabilization reserve			750,000				750,000	See loan evaluation for background
* Other (specify)							0	
* Other (specify)							0	
TOTAL RESERVES	0	0	750,000	1,857,832	0	0	2,607,832	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones		280,000		500,000			780,000	
Developer Fee - Cash-out At Risk				1,720,000			1,720,000	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	0	280,000	0	2,220,000	0	0	2,500,000	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source		16,000,000	39,036,048	27,569,430	100	2,000,000	84,605,578	
Development Cost/Unit as % of TDC by Source		109,589	267,370	188,832	1	13,699	579,490	
		0.0%	18.9%	46.1%	32.6%	0.0%	2.4%	100.0%

Acquisition Cost/Unit by Source

		35,681	310	2,262	1	0	38,254	
--	--	--------	-----	-------	---	---	--------	--

Construction Cost (inc Const Contingency)/Unit By Source

		43,934	260,639	71,056	0	13,699	389,328	
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Construction Cost (inc Const Contingency)/SF

		93.23	553.08	150.78	0.00	29.07	826.17	
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*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit		0					0	
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Tax Credit Equity Pricing:

		0.965						
Construction Bond Amount:		42,799,116						
Construction Loan Term (in months):		28						
Construction Loan Interest Rate (as %):		7.08%						

Attachment K: 1st Year Operating Budget

Application Date: 2/1/2024
 Total # Units: 146
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

Project Name: 1633 Valencia
 Project Address: 1633 Valencia St
 Project Sponsor: Mercy Housing California

INCOME	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Residential - Tenant Rents	391,500	0	391,500	Links from 'New Proj - Rent & Unit Mix' Worksheet				2,682
Residential - Tenant Assistance Payments (SOS Payments)	0	0	0	Comments				-
Residential - Tenant Assistance Payments (Other Non-LOSP)	0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet				-
Residential - LOSP Tenant Assistance Payments	2,235,309	0	2,235,309	Links from 'New Proj - Rent & Unit Mix' Worksheet				15,416
Commercial Space	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
"LOSP B" Funding	0	0	0	This is "LOSP B" funding of \$1,158,969 for annual 18 year debt service; first payment due 1/1/2027 so zero for CY 2026.	0.00%	100.00%	Anne/Mike	-
Supportive Services Income	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Laundry and Vending	8,760	0	8,760	Links from 'Utilities & Other Income' Worksheet				60
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Other Commercial Income	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0					-
Gross Potential Income	2,635,569	0	2,635,569					
Vacancy Loss - Residential - Tenant Rents	(19,575)	0	(19,575)	Vacancy loss is 5% of Tenant Rents.				(134)
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0					-
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
EFFECTIVE GROSS INCOME	2,615,994	0	2,615,994	PUPA: 17,918				

OPERATING EXPENSES	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Management								
Management Fee	140,160	0	140,160	1st Year to be set according to HUD schedule.				960
Asset Management Fee	26,009	0	26,009	\$26,009 for Sponsor Asset Management Fee; \$2,500 for MOHCD asset management fee				178
Sub-total Management Expenses	166,169	0	166,169	PUPA: 1,138				
Salaries/Benefits								
Office Salaries	247,205	0	247,205	Links from 'Staffing' Worksheet				1,693
Manager's Salary	224,496	0	224,496	Links from 'Staffing' Worksheet				1,538
Health Insurance and Other Benefits	152,518	0	152,518	Health Benefits; Retirements				1,045
Other Salaries/Benefits	42,787	0	42,787	Office Salaries, Manager & Maintenance bonuses				293
Administrative Rent-Free Unit	0	0	0					-
Sub-total Salaries/Benefits	667,006	0	667,006	PUPA: 4,569				
Administration								
Advertising and Marketing	5,000	0	5,000					34
Office Expenses	31,000	0	31,000	Office supplies, postage, computer support and software, commuter checks, staff training				212
Office Rent	0	0	0					-
Legal Expense - Property	15,000	0	15,000					103
Audit Expense	11,500	0	11,500					79
Bookkeeping/Accounting Services	24,000	0	24,000					164
Bad Debts	0	0	0					-
Miscellaneous	2,200	0	2,200	Travel, Training, and Employee Recognition				15
Sub-total Administration Expenses	88,700	0	88,700	PUPA: 608				
Utilities								
Electricity	255,000	0	255,000	Based on comparable project actuals, with addition of E hot water				1,747
Water	75,000	0	75,000	Based on comparable project actuals				514
Gas	0	0	0	All Electric				-
Sewer	96,500	0	96,500	Based on comparable project actuals				661
Sub-total Utilities	426,500	0	426,500	PUPA: 2,921				
Taxes and Licenses								
Real Estate Taxes	10,000	0	10,000	100% Welfare Tax Exemption				68
Payroll Taxes	83,800	0	83,800					574
Miscellaneous Taxes, Licenses and Permits	1,500	0	1,500	Business Renewal, Loading Zone renewal				10
Sub-total Taxes and Licenses	95,300	0	95,300	PUPA: 653				
Insurance								
Property and Liability Insurance	265,000	0	265,000	Based on quote dated 3/20/24				1,815
Fidelity Bond Insurance	0	0	0					-
Worker's Compensation	15,000	0	15,000					103
Director's & Officers' Liability Insurance	0	0	0					-
Sub-total Insurance	280,000	0	280,000	PUPA: 1,918				
Maintenance & Repair								
Payroll	341,688	0	341,688	Links from 'Staffing' Worksheet				2,340
Supplies	30,000	0	30,000	Janitorial and maintenance supplies				205
Contracts	126,500	0	126,500	Window washing (25K), FA/FS (30K), Elevator (37.5K), Exterminating (7.5K), Grounds				866
Garbage and Trash Removal	68,000	0	68,000					466
Security Payroll/Contract	146,032	0	146,032	Links from 'Staffing' Worksheet				1,000
HVAC Repairs and Maintenance	20,000	0	20,000					137
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0					-
Miscellaneous Operating and Maintenance Expenses	25,000	0	25,000	Telecommunications				171
Sub-total Maintenance & Repair Expenses	757,220	0	757,220	PUPA: 5,186				
Supportive Services	0	0	0	Links from 'Staffing' Worksheet				-
Commercial Expenses	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
TOTAL OPERATING EXPENSES	2,480,895	0	2,480,895	PUPA: 16,992				

RESERVES/GROUND LEASE BASE RENT/BOND FEES	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Ground Lease Base Rent	0	0	0	Provide additional comments here, if needed.				-
Bond Monitoring Fee	14,000	0	14,000	Issuer Fee (\$7.5K), Trustee Fee (\$6.5K)	100.00%	0.00%	Anne/Mike	96
Replacement Reserve Deposit	87,600	0	87,600	\$600/PUPY				600
Operating Reserve Deposit	0	0	0					-
Other Required Reserve 1 Deposit	0	0	0					-
Other Required Reserve 2 Deposit	0	0	0					-
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	101,600	0	101,600	PUPA: 696				
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond)	2,582,495	0	2,582,495	PUPA: 17,688				
NET OPERATING INCOME (INCOME minus OP EXPENSES)	33,499	0	33,499	PUPA: 229				

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Hard Debt - First Lender	0	0	0	SFHAF Permanent Loan - First payment will be due 1/1/2027, so zero for 25&26	0%	100.00%	Anne/Mike	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le)	0	0	0	Provide additional comments here, if needed.				-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.				-
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.				-
Commercial Hard Debt Service	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0				
CASH FLOW (NOI minus DEBT SERVICE)	33,499	0	33,499					
Commercial Only Cash Flow	0	0	0					-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	0	0	0					-
AVAILABLE CASH FLOW	33,499	0	33,499					

USES OF CASH FLOW BELOW (This row also shows DSCR.)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL								
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	2,500	0	2,500	MOHCD MONITORING FEE				-
Partnership Management Fee (see policy for limits)	25,999	0	25,999	Y1 - 2025 AMF = 26,009; AMF/PMF total: 52,008; PMF = 25,999; "below				3
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	0	5,000					2
Other Payments	0	0	0					1
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.				-
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.				-
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	0	0	0	#DIV/0!	0%	100.00%	Anne/Mike	-
TOTAL PAYMENTS PRECEDING MOHCD	33,499	0	33,499	PUPA: 229				
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS)	0	0	0					

Residual Receipts Calculation
 Does Project have a MOHCD Residual Receipt Obligation? **Yes**
 Will Project Defer Developer Fee? **No**
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: **33%**
 % of Residual Receipts available for distribution to soft debt lenders if **67%**
 Project has MOHCD ground lease? **No**
 Sum of DD F from LOSP and non-LOSP: **0**
 Ratio of Sum of DDF and calculated 50%: **#VALUE!**

Soft Debt Lenders with Residual Receipts Obligations	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCLII - Soft Debt Loans	All MOHCD/OCLII Loans payable from res. rects	0.00%
MOHCD/OCLII - Ground Lease Value or Land Acq Cost	Acquisition Cost	100.00%
HCD (soft debt loan) - Lender 3		0.00%
Other Soft Debt Lender - Lender 4		0.00%
Other Soft Debt Lender - Lender 5		0.00%

Enter Total MOHCD

MOHCD RESIDUAL RECEIPTS DEBT SERVICE
 Proposed MOHCD Residual Receipts Amount to Replacement Reserve: **0**
 MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt. **0**
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

Attachment L: 20-year Operating Proforma

1633 Valencia

	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 7 2032			Year 8 2033			Year 9 2034		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME														
Residential - Tenant Rents			1.0%	2.5%		415,585	-	415,585	419,741	-	419,741	423,938	-	423,938
Residential - SOS Payments			n/a	4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		2,781,925	-	2,781,925	2,885,304	-	2,885,304	2,992,399	-	2,992,399
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		10,159	-	10,159	10,413	-	10,413	10,673	-	10,673
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income						3,207,669	1,158,969	4,366,638	3,315,458	1,158,969	4,474,427	3,427,011	1,158,969	4,585,980
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(20,779)	-	(20,779)	(20,987)	-	(20,987)	(21,197)	-	(21,197)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						3,186,889	1,158,969	4,345,858	3,294,471	1,158,969	4,453,440	3,405,814	1,158,969	4,564,783
OPERATING EXPENSES														
Management														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	172,292	-	172,292	178,323	-	178,323	184,564	-	184,564
Asset Management Fee			3.5%	3.5%	per MOHCD policy	31,972	-	31,972	33,091	-	33,091	34,249	-	34,249
Sub-total Management Expenses						204,264	-	204,264	211,413	-	211,413	218,813	-	218,813
Salaries/Benefits														
Office Salaries			3.5%	3.5%		303,878	-	303,878	314,514	-	314,514	325,522	-	325,522
Manager's Salary			3.5%	3.5%		275,963	-	275,963	285,622	-	285,622	295,618	-	295,618
Health Insurance and Other Benefits			3.5%	3.5%		187,484	-	187,484	194,045	-	194,045	200,837	-	200,837
Other Salaries/Benefits			3.5%	3.5%		52,596	-	52,596	54,437	-	54,437	56,342	-	56,342
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						819,921	-	819,921	848,618	-	848,618	878,320	-	878,320
Administration														
Advertising and Marketing			3.5%	3.5%		6,146	-	6,146	6,361	-	6,361	6,584	-	6,584
Office Expenses			3.5%	3.5%		38,107	-	38,107	39,441	-	39,441	40,821	-	40,821
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Audit Expense			3.5%	3.5%		14,136	-	14,136	14,631	-	14,631	15,143	-	15,143
Bookkeeping/Accounting Services			3.5%	3.5%		29,502	-	29,502	30,535	-	30,535	31,603	-	31,603
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		2,704	-	2,704	2,799	-	2,799	2,897	-	2,897
Sub-total Administration Expenses						109,035	-	109,035	112,851	-	112,851	116,801	-	116,801
Utilities														
Electricity			3.5%	3.5%		313,460	-	313,460	324,431	-	324,431	335,786	-	335,786
Water			3.5%	3.5%		92,194	-	92,194	95,421	-	95,421	98,761	-	98,761
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		118,623	-	118,623	122,775	-	122,775	127,072	-	127,072
Sub-total Utilities						524,277	-	524,277	542,627	-	542,627	561,619	-	561,619
Taxes and Licenses														
Real Estate Taxes			3.5%	3.5%		12,293	-	12,293	12,723	-	12,723	13,168	-	13,168
Payroll Taxes			3.5%	3.5%		103,012	-	103,012	106,617	-	106,617	110,349	-	110,349
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		1,844	-	1,844	1,908	-	1,908	1,975	-	1,975
Sub-total Taxes and Licenses						117,148	-	117,148	121,248	-	121,248	125,492	-	125,492
Insurance														
Property and Liability Insurance			3.5%	3.5%		325,753	-	325,753	337,154	-	337,154	348,954	-	348,954
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance						344,191	-	344,191	356,238	-	356,238	368,707	-	368,707
Maintenance & Repair														
Payroll			3.5%	3.5%		420,022	-	420,022	434,723	-	434,723	449,938	-	449,938
Supplies			3.5%	3.5%		36,878	-	36,878	38,168	-	38,168	39,504	-	39,504
Contracts			3.5%	3.5%		155,501	-	155,501	160,943	-	160,943	166,576	-	166,576
Garbage and Trash Removal			3.5%	3.5%		83,589	-	83,589	86,515	-	86,515	89,543	-	89,543
Security Payroll/Contract			3.5%	3.5%		179,511	-	179,511	185,793	-	185,793	192,296	-	192,296
HVAC Repairs and Maintenance			3.5%	3.5%		24,585	-	24,585	25,446	-	25,446	26,336	-	26,336
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		30,731	-	30,731	31,807	-	31,807	32,920	-	32,920
Sub-total Maintenance & Repair Expenses						930,817	-	930,817	963,395	-	963,395	997,114	-	997,114
Supportive Services			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses														
TOTAL OPERATING EXPENSES						3,049,653	-	3,049,653	3,156,391	-	3,156,391	3,266,865	-	3,266,865
Reserves/Ground Lease Base Rent/Bond Fees														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent			-	-		-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			14,000	-		14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit			87,600	-		87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit			-	-		-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-		-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-		-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-		-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						3,151,253	-	3,151,253	3,257,991	-	3,257,991	3,368,465	-	3,368,465
NET OPERATING INCOME (INCOME minus OP EXPENSES)						35,636	1,158,969	1,194,605	36,480	1,158,969	1,195,449	37,349	1,158,969	1,196,318
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender			-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE						-	1,158,969	1,158,969	-	1,158,969				

1633 Valencia

	Total # Units:	LOSP Units	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 10 2035			Year 11 2036			Year 12 2037		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME	146	145		100.00%										
Residential - Tenant Rents			1.0%	2.5%		428,178	-	428,178	432,460	-	432,460	436,784	-	436,784
Residential - SOS Payments				4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		3,103,341	-	3,103,341	3,218,264	-	3,218,264	3,337,310	-	3,337,310
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
*"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		10,940	-	10,940	11,214	-	11,214	11,494	-	11,494
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income						3,542,459	1,158,969	4,701,428	3,661,937	1,158,969	4,820,906	3,785,588	1,158,969	4,944,557
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(21,409)	-	(21,409)	(21,623)	-	(21,623)	(21,839)	-	(21,839)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						3,521,050	1,158,969	4,680,019	3,640,314	1,158,969	4,799,283	3,763,749	1,158,969	4,922,718
OPERATING EXPENSES														
Management														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	191,024	-	191,024	197,710	-	197,710	204,629	-	204,629
Asset Management Fee			3.5%	3.5%	per MOHCD policy	35,448	-	35,448	36,688	-	36,688	37,972	-	37,972
Sub-total Management Expenses						226,471	-	226,471	234,398	-	234,398	242,602	-	242,602
Salaries/Benefits														
Office Salaries			3.5%	3.5%		336,915	-	336,915	348,707	-	348,707	360,912	-	360,912
Manager's Salary			3.5%	3.5%		305,965	-	305,965	316,674	-	316,674	327,757	-	327,757
Health Insurance and Other Benefits			3.5%	3.5%		207,866	-	207,866	215,142	-	215,142	222,672	-	222,672
Other Salaries/Benefits			3.5%	3.5%		58,314	-	58,314	60,355	-	60,355	62,468	-	62,468
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						909,061	-	909,061	940,878	-	940,878	973,809	-	973,809
Administration														
Advertising and Marketing			3.5%	3.5%		6,814	-	6,814	7,053	-	7,053	7,300	-	7,300
Office Expenses			3.5%	3.5%		42,250	-	42,250	43,729	-	43,729	45,259	-	45,259
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Audit Expense			3.5%	3.5%		15,673	-	15,673	16,222	-	16,222	16,790	-	16,790
Bookkeeping/Accounting Services			3.5%	3.5%		32,710	-	32,710	33,854	-	33,854	35,039	-	35,039
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		2,998	-	2,998	3,103	-	3,103	3,212	-	3,212
Sub-total Administration Expenses						120,889	-	120,889	125,120	-	125,120	129,499	-	129,499
Utilities														
Electricity			3.5%	3.5%		347,539	-	347,539	359,703	-	359,703	372,292	-	372,292
Water			3.5%	3.5%		102,217	-	102,217	105,795	-	105,795	109,498	-	109,498
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		131,520	-	131,520	136,123	-	136,123	140,887	-	140,887
Sub-total Utilities						581,276	-	581,276	601,620	-	601,620	622,677	-	622,677
Taxes and Licenses														
Real Estate Taxes			3.5%	3.5%		13,629	-	13,629	14,106	-	14,106	14,600	-	14,600
Payroll Taxes			3.5%	3.5%		114,211	-	114,211	118,208	-	118,208	122,345	-	122,345
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		2,044	-	2,044	2,116	-	2,116	2,190	-	2,190
Sub-total Taxes and Licenses						129,884	-	129,884	134,430	-	134,430	139,135	-	139,135
Insurance														
Property and Liability Insurance			3.5%	3.5%		361,168	-	361,168	373,809	-	373,809	386,892	-	386,892
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance						381,611	-	381,611	394,968	-	394,968	408,792	-	408,792
Maintenance & Repair														
Payroll			3.5%	3.5%		465,686	-	465,686	481,985	-	481,985	498,854	-	498,854
Supplies			3.5%	3.5%		40,887	-	40,887	42,318	-	42,318	43,799	-	43,799
Contracts			3.5%	3.5%		172,407	-	172,407	178,441	-	178,441	184,686	-	184,686
Garbage and Trash Removal			3.5%	3.5%		92,677	-	92,677	95,921	-	95,921	99,278	-	99,278
Security Payroll/Contract			3.5%	3.5%		199,027	-	199,027	205,993	-	205,993	213,202	-	213,202
HVAC Repairs and Maintenance			3.5%	3.5%		27,258	-	27,258	28,212	-	28,212	29,199	-	29,199
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		34,072	-	34,072	35,265	-	35,265	36,499	-	36,499
Sub-total Maintenance & Repair Expenses						1,032,013	-	1,032,013	1,068,134	-	1,068,134	1,105,518	-	1,105,518
Supportive Services			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses														
TOTAL OPERATING EXPENSES						3,381,205	-	3,381,205	3,499,547	-	3,499,547	3,622,032	-	3,622,032
Reserves/Ground Lease Base Rent/Bond Fees														
Ground Lease Base Rent						-	-	-	-	-	-	-	-	-
Bond Monitoring Fee						14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit						87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						101,600	-	101,600	101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						3,482,805	-	3,482,805	3,601,147	-	3,601,147	3,723,632	-	3,723,632
NET OPERATING INCOME (INCOME minus OP EXPENSES)						38,245	1,158,969	1,197,214	39,167	1,158,969	1,198,136	40,117	1,158,969	1,199,086
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)						-	-	-	-	-	-	-	-	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)						-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender						-	-	-	-	-	-	-	-	
Commercial Hard Debt Service						-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE						-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	
CASH FLOW (NOI minus DEBT SERVICE)						38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
Commercial Only Cash Flow						-	-	-	-					

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INCOME	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 13 2038			Year 14 2039			Year 15 2040		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
						Residential - Tenant Rents	1.0%	2.5%	441,152	-		441,152	-	441,152
Residential - SOS Payments		4.0%	-	-		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a	-	-		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a	3,459,644	-		3,459,644	-	3,459,644	3,587,345	-	3,587,345	3,719,618	-	3,719,618
Commercial Space	n/a	2.5%	-	-	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%	-	-		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	-	-	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%	-	-		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%	-	-		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%	11,781	-		11,781	-	11,781	12,076	-	12,076	12,378	-	12,378
Tenant Charges	2.5%	2.5%	-	-		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%	-	-		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	-	-	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	-	-		-	-	-	-	-	-	-	-	-
Gross Potential Income			3,912,577	1,158,969		5,071,546	4,044,984	1,158,969	5,203,953	4,182,015	1,158,969	5,340,984		
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(22,058)	-	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,058)	-	(22,058)	(22,278)	-	(22,278)	(22,501)	-	(22,501)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	-		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a	-	-		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			3,890,520	1,158,969		5,049,489	4,022,706	1,158,969	5,181,675	4,159,514	1,158,969	5,318,483		
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%	211,791	-	1st Year to be set according to HUD schedule.	211,791	-	211,791	219,204	-	219,204	226,876	-	226,876
Asset Management Fee	3.5%	3.5%	39,301	-	per MOHCD policy	39,301	-	39,301	40,677	-	40,677	42,101	-	42,101
Sub-total Management Expenses			251,093			251,093		251,093	259,881		259,881	268,977		268,977
Salaries/Benefits														
Office Salaries	3.5%	3.5%	373,544	-		373,544	-	373,544	386,618	-	386,618	400,149	-	400,149
Manager's Salary	3.5%	3.5%	339,229	-		339,229	-	339,229	351,102	-	351,102	363,390	-	363,390
Health Insurance and Other Benefits	3.5%	3.5%	230,465	-		230,465	-	230,465	238,531	-	238,531	246,880	-	246,880
Other Salaries/Benefits	3.5%	3.5%	64,654	-		64,654	-	64,654	66,917	-	66,917	69,259	-	69,259
Administrative Rent-Free Unit	3.5%	3.5%	-	-		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			1,007,892			1,007,892		1,007,892	1,043,168		1,043,168	1,079,679		1,079,679
Administration														
Advertising and Marketing	3.5%	3.5%	7,555	-		7,555	-	7,555	7,820	-	7,820	8,093	-	8,093
Office Expenses	3.5%	3.5%	46,843	-		46,843	-	46,843	48,483	-	48,483	50,180	-	50,180
Office Rent	3.5%	3.5%	-	-		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%	22,666	-		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Audit Expense	3.5%	3.5%	17,377	-		17,377	-	17,377	17,985	-	17,985	18,615	-	18,615
Bookkeeping/Accounting Services	3.5%	3.5%	36,266	-		36,266	-	36,266	37,535	-	37,535	38,849	-	38,849
Bad Debts	3.5%	3.5%	-	-		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%	3,324	-		3,324	-	3,324	3,441	-	3,441	3,561	-	3,561
Sub-total Administration Expenses			134,032			134,032		134,032	138,723		138,723	143,578		143,578
Utilities														
Electricity	3.5%	3.5%	385,323	-		385,323	-	385,323	398,809	-	398,809	412,767	-	412,767
Water	3.5%	3.5%	113,330	-		113,330	-	113,330	117,297	-	117,297	121,402	-	121,402
Gas	3.5%	3.5%	-	-		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%	145,818	-		145,818	-	145,818	150,922	-	150,922	156,204	-	156,204
Sub-total Utilities			644,471			644,471		644,471	667,027		667,027	690,373		690,373
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%	15,111	-		15,111	-	15,111	15,640	-	15,640	16,187	-	16,187
Payroll Taxes	3.5%	3.5%	126,628	-		126,628	-	126,628	131,060	-	131,060	135,647	-	135,647
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%	2,267	-		2,267	-	2,267	2,346	-	2,346	2,428	-	2,428
Sub-total Taxes and Licenses			144,005			144,005		144,005	149,045		149,045	154,262		154,262
Insurance														
Property and Liability Insurance	3.5%	3.5%	400,433	-		400,433	-	400,433	414,448	-	414,448	428,954	-	428,954
Fidelity Bond Insurance	3.5%	3.5%	-	-		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%	22,666	-		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Director's & Officers' Liability Insurance	3.5%	3.5%	-	-		-	-	-	-	-	-	-	-	-
Sub-total Insurance			423,099			423,099		423,099	437,908		437,908	453,234		453,234
Maintenance & Repair														
Payroll	3.5%	3.5%	516,314	-		516,314	-	516,314	534,385	-	534,385	553,088	-	553,088
Supplies	3.5%	3.5%	45,332	-		45,332	-	45,332	46,919	-	46,919	48,561	-	48,561
Contracts	3.5%	3.5%	191,150	-		191,150	-	191,150	197,840	-	197,840	204,765	-	204,765
Garbage and Trash Removal	3.5%	3.5%	102,753	-		102,753	-	102,753	106,349	-	106,349	110,071	-	110,071
Security Payroll/Contract	3.5%	3.5%	220,664	-		220,664	-	220,664	228,388	-	228,388	236,381	-	236,381
HVAC Repairs and Maintenance	3.5%	3.5%	30,221	-		30,221	-	30,221	31,279	-	31,279	32,374	-	32,374
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%	-	-		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%	37,777	-		37,777	-	37,777	39,099	-	39,099	40,467	-	40,467
Sub-total Maintenance & Repair Expenses			1,144,211			1,144,211		1,144,211	1,184,259		1,184,259	1,225,708		1,225,708
Supportive Services	3.5%	3.5%	-	-		-	-	-	-	-	-	-	-	-
Commercial Expenses			-	-	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			3,748,803			3,748,803		3,748,803	3,880,011		3,880,011	4,015,811		4,015,811
Reserves/Ground Lease Base Rent/Bond Fees														
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Ground Lease Base Rent			-	-		-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			14,000	-		14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit			87,600	-		87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
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			101,600			101,600		101,600	101,600		101,600	101,600		101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			3,850,403			3,850,403		3,850,403	3,981,611		3,981,611	4,117,411		4,117,411
NET OPERATING INCOME (INCOME minus OP EXPENSES)														
			40,117	1,158,969		1,199,086	41,095	1,158,969	1,200,064	42,103	1,158,969	1,201,072		
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender			-	-	Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
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			-	1,158,969		1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969
CASH FLOW (NOI minus DEBT SERVICE)														
Commercial Only Cash Flow			40,117	-		40,117	-	40,117	41,095	-	41,095	42,103	-	42,103
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)			-	-		-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW			40,117			40,117		40,117	41,095					

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Total # Units:	LOSP Units		Comments	Year 19 2044			Year 20 2045		
	146	145		LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
INCOME	annual inc	% annual increase	(related to annual inc assumptions)						
Residential - Tenant Rents	1.0%	2.5%		468,292	-	468,292	472,975	-	472,975
Residential - SOS Payments		4.0%		-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		4,251,296	-	4,251,296	4,407,794	-	4,407,794
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,969 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	-	-
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		13,663	-	13,663	14,004	-	14,004
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-
Gross Potential Income				4,733,250	1,158,969	5,892,219	4,894,773	-	4,894,773
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(23,415)	-	(23,415)	(23,649)	-	(23,649)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-
EFFECTIVE GROSS INCOME				4,709,836	1,158,969	5,868,805	4,871,124	-	4,871,124
OPERATING EXPENSES									
Management									
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	260,346	-	260,346	269,458	-	269,458
Asset Management Fee	3.5%	3.5%	per MOHCD policy	48,311	-	48,311	50,002	-	50,002
Sub-total Management Expenses				308,657	-	308,657	319,460	-	319,460
Salaries/Benefits									
Office Salaries	3.5%	3.5%		459,181	-	459,181	475,252	-	475,252
Manager's Salary	3.5%	3.5%		416,999	-	416,999	431,594	-	431,594
Health Insurance and Other Benefits	3.5%	3.5%		283,301	-	283,301	293,216	-	293,216
Other Salaries/Benefits	3.5%	3.5%		79,476	-	79,476	82,258	-	82,258
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-
Sub-total Salaries/Benefits				1,238,956	-	1,238,956	1,282,320	-	1,282,320
Administration									
Advertising and Marketing	3.5%	3.5%		9,287	-	9,287	9,613	-	9,613
Office Expenses	3.5%	3.5%		57,582	-	57,582	59,598	-	59,598
Office Rent	3.5%	3.5%		-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		27,862	-	27,862	28,838	-	28,838
Audit Expense	3.5%	3.5%		21,361	-	21,361	22,109	-	22,109
Bookkeeping/Accounting Services	3.5%	3.5%		44,580	-	44,580	46,140	-	46,140
Bad Debts	3.5%	3.5%		-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		4,086	-	4,086	4,230	-	4,230
Sub-total Administration Expenses				164,759	-	164,759	170,526	-	170,526
Utilities									
Electricity	3.5%	3.5%		473,660	-	473,660	490,238	-	490,238
Water	3.5%	3.5%		139,312	-	139,312	144,188	-	144,188
Gas	3.5%	3.5%		-	-	-	-	-	-
Sewer	3.5%	3.5%		179,248	-	179,248	185,521	-	185,521
Sub-total Utilities				792,219	-	792,219	819,947	-	819,947
Taxes and Licenses									
Real Estate Taxes	3.5%	3.5%		18,575	-	18,575	19,225	-	19,225
Payroll Taxes	3.5%	3.5%		155,658	-	155,658	161,106	-	161,106
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		2,786	-	2,786	2,884	-	2,884
Sub-total Taxes and Licenses				177,019	-	177,019	183,214	-	183,214
Insurance									
Property and Liability Insurance	3.5%	3.5%		492,235	-	492,235	509,463	-	509,463
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		27,862	-	27,862	28,838	-	28,838
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance				520,097	-	520,097	538,300	-	538,300
Maintenance & Repair									
Payroll	3.5%	3.5%		634,682	-	634,682	656,896	-	656,896
Supplies	3.5%	3.5%		55,725	-	55,725	57,675	-	57,675
Contracts	3.5%	3.5%		234,972	-	234,972	243,196	-	243,196
Garbage and Trash Removal	3.5%	3.5%		126,309	-	126,309	130,730	-	130,730
Security Payroll/Contract	3.5%	3.5%		271,253	-	271,253	280,747	-	280,747
HVAC Repairs and Maintenance	3.5%	3.5%		37,150	-	37,150	38,450	-	38,450
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		46,437	-	46,437	48,063	-	48,063
Sub-total Maintenance & Repair Expenses				1,406,528	-	1,406,528	1,455,756	-	1,455,756
Supportive Services	3.5%	3.5%		-	-	-	-	-	-
Commercial Expenses			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				4,608,236	-	4,608,236	4,769,524	-	4,769,524
Reserves/Ground Lease Base Rent/Bond Fees									
Ground Lease Base Rent				-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600
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				101,600	-	101,600	101,600	-	101,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)				4,709,836	-	4,709,836	4,871,124	-	4,871,124
NET OPERATING INCOME (INCOME minus OP EXPENSES)				-	1,158,969	1,158,969	-	-	-
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)									
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	-	-
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				-	1,158,969	1,158,969	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)									
Commercial Only Cash Flow				-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)				-	-	-	-	-	-
AVAILABLE CASH FLOW									
USES OF CASH FLOW BELOW (This row also shows DSCR.)									
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL									
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	MOHCD Asset Management Fee	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	-	-	-	-	-	-
Other Payments				-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)									
Does Project have a MOHCD Residual Receipt Obligation?	Yes								
Will Project Defer Developer Fee?	No								
Residual Receipts split for all years. - Lender/Owner	67% / 33%								
MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due									
Proposed MOHCD Residual Receipts Amount to Loan Repayment	100.00%		Dist. Soft Debt Loans						
HCD Residual Receipts Amount Due			Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy						
Lender 4 Residual Receipts Due	0.00%		No HCD Financing						
Lender 5 Residual Receipts Due	0.00%								
Total Non-MOHCD Residual Receipts Debt Service									
REMAINDER (Should be zero unless there are distributions below)									
Owner Distributions/Incentive Management Fee									
Other Distributions/Uses									
Final Balance (should be zero)									
REPLACEMENT RESERVE - RUNNING BALANCE									
Replacement Reserve Starting Balance						1,576,800		1,664,400	
Replacement Reserve Withdrawals (ideally tied to CNA)						-		-	
Replacement Reserve Interest						-		-	
RR Running Balance						1,664,400		1,752,000	
						\$11,400		\$12,000	
OPERATING RESERVE - RUNNING BALANCE									
Operating Reserve Starting Balance						-		-	
Operating Reserve Deposits						-		-	
Operating Reserve Withdrawals						-		-	
Operating Reserve Interest						-		-	
OR Running Balance						-		-	
						0.0%		0.0%	
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE									
Other Reserve 1 Starting Balance						-		-	
Other Reserve 1 Deposits						-		-	
Other Reserve 1 Withdrawals						-		-	
Other Reserve 1 Interest						-		-	
Other Required Reserve 1 Running Balance						-		-	
OTHER RESERVE 2 - RUNNING BALANCE									
Other Reserve 2 Starting Balance						-		-	
Other Reserve 2 Deposits									

LOSP FUNDING SCHEDULE	
Project Address:	1633 Valencia
Project Start Date:	1/1/2026

Exhibit A

annual %age increase (uses Full Year Funding Amount)	Calendar Year		Full Year Funding Amount	# Months to Fund	Total "LOSP - A" Disbursement for Calendar Year	Total "LOSP - B" Disbursement for Calendar Year	Total Disbursement for Calendar Year	Estimated Disbursement Date
	CY-1	2026						
	CY-1	2026	\$2,235,309	12	\$2,235,309	\$0	\$2,235,309	1/1/2026
3.66%	CY-2	2027	\$2,317,201	12	\$2,317,201	\$1,158,969	\$3,476,170	1/1/2027
3.74%	CY-3	2028	\$2,403,841	12	\$2,403,841	\$1,158,969	\$3,562,810	1/1/2028
3.73%	CY-4	2029	\$2,493,604	12	\$2,493,604	\$1,158,969	\$3,652,573	1/1/2029
3.73%	CY-5	2030	\$2,586,604	12	\$2,586,604	\$1,158,969	\$3,745,573	1/1/2030
3.72%	CY-6	2031	\$2,682,953	12	\$2,682,953	\$1,158,969	\$3,841,922	1/1/2031
3.69%	CY-7	2032	\$2,781,925	12	\$2,781,925	\$1,158,969	\$3,940,894	1/1/2032
3.72%	CY-8	2033	\$2,885,304	12	\$2,885,304	\$1,158,969	\$4,044,273	1/1/2033
3.71%	CY-9	2034	\$2,992,399	12	\$2,992,399	\$1,158,969	\$4,151,368	1/1/2034
3.71%	CY-10	2035	\$3,103,341	12	\$3,103,341	\$1,158,969	\$4,262,310	1/1/2035
3.70%	CY-11	2036	\$3,218,264	12	\$3,218,264	\$1,158,969	\$4,377,233	1/1/2036
3.70%	CY-12	2037	\$3,337,310	12	\$3,337,310	\$1,158,969	\$4,496,279	1/1/2037
3.67%	CY-13	2038	\$3,459,644	12	\$3,459,644	\$1,158,969	\$4,618,613	1/1/2038
3.69%	CY-14	2039	\$3,587,345	12	\$3,587,345	\$1,158,969	\$4,746,314	1/1/2039
3.69%	CY-15	2040	\$3,719,618	12	\$3,719,618	\$1,158,969	\$4,878,587	1/1/2040
2.52%	CY-16	2041	\$3,813,484	12	\$3,813,484	\$1,158,969	\$4,972,453	1/1/2041
3.69%	CY-17	2042	\$3,954,322	12	\$3,954,322	\$1,158,969	\$5,113,291	1/1/2042
3.69%	CY-18	2043	\$4,100,200	12	\$4,100,200	\$1,158,969	\$5,259,169	1/1/2043
3.69%	CY-19	2044	\$4,251,296	12	\$4,251,296	\$1,158,969	\$5,410,265	1/1/2044
3.64%	Total "LOSP - A" Amount-->				\$59,923,964	\$20,861,442	<--Total "LOSP - B" Amount	
Total Contract Amount:							\$80,785,406	